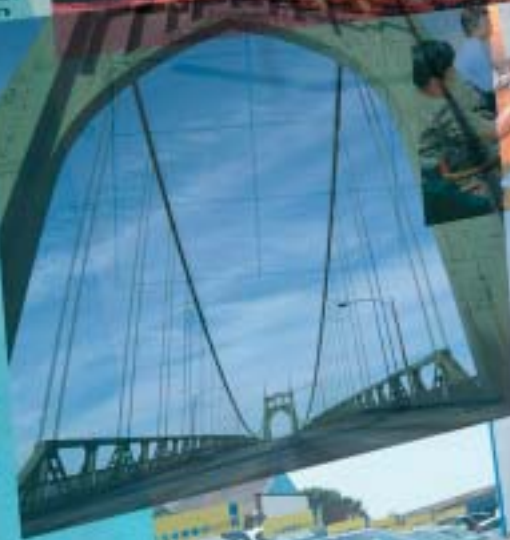


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Pension Funds

TRUSTEES' REPORT & FINANCIAL STATEMENTS 2002-2003

The ITB Pension Funds – Open Fund and Closed Fund sections - are set up under a Trust Deed and Rules and administered by a Board of Managing Trustees comprising of Member, Pensioner and Employer Trustees. The assets of the Funds are separate from those of its participating Employers and, in the case of the Open Fund, are invested by independent investment managers who are appointed by the Managing Trustees. The Closed Fund has no active members or current participating Employers and is predominantly invested in Index-Linked Gilts.

Employees of participating Employers may join the ITB Pension Funds (Open Fund) subject to eligibility conditions.

The Open Fund is a “final salary scheme” and provides pension and life assurance benefits based on a member’s salary and service.

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Trustees' Report



Chairman's Statement

Like most pension funds in the UK, the ITB Pension Funds have experienced one of the most difficult years for equity markets in recent history coming as it did as the third consecutive year of decline in market values. Continuing weakness in the global economy, together with ongoing problems with corporate performance and ethics and concerns about international tensions have tended to hold back any sustainable economic recovery.

.....
“...balancing the security of our investments while at the same time maintaining the potential for growth in the Fund”
.....

As I reported last year, your Trustees had carried out the necessary preparation by the beginning of this reporting year, to implement changes to the asset allocation within the Open Fund. These changes, reflecting our policy of balancing the security of our investments while at the same time maintaining the potential for growth in the Fund, saw us reduce our holding in UK equities and increase the share in gilts and bonds just before the significant equity market decline which started in late June and continued through to the end of 2002. We are prepared to make further strategic changes to asset allocations, which have already been identified, when appropriate.

The Trustees' investment ethos is set out in our Statements of Investment Principles (SIPS). These Statements, which outline the broad tenets governing the investment policy of the Funds, are summarised on page 27 of this Report. A full version of SIPS can be viewed by accessing the ITB Pension Funds' website on www.itb-online.co.uk or may be obtained by requesting a copy from the Funds' Office. The Trustees review these Statements at least once a year, or when they consider a review is necessary for other reasons such as a significant change in asset values. Any resulting changes to SIPS are only made after

consultation with our investment and actuarial advisors and the participating Employers.

Your Trustees place great importance on the need to prudently manage the Funds in such a way as to safeguard Members' expectations and protect their interests. As part of this undertaking, the Trustees continually monitor the Funds' financial status between formal Actuarial Valuations which are normally carried out every three years. This was considered particularly necessary because of the recent financial market declines. We therefore asked the Funds' actuary for an update on the state of the Open Fund in July 2002 and again near to our year end. Notwithstanding the extensive falls in world equity markets in this past year, I am pleased to be able to report that the actuary remains satisfied that the Open Fund continues to be in a sound ongoing financial situation. The next Actuarial Valuation of the Open Fund will be carried out based on the value of its assets and liabilities as at the 31 March 2004.

.....
“...the actuary remains satisfied that the Open Fund continues to be in a sound ongoing financial situation”
.....

There will be an Actuarial Valuation of the Closed Fund carried out as at the 31 March 2003. In assessing the Fund's assets and liabilities, the actuary will take into account such factors as the increasing longevity of Pensioners and the projected investment returns likely to be secured in the future. As a closed scheme which consists solely of Pensioners and Deferred Pensioners, and where there are no contributing Members or Employers, the overriding objective is to minimise investment risk. Accordingly, the majority of assets in the Closed Fund are invested in UK indexed linked securities (index linked gilts and bonds) with the remainder in equities. The results of this valuation are expected later in the year and will be advised to Members in a future issue of the Funds' newsletter, the 'ITB Pensions News'.

During this past year we have been considering and implementing the recommendations of the Myners Report which proposed a series of principles covering pension fund investment. The Government has revised and reissued these principles and, whilst stating that these are not regulations or legislation, they have suggested that pension funds comply with both the spirit and the intention of these principles. We have been taking steps, where appropriate, to incorporate these into our working practices and procedures and the Trustees now consider that the ITB Pension Funds currently comply with most of these recommendations. There are a few of the principles, however, such as shareholder activism where we are still awaiting further guidance or are in discussion with our advisors and investment managers to agree what will constitute best practice for our Funds.

.....
“There will be an Actuarial Valuation of the Closed Fund carried out as at the 31 March 2003... the results of this valuation are expected later in the year”
.....

Like others in pension fund management, we have also to be aware and ready for continuing Government changes to regulations and legislation affecting the pensions industry. This has recently been manifested in December 2002 when the Government issued two consultation documents relating to the pensions industry - a Green Paper aimed at reforming the system of pension provision in the UK and a joint Inland Revenue/HM Treasury proposal with the central theme of simplifying the number of tax regimes for pensions which include proposals for changes to limits on contributions and benefits. The proposed simplification is generally considered to be a pragmatic solution to a currently complex tax situation which could have implications for many Members of our Funds. The intended effective date for the introduction of these

changes is 6 April 2005. We will, however, be closely following these proposed developments.

We have also been aware of the Government initiatives directed at bringing about change to the training industry which is resulting in the replacement of National Training Organisations (NTOs) by the creation of Sector Skills Councils. This is likely to lead to changes in the way participating Employers in the ITB Pension Funds carry out their business and may lead to amalgamations between NTO's, the restructuring of some and perhaps the formation of new organisations. This will undoubtedly have some effect on the ITB Pension Funds as well and so we shall continue to monitor these developments and take any necessary and appropriate action in so far as these changes may have consequences for the Open Fund.

Many active Members of the Open Fund commit to further regular savings for their retirement by making Additional Voluntary Contributions, often referred to as AVCs, which are used to secure an enhanced pension on retirement. We have arranged, in conjunction with Prudential, a further choice of AVC options for Members and more information on these can be obtained from the Funds' website or by contacting the Funds' Office.

There is a regulatory requirement on pension fund Trustees to make available to Fund Members, on a regular basis, a document containing audited accounts, an auditors statement, an actuarial report and the latest minimum funding requirement situation of their schemes. The ITB Pension Funds do all this and more in this annual Trustees Report and Financial Statements and have gone one step further by providing a copy of the Report to every active Member, Pensioner and Deferred Pensioner. As part of our ongoing analysis of the administration service and related costs, the Funds' Office has looked at alternative means of fulfilling the requirement to provide an annual report and accounts while at the same time respond to a growing demand

for a shortened version of the document to be produced. Starting this year we will no longer provide each Member and Pensioner with a full, printed version of the Report unless a specific individual request is made to the Funds' Office. Instead we shall be presenting our results by the production of a 'Member friendly' summary in 'ITB Pension News'. The full version of the Report will continue to be available for viewing and may be printed from the Funds' web site along with recent past copies. We feel sure that Members and Pensioners will accept this change as both an improvement in presentation as well as resulting in considerable annual savings in the costs of administrative time, printing and postage for the Funds.

.....
“The Internet is... playing an increasingly important part in the provision of the services we can deliver”
.....

The increasing use of technology in the office workplace is now one of the foremost and effective means for achieving greater efficiencies in administration work. The ITB Pension Funds' Office continues to maximise its use to improve and enhance the services it provides to all classes of Member and to the participating Employers. The Internet is an obvious example and we are seeing this method of communication between Members and Employers and the Funds' Office being more widely used and playing an increasingly important part in the provision of the services we can deliver. We are presently working on the development of Stage 2 of our website which when completed will offer further opportunities for Members to access information including personal data.

This past year has been yet another demanding time for the Board of Trustees who have had to deal with the volume and complexity of topics relating to pensions provision that seem to increase year by year as well as with the day to day matters that require their attention.

In addition to the time they spend preparing for and attending meetings of the full board of Managing Trustees, some also serve on the Management and Investment Committees. I wish to give my sincere thanks to all Trustees who have served over the past year, in giving so generously of their time and energy, and to express my gratitude for the support they have given me. I consider it a privilege to be given the opportunity to serve as Chairman of this Board for a further term of three years, having been re-appointed by my fellow Trustees with effect from 1 April 2003.

No expression of thanks would be complete without a special mention of the management and staff of the ITB Pension Funds, who have worked so hard and diligently under the leadership of the Director, Vincent Gordon. Their dedication in resolving Members and Employers queries and problems, assisting the Trustees to deal with the complexity of issues to be addressed by them and maintaining the smooth running of the Office is very much appreciated by us and on behalf of my fellow Trustees I thank them for their efforts.

Once again it is reassuring to know that your Funds have stood up well over the past difficult year for pension funds and their investments. As we start a new financial year, the positions of both the Closed and Open Funds remain strong despite the falling value of some of our assets and at a time when pension funds generally are under extreme pressure as is widely reported in the press. Global financial markets are still experiencing volatility which affects investment and until the underlying causes of this are resolved it is very difficult to get any kind of consensus on future performance.



NORMAN DUNLOP CBE
Chairman of Trustees

4 July 2003

Board of Trustees



- 1 Mr NNW Dunlop, CBE E**
(Chairman)
Appointed by:
Engineering Construction ITB
(Formerly Managing Director
of Foster Wheeler Energy
Limited)
- 2 Mr G Beveridge E**
(Deputy Chairman)
Appointed by:
Cogent SSC Limited
RGIT Montrose Limited
(Management Consultant)
- 3 Professor T Cannon E**
Appointed by:
CAPITB plc
(Chief Executive Officer of
Respect)
- 4 Mr RS Hanks E**
Appointed by:
Polymer National Training
Organisation Limited
Motor Industry Training
Council Limited
Road Haulage and
Distribution Training
Council
(Managing Director of Ian
Burg Plastics Ltd)
- 5 Mr SG Ingram E**
Appointed by:
Science, Engineering and
Manufacturing Technologies
Alliance
(Managing Director of SG
Ingram: Actuary Ltd)
- 6 Mr PG Rogerson E**
Appointed by:
Construction ITB (CITB)
(Deputy Chairman of CITB)
- 7 Mr D Stanton E**
Appointed by:
Hospitality Training
Foundation (HTF)
(Finance and Technical
Director for HTF)
- 8 Mr JF Swift E**
Appointed by:
Lantra
(Group Managing Director
of BHF Group)
- 9 Mr DPB Young E**
Appointed by:
JTL
Scottish Electrical Charitable
Training Trust (SECTT)
(Retired - Formerly Chief
Executive of SECTT)
- 10 Mr JR Cushing M**
Appointed by:
Engineering Construction ITB
(ECITB)
Polymer National Training
Organisation Limited
Motor Industry Training
Council Limited
Road Haulage and
Distribution Training
Council
CAPITB plc
(Manpower Development
Adviser – Competence
Assurance Team for ECITB)
- 11 Mr P McCulloch M**
Appointed by:
Construction ITB (CITB)
(Training Adviser for CITB)
- 12 Mrs M Moore M**
Appointed by:
Lantra
(Director of Policy –
Employer Engagement for
Lantra)
- 13 Mr KJF Potter M**
(Deputy Chairman)
Appointed by:
JTL
Scottish Electrical Charitable
Training Trust
(Financial Controller for JTL)
- 14 Mr DLW Taylor M**
Appointed by:
Cogent SSC Limited
RGIT Montrose Limited
(RGIT)
(Fire Instructor for RGIT)
- 15 Mrs MJ Webster M**
Appointed by:
Hospitality Training
Foundation (HTF)
(Payroll Administrator for
HTF)
- 16 Mr EA Whatmore M**
Appointed by:
Science, Engineering and
Manufacturing Technologies
Alliance (SEMTA)
(Sector Skills Adviser for
SEMTA)
- 17 Mr DC Barnett P**
Appointed by:
Open Fund Pensioners
Previously Road Transport
ITB
(Retired – Formerly
Director General of RTITB)
- 18 Mr HO Parker P**
Appointed by:
Closed Fund Pensioners
Previously Printing and
Publishing ITB
(Retired – Formerly Advisory
Services Manager for PPITB)

KEY:

- E** - Employers' Trustees
M - Members' Trustees
P - Pensioners' Trustees

Trusteeship

Appointment of Trustees

The ITB Pension Funds are controlled by 18 Managing Trustees consisting of nine Employer, seven Member and two Pensioners' Trustees. Details of the Trustees in office at the year end are shown on pages 6 and 7 of this Report.

Of the nine Trustees nominated by Employers, the two Statutory Training Bodies each nominate one Trustee. Of the remaining Employers, the six with the largest number of contributing Members at 31 December each have a right to nominate an Employer Trustee for the year commencing on the following 1 April. Where an Employer has one or more wholly owned subsidiaries those subsidiaries have no right to nominate Trustees, but the Members in their employ are added to the principal Employer's Members for qualification purposes.

The remaining Employers may secure representation in one of two ways. The Successor Bodies to a previous Training Board may join together for the purpose of Trustee nomination and, if necessary, tally their combined membership for the purpose of qualification. Otherwise the remaining Employers concerned will co-operate in nominating a Joint Trustee, as is currently the case.

Contributing Members employed by each of the six Employers with the largest number of Members are entitled to nominate one Trustee each by ballot, except where an Employer recognises a Trade Union for the purpose of negotiating terms and conditions of service then the Trade Union concerned nominates the Trustee.

The Members of all remaining Employers elect one further Joint Trustee by ballot.

Pensioners and Members with preserved pensions who are in the Closed Fund nominate a Trustee by ballot. Similarly, such Members in the Open Fund also nominate a Trustee by ballot.

A Trustee may resign as a Trustee at any time and will automatically vacate office if he or she ceases to fulfill the eligibility qualifications. In addition, a Trustee will immediately vacate office upon becoming bankrupt or of unsound mind. The Managing Trustees have power by resolution of deciding upon a Trustee's appointment if in their opinion the individual concerned has been guilty of misconduct or is otherwise unfit or unable to carry out his or her duties.

Changes to the Trustees

Member Trustees

Mr. P. McCulloch became the Member Trustee for Construction ITB on 17 January 2003, succeeding Mr. G.A. Eagle who retired from service on 31 December 2002. Mrs. M. Moore became the Member Trustee for Lantra, succeeding Mr. T. Howard who retired from service on 31 October 2002.

Mr. Howard would normally have retired on the Trustees rota of retirements from office on 31 March 2003 and as Mrs. Moore took his place on the rota it was agreed that her period of office would be extended to 31 March 2006.

Similarly, Mr. J.R. Cushing, the Joint Members Trustee had his period of office extended to 31 March 2004 as he took the place on the rota of the previous incumbent Mr. C.B. Lang who would have normally have retired by rota on 31 March 2003.

Pensioner Trustees

The periods of office of the two Pensioner Trustees came to an end on 30 September 2002. Following a ballot of pensioners and deferred pensioners Mr. H.O. Parker (Closed Fund), formerly of Printing and Publishing ITB, and Mr. D.C. Barnett (Open Fund), previously of Road Transport ITB, were duly re-appointed as Pensioner Trustees. Both appointments took effect from 1 October 2002.

Employer Trustees

Professor T. Cannon became the Employer Trustee for CAPITB plc on 1 August 2002 succeeding Mr. G. Edward who resigned from office.

Mr. S.G. Ingram, the Employer Trustee for Science, Engineering and Manufacturing Technologies Alliance, retired by rotation on 31 March 2003 and was duly re-appointed to serve a further term from 1 April 2003.

Mr. N.N.W. Dunlop, the Employer Trustee for Engineering Construction ITB, retired by rotation on 31 March 2003 and was duly re-appointed to serve a further term from 1 April 2003.

Chairman

Mr. N.N.W. Dunlop's period of office as Chairman came to an end on 31 March 2003.

Following a ballot for the appointment of Chairman of the Managing Trustees, Mr Dunlop was re-appointed to serve for a further 3 year term commencing 1 April 2003.

Deputy Chairmen

The period of office of Mr. G. Beveridge ended on 30 September 2002. He was duly re-appointed to serve for a further 3 year term as Deputy Chairman (Employers) from 1 October 2002.

Mr. K.J.F. Potter was appointed to the post of Deputy Chairman (Members) on 1 January 2003 to serve for a three year term following the retirement from service of the previous incumbent Mr. G.A. Eagle.

Trustee Training

On appointment arrangements are made for new Trustees to attend a Trustees' training course organised by outside providers. In addition, further training is encouraged and at least one annual Training Seminar for all the Trustees is organised internally.

Meetings

The Managing Trustees normally meet at least four times a year where they are presented with detailed information by the Director and by two Committees – the Investment Committee and the Management Panel – serving the Trustees. On these occasions matters of significance such as those concerning legal, actuarial, administration and investment planning are discussed and decisions made.

The Investment Committee also usually meet on at least five occasions during the year to consider advice from the Trustees' investment consultants and report to the Trustees on investment strategy and investment managers performance.

The Management Panel, which reviews mainly more complex matters and submits recommendations for Trustees approval, meet as and when required.

Officers and Advisers at 31 March 2003

Officers

Director	Mr VC Gordon APMI
Accountant	Mr DC Faulkner FCA
Communications & Benefits Manager	Mr DJ Matthews APMI

Advisers

Actuary	Government Actuary
Solicitors	Mayer, Brown, Rowe & Maw LLP
Investment Managers	Barclays Global Investors Limited Fidelity Pensions Management Limited Morley Fund Management Limited Schroder Investment Management (UK) Limited
Property Investment Managers	Fletcher King
Investment Advisers	Watson Wyatt Worldwide Risk Reporting Limited
Custodians	JP Morgan Chase Bank Barclays Global Investors Limited Universal Pension Trustees Limited
Auditors	Chantrey Vellacott DFK



*Mr VC Gordon (centre)
Mr DC Faulkner (right)
Mr DJ Matthews (left)*

Participating Employers

The participating Employers comprise two Statutory Training Boards and eleven Companies, which are in the main commercial enterprises and, along with their wholly owned subsidiaries, are the Successor Bodies that have replaced former Statutory Training Boards.

During the year the following name changes occurred:

- Offshore Petroleum Industry Training Organisation changed its name to Cogent SSC Limited;
- Lantra Trust changed its name to Lantra; and
- CAPITB plc set up a new subsidiary called Skillfast-UK Limited.

Following a merger between Engineering and Marine Training Authority and Scientific, Technology and Mathematics Council a joint bid to become a Sector Skills Council was successful and a name change to Science, Engineering and Manufacturing Technologies Alliance took place after the year end.

Also, RGIT Montrose Limited (which had 106 active members as at 31 March 2003) gave notice that it would cease to participate in the Scheme from August 2003 following a change of ownership of the Company.

Additionally, RTITB Services Limited ceased to participate in the Scheme following the completion of its Administration proceedings.

The participating Employers at the Scheme year end, each of which must be a Statutory Training Board or a Successor Body to a Training Board, are as follows:

CAPITB plc

Subsidiaries:

Global Resource Management PLC
Qualifications for Industry Limited
RTITB Limited
Skillfast-UK Limited

Cogent SSC Limited

Subsidiaries:

Training Associate Services Limited
OPITO Limited

Construction ITB

Engineering Construction ITB

Hospitality Training Foundation

JTL

Lantra

Motor Industry Training Council Limited

Polymer National Training Organisation Limited

RGIT Montrose Limited

Road Haulage & Distribution Training Council

Science, Engineering and Manufacturing Technologies Alliance

Subsidiaries:

Training Publications Limited
EMTA Awards Limited

Scottish Electrical Charitable Training Trust

Review of Principal Activities

The legislative backcloth against which pension schemes operate continues to require close attention from the Trustees.

In pursuit of its operational objectives the Funds' Office strives to meet and where possible exceed the expectations of the Funds' membership and participating Employers in the services it provides. This is achieved through objective setting and a process of continuous improvement with sustained internal pressure on making operations more efficient.

Document Image Processing

As a result of the overall review of security and disaster recovery planning a Document Image Processing (DIP) system has been installed in the Funds' Office and integrated into its day to day operations.

DIP systems allow documents to be scanned and recorded as images on optical discs. This has the benefits of document security and convenient safekeeping off-site. It also has the added advantage of aiding office efficiency with documents being quickly accessed via the Funds' Office computer system.

Additional Voluntary Contributions (AVCs)

Following a review of the AVC arrangements offered by the Open Fund, the Trustees decided to widen the options available to active members by appointing Prudential as an additional provider effective 1 April 2003. This compliments the Scottish Life Moneypurchase AVC Plan and the Open Fund's own Added Years AVC arrangements.

The Prudential AVC options allow members to invest on a basis compatible with their attitude to risk and includes access to Unit Linked Funds with a choice of

investment managers, With-Profits and Deposit Funds, and a Lifestyle Fund which invests predominantly in equities for younger members and gradually switches towards more cautious bonds and cash as the member approaches retirement.

Internet Site www.itb-online.co.uk

The internet is seen as a key resource in supplementing traditional methods to provide a comprehensive communications strategy between the Funds' Office and Members and Employers.

The second stage of the Funds' internet development program is underway in which it is intended to provide interactive benefit calculations to the membership which will meet Members' aspirations to be more personally involved in their pension matters.

As many technical obstacles need to be overcome, including security and testing, it is not anticipated that Stage Two will be ready to be deployed until the first quarter of 2004.

Paternity Leave

Following the enactment of the Employment Bill last year, the Department for Trade and Industry has now issued regulations to extend the rights of working parents by amending the existing maternity leave provisions and introducing paternity and adoption rights.

The effect that these latter changes will have on occupational pension schemes is that they will be required to treat members who take paid adoption or paternity leave on largely the same basis as those who take paid maternity leave.

Membership

Members

The ITB Pension Funds consist of two separate Funds. The Open Fund and the Closed Fund. All active Members are in the Open Fund.

Open Fund

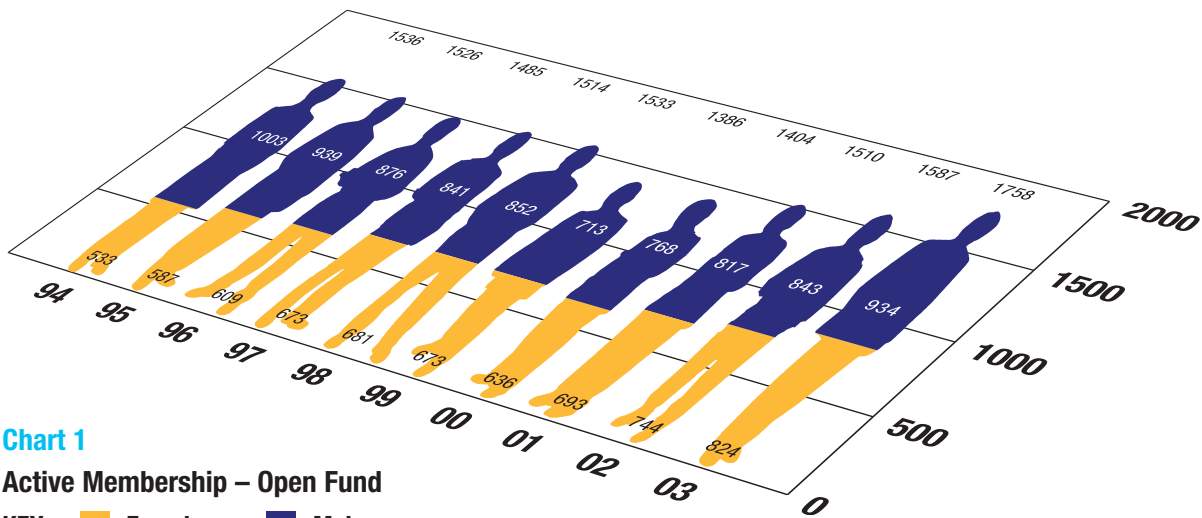


Chart 1

Active Membership – Open Fund

KEY: ■ Females ■ Males

A further increase in active membership took place this year, once again mainly as a consequence of a greater demand for services in certain sectors of the industry which resulted in some Employers increasing their membership.

The age structure of the contributing Members at 31 March 2003 was as follows:

	Males	Females	Total
Under 30	66	174	240
30-34	80	125	205
35-39	108	147	255
40-44	163	116	279
45-49	152	96	248
50-54	151	89	240
55-59	152	60	212
60-64	62	17	79
TOTAL	934	824	1758

Pensioners - Open Fund

The number of pensioners in the Open Fund continues to steadily rise, once again mainly from early retirements. Pensioners are either members or dependants and the number in each category is shown below.

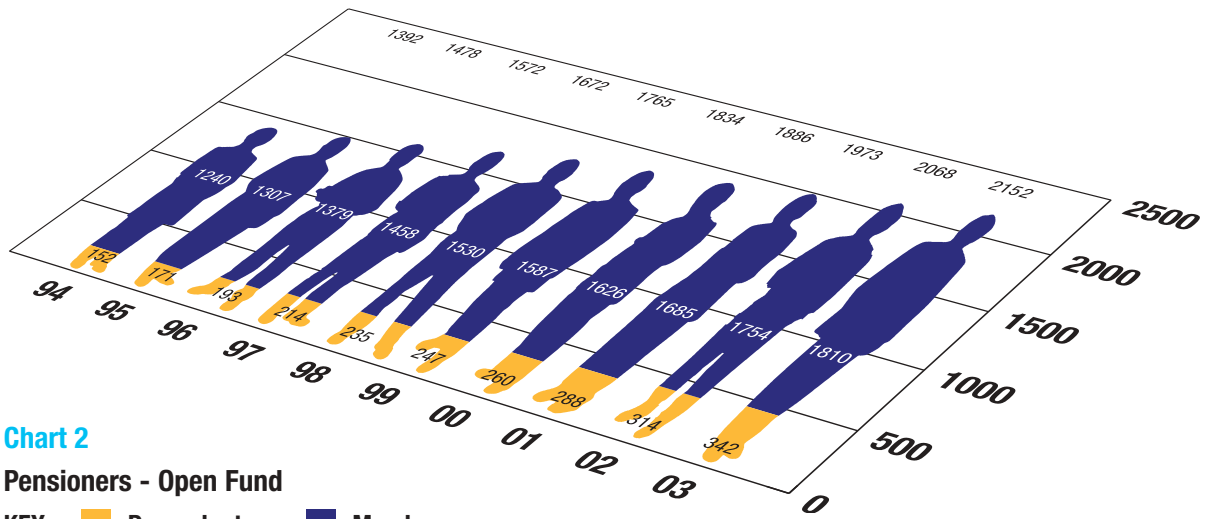


Chart 2

Pensioners - Open Fund

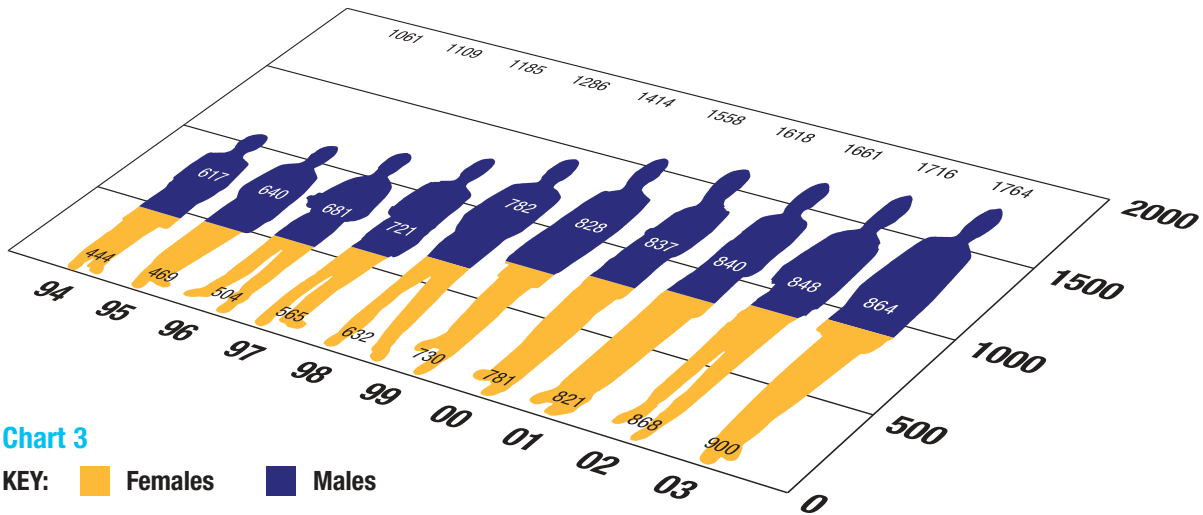
KEY: ■ Dependants ■ Members

The age structure of pensioners in the Open Fund as at 31 March 2003 is shown below. The benefits paid to the member pensioners cover early, normal, late retirement, compulsory and disability retirement.

	Males	Females	Total
Under 50	3	3	6
50 – 54	49	10	59
55 – 59	140	73	213
60 – 64	224	104	328
65 – 69	382	117	499
70 – 74	297	68	365
75 and over	280	60	340
Dependants			342
TOTAL	1375	435	2152

Preserved Pensions - Open Fund

The number of preserved pensioners in the Open Fund as at 31 March 2003 is shown below. Preserved pensioners are members who have left service, but still have benefits due to them from the Open Fund which will become payable to them, usually when they reach their Normal Retirement Date.



The age structure of preserved pensioners in the Open Fund as at 31 March 2003 is as follows:

	Males	Females	Total
Under 40	103	277	380
40 – 44	149	196	345
45 – 49	189	151	340
50 – 54	203	142	345
55 – 59	166	124	290
60 – 64	53	9	62
65 and over	1	1	2
TOTAL	864	900	1764

Closed Fund

The Closed Fund was established in April 1983 after the Government had dissolved 16 Training Boards. Membership of the Closed Fund is fixed by a Memorandum of Agreement and the Rules cannot be changed.

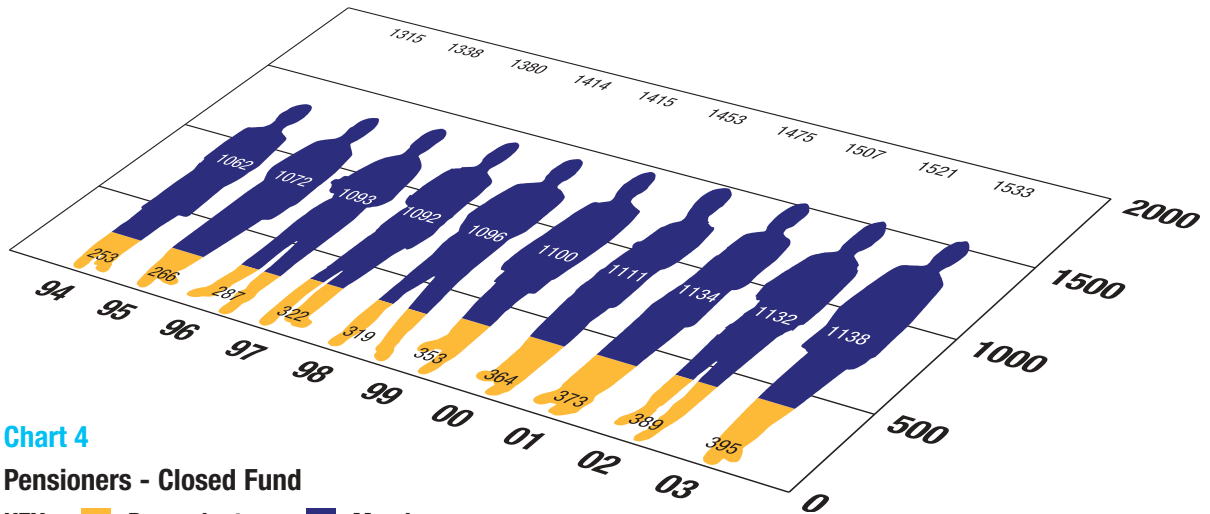


Chart 4
Pensioners - Closed Fund

KEY: ■ Dependants ■ Members

The number of pensioners in the Closed Fund continues to grow slowly, as members whose preserved pensions come into payment and pensioners are replaced by their dependants.

The age structure of pensioners in the Closed Fund as at 31 March 2003 is shown below.

	Males	Females	Total
Under 50	0	0	0
50 – 54	0	2	2
55 – 59	20	5	25
60 – 64	51	60	111
65 – 69	152	57	209
70 – 74	202	76	278
75 and over	331	182	513
Dependants			395
TOTAL	756	382	1533

Preserved Pensions - Closed Fund

The number of preserved pensioners in the Closed Fund as at 31 March 2003 is shown below. Preserved pensioners are members who have left service, but still have benefits due to them from the Closed Fund which will become payable to them, usually when they reach their Normal Retirement Date.

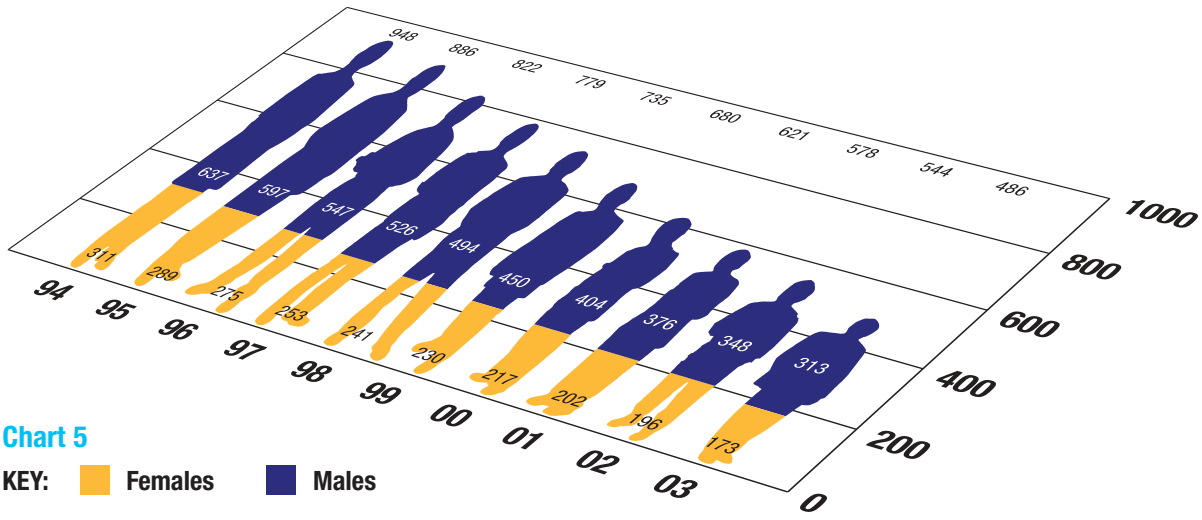


Chart 5

KEY: ■ Females ■ Males

The age structure of preserved pensioners in the Closed Fund as at 31 March 2003 is as follows:

	Males	Females	Total
Under 40	0	0	0
40 – 44	2	3	5
45 – 49	11	23	34
50 – 54	72	62	134
55 – 59	130	83	213
60 – 64	97	2	99
65 and over	1	0	1
TOTAL	313	173	486

Transfer of Benefits

The policy of the Trustees towards making a transfer payment when a Member of the Funds leaves pensionable service has always been that such a payment should be available, provided that after the transfer has been concluded the Funds should retain no further liability. Members have a statutory right to request a statement of transfer value once every twelve months.

.....

“The Pension Schemes Act 1993 gives Members who have left the Funds a statutory right to a transfer value in respect of their accrued benefits”

.....

The Pension Schemes Act 1993 gives Members who have left the Funds a statutory right to a transfer value in respect of their accrued benefits, which must be calculated according to regulations made under the Act. Such transfer values can be paid to the occupational pension plan of the Member’s new employer, to a personal pension scheme, or into an insurance company pension policy. All transfer values paid during the year were calculated and verified in the manner prescribed under those Regulations and make no allowance for discretionary benefits.

Members who leave service and are granted a preserved pension may therefore elect to have their benefits transferred to another pension plan, or an insurance pension policy, at any time thereafter, subject to the transfer being completed not less than one year before Normal Retirement Date.

The rights granted to Members either by Statute or by the Rules do not extend to Members who have already started to receive a pension.

Legislation introduced by the Pensions Act 1995 includes requirements which govern the way in which pension schemes calculate transfer values. The Trustees along with the Funds’ Actuary have reviewed the way transfers into and out of the Open Fund and out of the Closed Fund are calculated, to ensure that they are consistent with those requirements. This was achieved by adopting the requirements of the Act as the basis for calculation of all transfers.

As was reported in the year prior to last, the Trustees decided that they would defer the acceptance of any transfer-in which imposed a liability on the Open Fund to provide a Guaranteed Minimum Pension (GMP), or equivalent, until a legal technicality to do with the equalization of GMP retirement ages became clear in law. To continue to accept such transfers might adversely have affected the liability being accepted. A legal remedy is still awaited.

Moreover, in March 2003, following further consideration of their overall position on the acceptance of transfer values into the Open Fund, the Trustees took the prudent course of action to suspend the processing and acceptance of transfers-in with immediate effect. The action that has been taken is in common with many other pension schemes who share concerns about the exposure to additional liabilities in continuing to accept transfer values. The Open Fund is more exposed than most in this regard because of the investment and salary risks associated with offering additional pensionable service in exchange for a transfer value. The Trustees will review their position on the acceptance of transfer values in a years time.

Increases in Pensions

Under the Rules of the ITB Pension Funds, pensions in payment are guaranteed to increase as if they were official pensions to which the Pensions (Increase) Act 1971 (as amended) applied. This is the Act under which Civil Servants' and other Government employees' pensions are increased. The provisions of the Act effectively increase pensions by the same amount and from the same date that the additional component of the State Earnings Related Pension Scheme (SERPS) - now the State Second Pension (S2P) - is increased. Increases are currently granted in April each year and reflect the rise in the Retail Price Index during the year which ends in the September of the preceding year and which is announced in the following October.

The provisions of the Rules relating to increases in pensions apply equally to preserved pensions which receive an increase for the period from the date of leaving to the date payment begins as well as thereafter.

This method of revaluation in deferment and increases in payment ensures that the Funds comply with requirements of the Pensions Act 1995 concerning increases to pensions. The ITB Pension Funds' method of increasing pensions has always exceeded the minimum legal standards.

Date of Increase	Increase %
11 April 1994	1.80
10 April 1995	2.20
8 April 1996	3.90
7 April 1997	2.10
6 April 1998	3.60
12 April 1999	3.20
10 April 2000	1.10
9 April 2001	3.30
8 April 2002	1.70
7 April 2003	1.70

Guaranteed increases have been granted to pensions under The ITB Pension Funds since 1971 and details of the most recent increases are shown in the table above.

A requirement of contracting-out of SERPS (now S2P) was that an occupational pension plan had to provide its members with pension benefits which approximated to the SERPS pension that members would have accrued had they not been contracted-out. This was known as a Guaranteed Minimum Pension (GMP). GMPs do not accrue for post 5 April 1997 pensionable service and instead the Open Fund passes a reference scheme test for salary-related contracted-out plans as set out in the Pension Schemes Act 1993. In being contracted-out active members and Employers benefit from a reduced contracted-out rate of National Insurance contributions.

Pensions in payment are increased as follows:

For Pensionable Service:	ITB Pension Funds:	The State:
Prior to State Pension Age	Total pension: by RPI	Nil
After State Pension Age: <i>Post 5 April 1997</i>	Total pension: by RPI	Nil
<i>6 April 1988 to 5 April 1997</i>	GMP: by lesser of 3% or RPI and excess pension over GMP by RPI	GMP: by excess of RPI over 3%
<i>6 April 1978 to 5 April 1988</i>	Excess pension over GMP by RPI	GMP: by RPI

On attaining State Pension Age, Members are advised by the Department of Work and Pension (DWP) of the amount of the GMP which will be paid by the Funds as part of their total pension. The Department will also confirm that subsequent cost of living increases on the GMP will be payable by the Department by making the necessary addition to the member's basic State pension.

Spouses' pensions which include a GMP have that GMP inflation protected by the State irrespective of age.

It is important to note that for pensions actually being paid an increase is not payable where the recipient is below the age of 55. Where a pension is paid to someone below that age (for example, a compulsory retirement pension granted on redundancy), the increase is withheld, but on reaching the age of 55 the increase then made (on future instalments of pension only) will reflect all the increases since the date the pension first became payable. This age restriction does not apply if the pensioner retired on disability grounds, or if the pension is a widow's or children's pension.

Actuarial Valuation

Open Fund

The ITB Pension Funds (Open Fund) is a final salary scheme. This means that the pension paid to a member is based on their service at, and salary near to, retirement. This type of arrangement is sometimes known as a defined benefit scheme. The participating Employers operate the Open Fund for the substantial majority of their employees. The assets of the Fund are held separately from the finances of the participating Employers.

Actuarial valuations of the Fund are carried out as determined by the Trustees at intervals of not more than 3 years. In his valuation the Actuary assesses the funding position of the Scheme and the expected future cost of benefits accruing to members under the Scheme, recommending a rate of contributions to be paid by Employers. In intervening years, the actuary reviews the continuing appropriateness of the contribution rates.

Broadly, and in accordance with the Rules, where a surplus arises it will first be used to extend the period over which Employers' and Members' contributions are paid at the rate of 5% of salaries for a further three years or such longer or shorter period as determined by the Actuary. Any surplus remaining will be divided between Employers and Trustees with the Trustees receiving 25% of the surplus for distribution to the Members (subject to a maximum of £12.5 million), with the balance being allocated to Employers and held within the Fund.

Special arrangements are also in place for consultations to take place between the Actuary and Employers about the methods and actuarial assumptions for each valuation.

As reported last year the most recent valuation of the Open Fund was carried out by the Actuary as at 31 March 2001 and revealed a new surplus of around £3 million which was sufficient to extend the provision

for reduced Employer and employee contributions for one extra year from 2013 to 2014.

The Trustees continually monitor the Fund's financial status between formal valuations. Most recently in the Actuary's update on the state of the Open Fund in July 2002 and again near the year end it was confirmed that the Open Fund continues to be in a sound, ongoing financial position, notwithstanding the extensive falls in world equity markets in the past year.

The next actuarial valuation of the Open Fund will take place as at 31 March 2004.

Closed Fund

The most recent valuation of the Closed Fund was completed by the Actuary as at 31 March 2000 which revealed a surplus of £38.1 million. For the purpose of the valuation the Actuary valued the assets of the Fund at £177.3 million and all liabilities, including future administration expenses, were valued at £139.2 million.

This favourable result enabled the Trustees to make further significant benefit improvements. Under the Rules governing the Closed Fund, the Trustees have power to use up to one-third of a surplus revealed at each triennial valuation to improve Members' benefits. This power is not subject to the approval of Employers.

Based on the specified assumptions, the actuarial value of the assets of the Fund at 31 March 2000 were 127% of the liabilities. Even after the benefit improvements granted following the valuation, the ratio of the Fund's assets to its liabilities still exceeds the limit of 105% imposed by Section 603 of the Income and Corporation Taxes Act 1988. Reference is made in Note 11 to the Financial Statements to the Closed Fund's tax liability.

The next actuarial valuation of the Closed Fund will take place as at 31 March 2003 with the final results due out at the latter end of the year.

Actuarial Certificate

Certificates provided by the Actuary confirming the satisfactory financial position of the Funds in accordance with the legislation in force at the date of the valuations are shown on pages 23 and 24.

Minimum Funding Requirement/Discontinuance

As part of valuations, the Actuary assesses whether there is sufficient money in the Funds to meet the Minimum Funding Requirement, a Government standard for the minimum amount of money that a pension scheme must hold to meet its liabilities. Both the Open and Closed Funds comfortably pass this test. The Actuary has also stated that using the actuarial assumptions adopted for the valuation, the assets would have been sufficient at the valuation date to cover the liabilities arising in respect of accrued service to the valuation date (and assuming no further contributions were payable).

Actuarial Statement

Actuarial statement made for the purposes of Regulation 30 of The Occupational Pension Schemes (Minimum Funding Requirement and Actuarial Valuations) Regulations 1996

Name of scheme: THE ITB PENSION FUNDS - THE OPEN FUND

Effective date of valuation statement: 31 MARCH 2001

1. Security of prospective rights - In my opinion, the resources of the Scheme are likely in the normal course of events to meet in full the liabilities of the Scheme as they fall due. In giving this opinion, I have assumed that the following amounts will be paid to the Scheme:

Members - Contributions at the rate of 5% of Pensionable Salaries, except for "Old Benefit" Members who contribute 4%. These contribution rates are currently reduced from the standard levels of 6% and 5% respectively, and the reduction has been assumed to continue until 31 March 2014. Member contributions may be paid either in cash or met from the relevant Employer's allocated account as designated in accordance with the Trust Deed and Rules.

Employer - Contributions at the rate of 5% of Pensionable Salaries until 31 March 2014, increasing to 16% of Pensionable Salaries thereafter. Employer contributions may be paid either in cash or met from the relevant Employer's allocated account as designated in accordance with the Trust Deed and Rules.

2. Summary of methods and assumptions used - The valuation method used is the standard actuarial method described as the "Entry Age Method". The objective of this method is to provide for benefits to be funded by contributions paid throughout a member's active service at a rate which would be sufficient to finance the cost of a typical new entrant. The principal actuarial assumptions used for this valuation were that investment yields would in the long-term exceed earnings increases by 1.5% a year, and would exceed pension increases by 3% a year.

Further details of the methods and assumptions used are set out in my actuarial valuation addressed to the Trustees dated 20 December 2001.

C D Daykin FIA,
Government Actuary's Department,
New King's Beam House,
22 Upper Ground,
London, SE1 9RJ

26 June 2002

Actuarial statement made for the purposes of Regulation 30 of The Occupational Pension Schemes (Minimum Funding Requirement and Actuarial Valuation) Regulations 1986

Name of scheme: THE ITB PENSION FUNDS - THE CLOSED FUND

Effective Date of valuation statement: 31 MARCH 2000

1. Security of accrued rights - In my opinion, the Scheme's assets existing on the effective date fully cover its liabilities as at that date with no exception.
2. Security of prospective rights - In my opinion, the resources of the Scheme are likely in the normal course of events to meet in full the liabilities of the Scheme as they fall due. In giving this opinion, I have assumed that no further contributions will be paid into the Scheme.
3. Summary of methods and assumptions used: As there are no contributing Members in the Closed Fund, the actuarial valuation is concerned only with the rights accrued to the valuation date and any improvements granted by the Trustees. The actuarial assumptions and valuation method adopted are those prescribed by the Inland Revenue in Statutory Instrument No. 412 of 1987 - Income Tax - The Pension Scheme Surpluses (Valuation) Regulations 1987.

Further details of the methods and assumptions used are set out in my actuarial valuation addressed to the Trustees dated 21 March 2001.

C D Daykin FIA,
Government Actuary's Department,
New King's Beam House,
22 Upper Ground,
London, SE1 9RJ

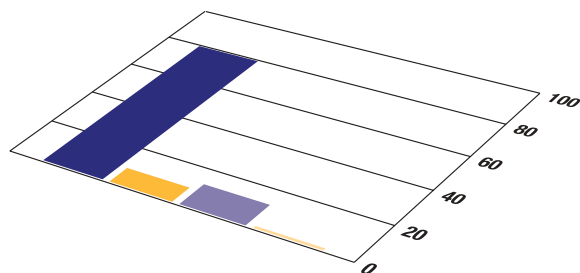
21 March 2001

Funds Income and Expenditure

Open Fund

Source of Income 2002/2003

Chart 6



Net income from investments including bank deposits (78.7%) £12,702,818

Transfers received (8.4%) £1,346,778

Members' Contributions (including AVCs) (11.8%) £1,902,815

Employers' Contributions (normal) (1.1%) £195,031

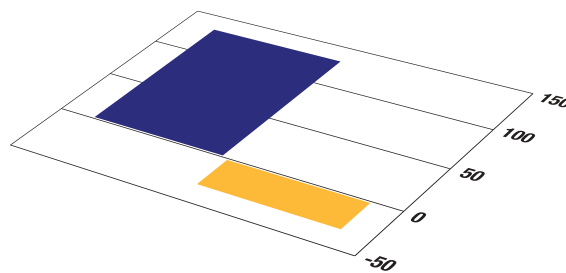
The way in which the income of the Open Fund of £16,147,442 was made up is shown in Chart 6. The total net investment income consists mainly of income from dividends, bank interest and less the loss on foreign exchange and Investment Managers' fees. The Open Fund was required to raise an additional £1,869,410 from the sale of investments to meet expenditure commitments.

During the year contributions of £1,886,850 have been charged to Employer's surplus allocations. Since these are internal transfers within Funds this amount does not appear as income. This is explained in more detail under Note 19 of the Financial Statements.

Closed Fund

Source of Income 2002/2003

Chart 7



Net income from investments including bank deposits (131%) £4,967,558

Net loss on realisation of investments (-31%) £1,177,562

The way in which the income of the Closed Fund, of £3,789,996 was made up is shown in Chart 7. The total net investment income consists of income from dividends and bank interest. The Closed Fund was required to raise an additional £6,535,756 from the sale of investments to meet expenditure commitments. The net investment income of the Closed Fund is made up in the same way as that for the Open Fund but with taxation also being deducted.

Charts 8 and 9 show how the total income of each Fund was allocated.

Open Fund

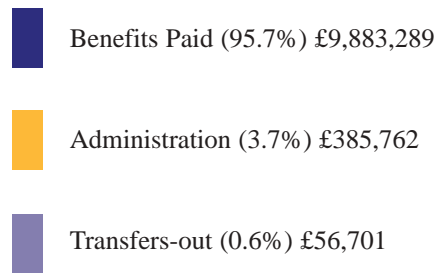
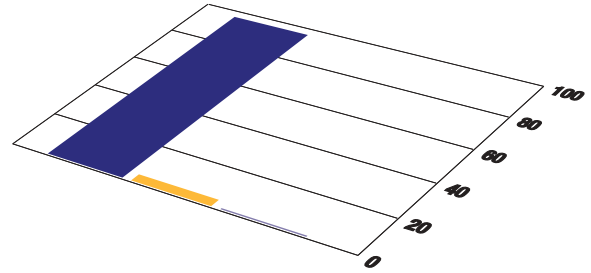
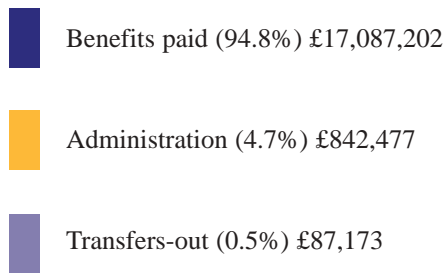
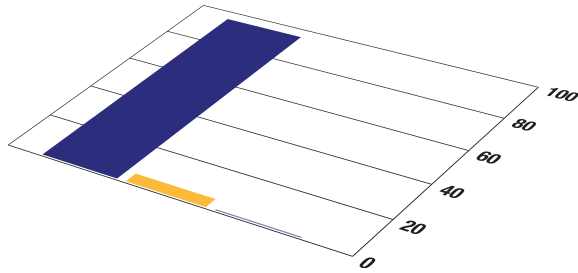
Allocation of Income 2002/2003

Chart 8

Closed Fund

Allocation of Income 2002/2003

Chart 9



Investment Report

Statement of Investment Principles (SIPS)

The Pensions Act 1995, as amended, sets out certain requirements for Trustees of pension schemes to prepare SIPS that govern their investment decisions. Whilst the ultimate power and responsibility for deciding investment policy rests solely with trustees, they are expected to consult with participating employers about the preparation of SIPS. The ITB Pension Funds Trustees do this and they also seek advice from their investment consultants and actuarial advisers on the broad investment principles governing the investment policy of the Funds.

The SIPS are reviewed at least once a year. The full versions of SIPS can be viewed by accessing the ITB website on www.itb-online.co.uk or obtained by requesting a copy from the Funds' Office.

Specialist investment managers are employed by the Trustees to manage the portfolios of investments. Their appointments are reviewed by the Trustees annually in light of quarterly monitoring of the performance and investment process. The investment performance of both the Open and Closed Funds is shown on page 32.

The recommendations of a report on institutional investment - the Myners Report - which were accepted by the Government, identified a set of investment principles which pension schemes should comply with on a voluntary basis. The Trustees consider that the Funds are currently generally compliant with many of the Report's recommendations and have taken steps, where appropriate, to integrate the recommendations into working practices and procedures. There are, however, a few of these such as shareholder activism, where further guidance is awaited on what will constitute best practice in these areas.

Investment Strategy

The Trustees employ external Fund Managers who have discretion to invest the assets of the Funds within the Trustees prescribed guidelines.

The strategy to achieve the investment objectives involves the Funds assets being invested across a wide range of asset classes and geographical areas.

Although the Trustees have delegated day to day management of the Funds' investments to external managers, the custody (safe-keeping) of these assets is carried out independently of the managers through custodians JP Morgan Chase Bank.

As the Closed Fund has no active members or current participating Employers an investment strategy has been adopted whereby the liabilities have been broadly matched by an underlying portfolio of index-linked gilts. Because of the surplus in the Closed Fund a portfolio representing the reserve assets has been established and invested in a range of assets comprising global equities and bonds.

The Closed Fund's portfolio of Index-Linked Gilts, the investment of which is entirely passive and advised by the Actuary, is under the control of the Trustees. Fidelity Pensions Management Ltd is the manager for the Closed Fund's global equity and bond portfolio.

Following the actuarial valuation of the Open Fund as at 31 March 2001, the Trustees along with their investment advisers gave detailed consideration to a report on the asset liability study carried out by the Actuary. With the benefit of this report they concluded that a new investment strategy which appeared more efficient in maintaining the desired funding level of the scheme should be adopted. Work was completed on the first stage of the new strategy in June 2002 and involved switching assets out of the actively managed equity portfolio, with an additional investment in the fixed interest portfolio creating an interim position.

The new long term strategy involves further planned investment in fixed interest and a controlled gradual move to the long term position. The new strategy will be subject to further regular review and monitoring.

The Trustees' investment strategy aims, over the long term, to achieve good investment growth while maintaining a strong funding position for the Open Fund. Although an overall long term strategic asset allocation is agreed by the Trustees, the Investment Managers are given individual benchmarks. The active managers are permitted to diverge from these benchmarks within policy guidelines which are determined periodically by the Trustees in conjunction with their Investment Advisers. The guidelines are reviewed by the Trustees' Investment Committee at regular quarterly meetings.

The benchmarks existing at 31 March 2003 for the Open Fund were as follows:

Category	Long Term Strategic Benchmark Allocation % (Market Values)
Fixed Interest	40
UK Equities	20
Overseas Equities	20
Property	20

The benchmark existing at 31 March 2003 for the portion (18%) of the Closed Fund not invested in Index-Linked Gilts, was as follows:

Category	Benchmark Allocation % (Market Values)
Fixed Interest	4
Overseas Fixed Interest	4
UK Equities	58
Overseas Equities	34

To ensure the secure investment of these assets the Investment Managers and Trustees sign agreements which clearly set out the restrictions placed on the Managers. In the agreements, for example, there are prohibitions on lending assets, borrowing on the security of assets and buying shares not listed on a recognised stock exchange. There are also restrictions on the use of derivatives.

Details of the Open Fund's total asset allocation, individual manager's allocation, mandates and investment performance at the Fund's year end are shown on pages 29 to 33.

Financial Review

The overall expenditure of the Closed Fund continues to exceed total investment income. However, expenditure is met only from the Fund's holdings in Index Linked stock. The difference between the interest on the Index Linked stock and expenditure is met from the money received from the redemption of stock which takes place at regular intervals.

The contribution income of the Open Fund continued to be insufficient to meet benefit payments and other expenditure. The balance was made up from investment revenue. This was expected and will continue whilst Employers' and Members' contributions are maintained at their current levels.

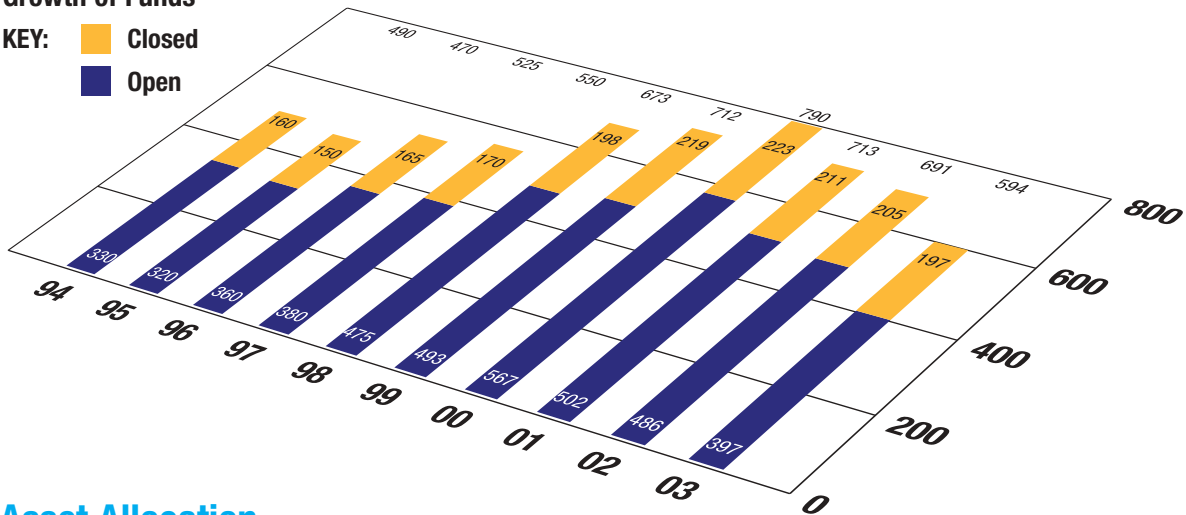
The general volatility and downturn in markets in the period under review – mainly attributed to doubts over corporate earnings, a string of financial scandals in the US, political uncertainties and the obvious concerns over the war in Iraq – created an overall negative return on investment in equities and added to the unusually protracted period of downturn over a third consecutive year.

The size of each Fund and the growth achieved in the past ten years is demonstrated in Chart 10.

Chart 10

Growth of Funds

KEY: ■ Closed
■ Open



Asset Allocation

At the end of March 2003, the Funds' investments were allocated between the following categories.

Open Fund	Market Value £000's	Proportion of Market Value %
UK Securities		
Index Linked	57,714	14.6
Equities & Convertibles	127,426	32.2
Fixed Interest	55,736	14.1
Overseas Equities	77,127	19.5
Overseas Fixed Interest	18,116	4.6
Commercial Property	55,215	14.0
Bank Deposits & Foreign Exchange	3,892	1.0
TOTAL	395,226	100.0

Closed Fund	Market Value £000's	Proportion of Market Value %
UK Securities		
Fixed Interest	1,485	0.8
Index Linked	156,062	79.9
Equities & Convertibles	19,967	10.2
Overseas Equities	12,215	6.2
Overseas Fixed Interest	1,406	0.7
Bank Deposits & Foreign Exchange	4,328	2.2
TOTAL	195,463	100.0

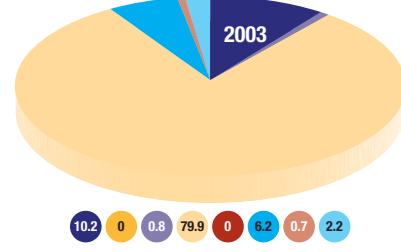
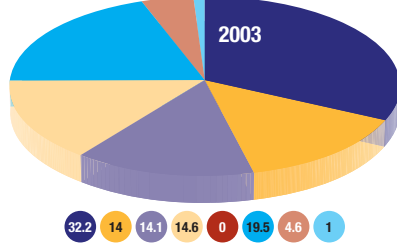
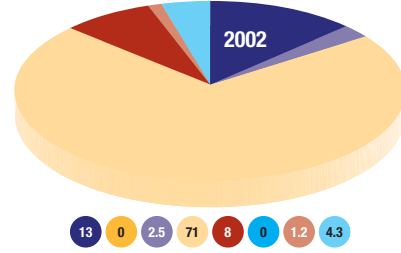
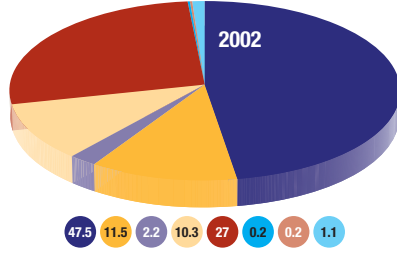
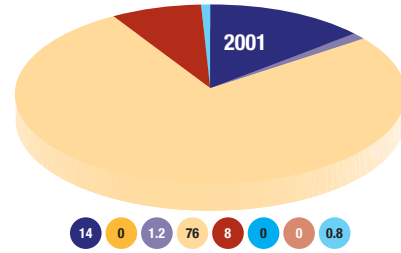
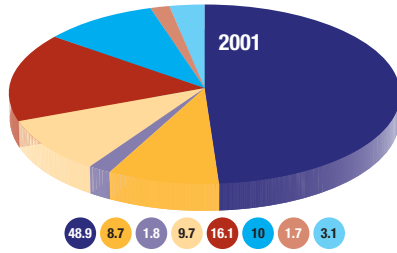
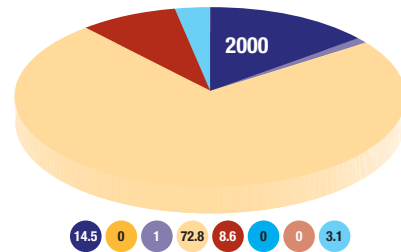
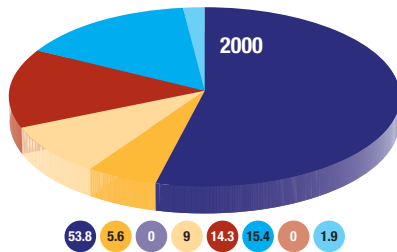
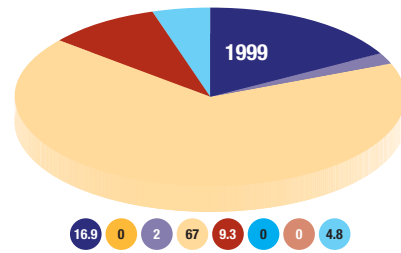
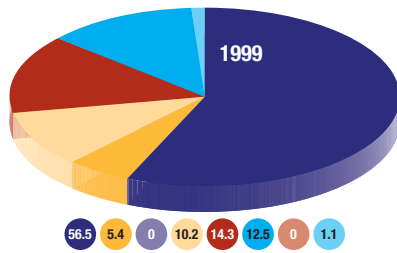
The Overseas Equities for both Funds consists of holdings in Europe, North America, Japan and South East Asia. The changes in asset allocation made since 1998 are shown in Charts 11 and 12.

Asset Allocation Open Fund (%)

Chart 11

Asset Allocation Closed Fund (%)

Chart 12



- UK Equities
- Property
- UK Fixed Interest
- Index Linked
- Unitised Funds
- Overseas Equities
- Overseas Fixed Interest
- Cash

- UK Equities
- Property
- Fixed Interest
- Index Linked Securities
- Unitised Funds
- Overseas Equities
- Overseas Fixed Interest
- Cash

Note: For 2003 the unitised fund holdings have been shown under their respective asset allocation class.

The ten holdings in equities and unit trusts which had the highest value at 31 March 2003 for each Fund, were as follows:

Open Fund

Holding	Description	Book Cost (£)	Market Value
11,248,413	Fidelity Institutional America Fund	15,852,666	13,509,344
10,286,931	Fidelity Institutional Europe Fund	16,386,525	12,580,917
2,568,984	BP Plc	7,978,048	10,308,048
8,456,747	Vodafone Group	17,436,964	9,556,124
11,673,679	Fidelity Institutional Japan Fund	11,721,559	9,204,696
13,633,057	Fidelity Institutional South East Asia Fund	10,936,438	8,890,117
760,542	GlaxoSmithkline Ord 25p	8,255,135	8,464,832
948,775	HSBC Holdings (UK REG)	5,597,093	6,157,550
378,625	Royal Bank of Scotland	2,522,654	5,395,406
158,500	Astrazeneca Group Ord USD 0.25	3,887,389	3,418,845

Closed Fund

Holding	Description	Book Cost (£)	Market Value
3,427,069	Fidelity Institutional Europe Fund	4,360,936	4,191,305
3,011,507	Fidelity Institutional America Fund	4,022,829	3,616,820
3,706,909	Fidelity Institutional South East Asia Fund	2,843,190	2,417,275
2,523,478	Fidelity Institutional Japan Fund	2,462,644	1,989,763
458,900	BP Plc	1,838,016	1,841,336
1,418,900	Vodafone Group	3,167,392	1,603,357
4,252,505	Fidelity Institutional Long Bond Fund	1,250,848	1,484,550
130,320	GlaxoSmithkline Ord 25p	1,807,243	1,450,462
5,017,252	Fidelity Institutional International Bond Fund	1,312,259	1,405,834
132,850	HSBC Holdings UK	889,227	862,196

It will be seen, by comparing the values of the holdings listed above with the total value of each of the two portfolios listed on page 29 that no individual shareholding forms more than 5% of the total value of each Fund's investments. The ITB Pension Funds' assets are invested in accordance with the Occupational Pension Schemes (Investment) Regulation 1996. The Funds do not invest in any of the participating Employers' businesses.

No investment represents more than 3% of the share capital of the Company concerned.

Investment Performance Review

Total Fund

The investment performance of both the Closed and Open Funds continues to be monitored by Russell/Mellon CAPS, an independent investment performance monitoring service which monitors the performance of over 3,600 pension fund portfolios. For this purpose the Closed Fund and the Open Fund are treated separately and separate reports are provided in respect of each Investment Manager.

The period reviewed in the most recent full report relates to the year ended 31 March 2003. In addition, Watson Wyatt Worldwide also provide an overview for each Fund and present all the year end reports at a meeting of the Trustees' Investment Committee.

Investment performance is closely monitored by the Trustees. Benchmarks are based on various indices and the investment managers are set appropriate performance targets so as to ensure, that as far as is practicable, the Funds perform in line with their strategic benchmark. The relevant benchmarks return

for the Open Fund this year was -16.4%, whereas the Fund actually achieved a return better than this of -15.2%

The Closed Fund achieved a return of 2.4% against the relevant benchmark of 2.6%. The overall performance of the Closed Fund reflected its large holding in Index Linked Gilts.

Chart 13 shows the rate of return on all assets achieved by the Open Fund (income and capital appreciation combined) in the recent past, compared with the increase in prices, as measured by the Retail Price Index. Past returns are, of course, no guarantee of future performance.

Managers Mandates and Performance – Open Fund

UK Equities (32% of total fund)

Barclays Global Investors (BGI) (2% of total fund)

This part of the UK equity portfolio is managed to track

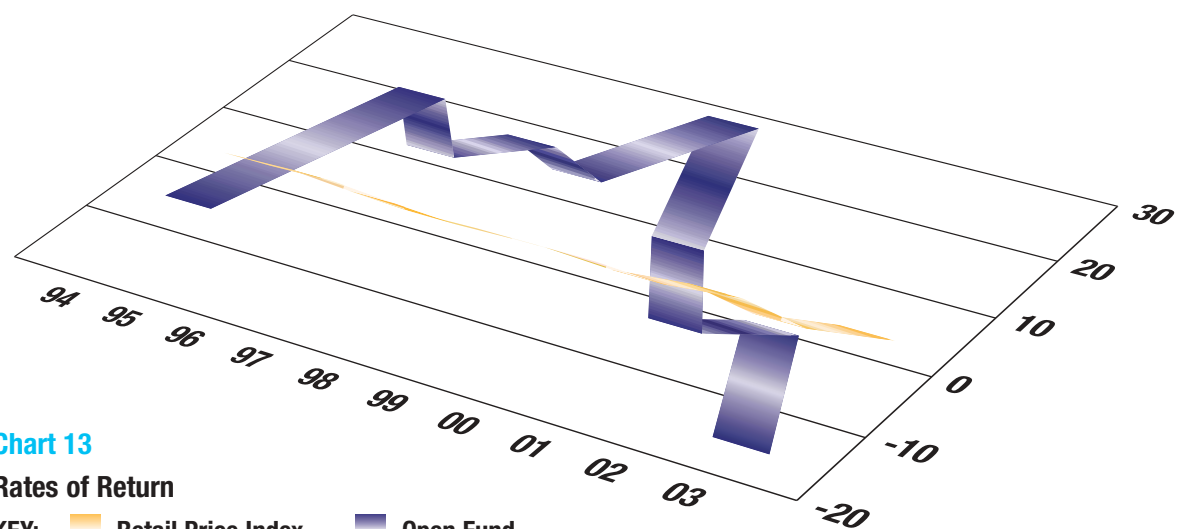


Chart 13

Rates of Return

KEY: ■ Retail Price Index ■ Open Fund

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
■ Open Fund	-5	20	11.5	17.1	13.7	27.8	8	-2.6	0.1	-15.2
■ Retail Price Index	2.9	3.2	2.5	2	2.8	2.3	1.8	2.9	1.3	3.1

the performance of the UK FTSE All Share Index within a small deviation. BGI's fees are market-value based. Over the year BGI achieved their objectives.

Schroder Investment Management (UK) Ltd (14% of total fund)

This part of the UK equity portfolio has the objective to outperform the UK FTSE All Share Index by 2% pa, net of base fees, over a rolling 3 year period and to limit underperformance against this index to 6% in any 12 month period. Schroder's fees are market value based with a performance related element. Over the year Schroders achieved their benchmark but underperformed their objective.

Fidelity Pensions Management Ltd (16% of total fund)

This part of the UK equity portfolio has the objective to outperform the UK FTSE All Share Index by 1.5% pa, gross of base fees, over a rolling 3 year period. Fidelity's fees are market value based with a performance related element. Over the year Fidelity underperformed both their benchmark and objective.

Fixed Interest (34% of total fund)

Morley Fund Management Ltd (34% of total fund)

The objective of this fixed interest portfolio is to outperform a composite benchmark by 0.75% pa, net of base fees, over a rolling 3 year period and to avoid underperforming the benchmark by more than 2% in any rolling 12 month period. Morley's fees are market value based. Over the year Morley achieved their benchmark but underperformed their objective.

Overseas Equities (19% of total fund)

Fidelity Pensions Management Ltd (11% of total fund)

This part of the overseas equity portfolio has the objective to outperform its composite benchmark by 1.5%, gross of base fees, over a rolling 3 year period.

Fidelity's fees are market value based with a performance related element. Over the year Fidelity outperformed their benchmark and their objective.

Barclays Global Investors (BGI) (8% of total fund)

This part of the overseas equity portfolio is managed to track a composite benchmark within a small deviation. BGI is remunerated on the basis of a fixed annual fee which increases in line with RPI. Over the year BGI achieved their objective.

Property (15% of total fund)

Fletcher King (15% of total fund)

The objective of this portfolio is to outperform the median direct property portfolio index produced by Russell/Mellon CAPS. Fletcher King is remunerated on the basis of an annual retainer fee together with transaction fees related to acquisition, disposals and lettings. In addition, further fees are payable based on the gross rental income of the portfolio, together with fees for work on rent and lease renewals. Over the year Fletcher King outperformed their benchmark.

Manager Mandates and Performance – Closed Fund

Global Equities (18% of total fund (reserve assets only))

Fidelity Pensions Management Ltd (18% of total Fund)

The objective of this portfolio is to outperform its composite benchmark by 1%, gross of base fees, over a rolling 3 year period. Fidelity's fees are market value based with a performance related element. Over the year Fidelity underperformed their benchmark and their objective.

The remaining assets are held in index-linked securities which are under the control of the Trustees.


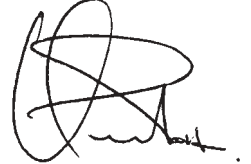
Statement of Trustees' Responsibilities

Occupational Pension Schemes (Requirements to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 require Trustees to prepare financial statements, for each financial year, which give a true and fair view of the financial transactions of the Scheme; of the amount and disposition of the Scheme's assets at the year end; and of the liabilities of the Scheme, other than liabilities to pay pensions and benefits after the end of the Scheme year. In preparing these financial statements Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Ensure that the financial statements are in accordance with the Audit Regulations and with the guidelines set out in the Statement of Recommended Practice, Financial Reports of Pension Schemes.

Trustees are responsible for keeping proper accounting records which accurately disclose the financial position of the Scheme to enable them to ensure the financial statements comply with the Audit Regulations. They are also responsible for safeguarding the assets of the Scheme and for taking reasonable steps for the prevention and detection of error, fraud or other irregularities. Financial Statements have been prepared in accordance with the Regulations and are reproduced in full on pages 35 to 51, The Notes to the Financial Statements include the required statement regarding the Statement of Recommended Practice.

The Trustees' Report was approved by the Managing Trustees on 4 July 2003.

N.N.W. DUNLOP, CBE

K.J.F. POTTER

} Trustees

Financial Statements

For the year ended 31st March 2003



Independent auditors' report to the Trustees of the ITB Pension Funds

We have audited the financial statements for the year ended 31st March 2003 which comprise the Statements of Income and Expenditure, the Net Assets Statements and the notes related thereto. These financial statements have been prepared on the basis of the accounting policies set out therein including the incorporation of investment assets at valuation.

This report is made solely to the Trustees, as a body, in accordance with The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Trustees 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 Scheme and the Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and Auditors

As described in the Statement of Trustees Responsibilities on page 34, the Trustees are responsible for obtaining financial statements which comply with applicable United Kingdom law and Accounting Standards and for making available certain information about the scheme in the form of an Annual Report. They are also responsible for procuring that contributions are made to the Scheme in accordance with the schedule of contributions certified by the actuary. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board of the Accountancy Foundation and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements show a true and fair view and contain the information specified in the Schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor)

Regulations 1996 made under the Pensions Act 1995. We also provide a statement about contributions, in which we report to you our opinion as to whether contributions have been paid in accordance with the schedule of contributions certified by the actuary. We report to you if we have not received all the information and explanations that we require for our audit.

We have read the information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion and statement about contributions

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board of the Accountancy Foundation. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by or on behalf of the Trustees in the preparation of the financial statements and of whether the accounting policies are appropriate to the Scheme'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 financial statements 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 financial statements.

Our work also included examination on a test basis, of evidence relevant to the amounts of contributions payable to the scheme and the timing of those payments in order to provide us with reasonable assurance that contributions have been paid in accordance with the

schedule of contributions certified by the actuary on 6th March 2002.

Statement about contributions under the scheme

In our opinion contributions payable to the scheme during the year ended 31st March 2003 have been paid in accordance with the schedule of contributions certified by the actuary on 6th March 2002.

Opinion

In our opinion the financial statements show a true and fair view of the financial transactions of the Scheme for the year ended 31st March 2003, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year, and contain the information specified in the Schedule to The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995.

CHANTREY VELLACOTT DFK
Chartered Accountants and Registered Auditors
WATFORD
8 August 2003



Statements of income and expenditure

for the year ended 31st March 2003

	Notes	Closed fund 2003 £'000	Open fund 2003 £'000	Combined fund 2003 £'000	Combined fund 2002 £'000
Income					
Members' contributions	3d, 17, 19	-	1,903	1,903	1,657
Employers' contributions	3d, 19	-	195	195	1
Employers' enhancement costs	3d, 19	-	-	-	11
Transfers from other schemes	5	-	1,347	1,347	1,238
		-	3,445	3,445	2,907
Expenditure					
Retirement and death benefits	6	9,884	17,061	26,945	26,498
Withdrawals:					
Transfers to other schemes		57	87	144	355
Contribution refunds		-	25	25	57
Administration costs	7	385	844	1,229	1,157
		10,326	18,017	28,343	28,067
Net withdrawals from dealings with members		(10,326)	(14,572)	(24,898)	(25,160)
Returns on investments					
Investment revenue	8	5,210	12,340	17,550	19,561
Net loss arising on foreign exchange	10	-	(97)	(97)	(60)
Taxation	11	(85)	-	(85)	(109)
Change in market value of investments	12	(3,469)	(84,795)	(88,264)	(13,515)
Investment managers' fees	9	(156)	(1,297)	(1,453)	(2,126)
Net returns on investments		1,500	(73,849)	(72,349)	3,751
Net decrease in the funds during the year		(8,826)	(88,421)	(97,247)	(21,409)
Net assets as at 31st March 2002		205,443	485,992	691,435	712,844
Net assets as at 31st March 2003		£196,617	£397,571	£594,188	£691,435

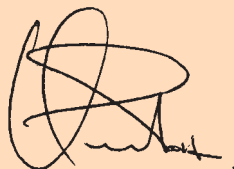
The notes on pages 41 to 51 form part of these financial statements.

Net assets statements

31st March 2003

	Notes	Closed fund 2003 £'000	Open fund 2003 £'000	Combined fund 2003 £'000	Combined fund 2002 £'000
Investments	12	195,463	395,226	590,689	689,057
Fixed assets	13	-	111	111	98
		195,463	395,337	590,800	689,155
Current assets					
External	14	1,470	3,237	4,707	7,114
Inter-fund balance	14	-	20	20	8
		1,470	3,257	4,727	7,122
Current liabilities					
External	15	296	1,023	1,319	4,834
Inter-fund balance	15	20	-	20	8
		316	1,023	1,339	4,842
Net current assets		1,154	2,234	3,388	2,280
Net assets as at 31st March 2003		£196,617	£397,571	£594,188	£691,435

The financial statements were approved by the Managing Trustees on 4 July 2003

N DUNLOP

K POTTER

} Trustees

The notes on pages 41 to 51 form part of these financial statements.

Notes to the financial statements

for the year ended 31st March 2003

1 Organisation of the funds

The financial statements reflect the Actuary's report dated 22nd January 1985 regarding the apportionment of assets between the Closed and Open Funds. This apportionment of the market value of the assets was made on 1st April 1985. The Closed Fund relates to former employees of discontinued Industrial Training Boards; all employees of continuing Boards whose service ceased before 31st March 1982; and, certain other employees of those Boards whose service ceased before 31st March 1983 and whose membership was specifically agreed with Government.

2 Actuarial valuations

The Trustees have received and adopted the Valuation Report by the Actuary on the Closed Fund as at 31st March 2000 and on the Open Fund as at 31st March 2001.

The Reports on the Closed Fund for 2000 and on the Open Fund for 2001 concluded that the assets in both Funds would be adequate to meet the liabilities on the basis of the assumptions made.

3 Accounting policies

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 and with the guidelines set out in the Statement of Recommended Practice, Financial Reports of Pension Schemes.

The financial statements summarise the transactions of the Funds and deal with the net assets at the disposal of the trustees. 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 statements by the Actuary and these financial statements should be read in conjunction with them.

a) Basis of preparation

These financial statements have been prepared on an accruals basis, that is, income and expenditure is recognised as it is earned or incurred, not as it is received or paid.

b) Valuation of assets

All investments, other than commercial property, are valued at their market value at 31st March 2003 determined as follows:

- i) Listed securities are valued at last traded price or mid-market price ruling at the balance sheet date.
- ii) Unitised funds are stated at the mid-point of the latest prices quoted by the managers prior to 31st March 2003.
- iii) Investments held in foreign currencies have been valued on the relevant basis and translated into sterling at the rate ruling at the balance sheet date.
- iv) Properties were valued by Fletcher King, Property Asset Managers, at 31st March 2003, in accordance with the definition of open market value as defined in Practice Statement 4 of the Royal Institute of Chartered Surveyors' appraisal and valuation manual.

c) Forward contracts for foreign currency

Forward contracts are valued at amounts which assume settlement at the spot rates ruling on 31st March 2003.

d) Contribution income

Contributions relating to wages and salaries earned up to 31st March 2003 have been included in these financial statements.

Enhancement costs represent amounts paid by Employers to improve the benefits of certain employees and these are due to the Open Fund from the relevant participating employers.

e) Investment income

Dividend income and interest on Government stocks have been recognised on the ex-dividend date. Rents and interest income are recognised on a receivable basis.

f) Foreign income

Foreign income has been translated into sterling at the rate ruling at the date of the transactions. Income due at the year end is translated at the rate ruling at 31st March 2003. All differences are taken to income and expenditure account.

g) Benefits payable

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

h) Transfers receivable

Certain members of the Funds have transfer rights available to them from previous pension schemes. The value of such rights has only been taken into account where the sum to be transferred has been agreed by 31st March 2003.

i) Withdrawal benefits

Transfers payable relate to those early leavers whose transfers have been agreed by the Trustees during the year. Included under withdrawal benefits are accruals of contributions and interest in respect of members who left the Funds on or before 31st March 2003 and who were entitled to a refund of these.

j) Fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Furniture	-	10% per annum
Equipment	-	20% per annum

4 Contributions receivable

Contributions payable to the Scheme during the year ended 31st March 2003 were paid in accordance with the Scheme Rules (and the recommendation of the Actuary).

5 Transfers in

	2003 £'000	2002 £'000
Group transfers in	-	(101)
Individual transfers from other schemes	1,120	1,084
Individual transfers from Money Purchase Scheme (see note 18)	227	255
	£1,347	£1,238

6 Retirement and death benefits

	Closed fund 2003 £'000	Open fund 2003 £'000	Combined fund 2003 £'000	Combined fund 2002 £'000
Retirement benefits:				
Lump sums	189	1,765	1,954	2,406
Members' pensions	7,453	13,992	21,445	20,725
Total retirement benefits	7,642	15,757	23,399	23,131
Death benefits:				
Lump sums	1	83	84	138
Dependants' pensions	2,241	1,221	3,462	3,229
Total death benefits	2,242	1,304	3,546	3,367
	£9,884	£17,061	£26,945	£26,498
2002	£9,856	£16,642		

7 Administration costs

	Closed fund 2003 £'000	Open fund 2003 £'000	Combined fund 2003 £'000	Combined fund 2002 £'000
Analysis				
General administration:				
Employment costs	170	304	474	422
Office accommodation	38	68	106	106
General expenses	107	188	295	296
	315	560	875	824
Professional services				
Auditor's fees	11	20	31	29
Legal services	32	96	128	100
Investment consultancy	1	23	24	46
Actuarial services	9	98	107	91
Other	17	47	64	67
	£385	£844	£1,229	£1,157
2002	£367	£790		

During the year £8,539 of actuarial fees and £21,305 of legal fees were charged to the employers' surplus pots and are included in enhancement costs in note 19.

8 Investment revenue

	Closed fund 2003 £'000	Open fund 2003 £'000	Combined fund 2003 £'000	Combined fund 2002 £'000
Income from fixed interest securities	-	1,026	1,026	795
Dividends from equities and convertibles	706	4,865	5,571	7,277
Income from index linked securities	3,939	1,729	5,668	5,539
Income from unitised funds	271	433	704	892
Net rents from properties	-	4,203	4,203	4,453
Interest on cash deposits	294	79	373	604
Underwriting commission	-	5	5	1
	£5,210	£12,340	£17,550	£19,561
2002	£5,431	£14,130		

9 Investment managers' fees

Under the powers given to them under the scheme rules, the Trustees delegate most investment management to external investment managers; the exception being the index linked gilt stock in the Closed Fund. The non property investments were managed during the year by Barclays Global Investors Limited, Fidelity Pensions Management Limited, Morley Fund Management Limited and Schroders Investment Management (UK) Limited. The remuneration of these managers, with the exception of the Barclays Global Investors overseas portfolio which remuneration is calculated on a flat fee basis, is calculated as a variable percentage of the market value of the assets under management. Properties are managed by Fletcher King who are remunerated on a fixed percentage of the market value of properties under management, with additional fees in respect of property purchases, sales, rent reviews and rental income.

10 Net loss arising on foreign exchange

The loss on foreign exchange comprises the change in the value of short-term deposits due to exchange rate movements. Losses on forward currency contracts during the year are included in change in market value of investments (note 12).

	2003 £'000	2002 £'000
Closed fund	-	-
Open fund	(97)	(60)
	£(97)	£(60)

11 Taxation

The Funds are both “exempt approved schemes” for the purpose of Chapter 1 of Part XIV of the Income and Corporation Taxes Act 1988. However, exemption from tax on investment income and capital gains depends on there being no excess surplus in each fund.

No tax liability exists for the Open Fund, where benefit improvements have been granted from 1st April 1999 and a reduction in members’ and employers’ contributions have been allowed to 31st March 2014, thus ensuring that the Fund complies with the requirements of the Finance Act 1986.

The actuarial valuation of the Closed Fund at 31st March 2000 disclosed a substantial surplus. As a result, there is a liability to taxation on the income and capital gains of the Closed Fund in the proportion which the excess surplus bears to the entire Closed Fund.

Provision has been made for taxation on the income and realised capital gains of the Closed Fund. This provision has been based on 10.1% of such items of the Closed Fund. The percentage was determined by the 2000 actuarial valuation and revised following the pension increases on 1st April 2001.

The taxation charges suffered are income tax at 20% (2002 - 20%) on the taxable income and at 34% on the taxable capital gains of the Closed Fund. No charge to capital gains tax arises due to the fact that the realised gains on the index linked gilts are exempt from capital gains tax. The losses arising on the other investments will be carried forward to set against future liabilities.

	Closed fund 2003 £'000	Closed fund 2002 £'000
Income tax	103	110
Capital gains tax	-	-
Prior year adjustment	103 (18)	110 (1)
	£85	£109

12 Investments

	Closed fund valuation 2003 £'000	Closed fund cost 2003 £'000	Open fund valuation 2003 £'000
Commercial property			
Freehold	-	-	53,630
Long leasehold	-	-	1,585
Fixed interest securities			
UK Public sector	-	-	7,602
UK Public sector unitised funds	1,485	1,251	-
UK Corporate unitised funds	-	-	48,134
Overseas unitised funds	1,406	1,312	18,116
Index linked securities			
UK	156,062	105,790	56,036
Overseas	-	-	1,678
UK equities			
Quoted	19,859	26,532	118,499
Unitised funds	108	184	8,927
Overseas equities			
Quoted	-	-	-
Unitised funds	12,215	13,690	77,127
Bank deposits	4,328	4,328	4,654
Forward currency contracts	-	-	(762)
Total at 31st March 2003	£195,463	£153,087	£395,226
Total at 31st March 2002	£204,359	£159,692	£484,698

- Basis of valuation - as set out in note 3(b).
- Unitised funds include Open-ended Investment Companies, Collective Investment Schemes and Pooled Index Life Funds.
- Commercial properties are mainly retail and office premises with rent review periods of five years.

	Open fund cost 2003 £'000	Combined fund valuation 2003 £'000	Combined fund cost 2003 £'000	Combined fund valuation 2002 £'000	Combined fund cost 2002 £'000
	49,029 994	53,630 1,585	49,029 994	52,980 1,585	49,759 994
	7,711 -	7,602 1,485	7,711 1,251	14,766 1,861	14,959 1,651
	42,063 15,368	48,134 19,522	42,063 16,680	19,508 1,774	17,337 1,782
	52,645 1,349	212,098 1,678	158,435 1,349	192,616 4,171	151,887 3,438
	143,451 12,493	138,358 9,035	169,983 12,677	258,234 944	222,699 963
	- 103,100	- 89,342	- 116,790	- 125,441	- 114,814
	4,654 -	8,982 (762)	8,982 -	15,192 (15)	15,192 -
	£432,857	£590,689	£585,944	£689,057	£595,475
	£435,783	£689,057	£595,475		

12 Investments (cont'd)

The movements in investments during the year were:

	Closed fund 2003 £'000	Open fund 2003 £'000	Combined fund 2003 £'000	Combined fund 2002 £'000
Market value at 1st April 2002	204,359	484,698	689,057	709,406
Purchases at cost	10,678	331,820	342,498	290,950
Disposal proceeds	(16,105)	(336,497)	(352,602)	(297,784)
Change in market value of investments	(3,469)	(84,795)	(88,264)	(13,515)
Market value at 31st March 2003	£195,463	£395,226	£590,689	£689,057

Change in market value of investments comprises:

	£'000	£'000	£'000	£'000
(Loss)/profit on realisation of investments	(1,178)	1,748	570	(2,819)
Profit/(loss) on forward currency contracts	-	3	3	(101)
Movements in unrealised profits	(1,178) (2,291)	1,751 (86,546)	573 (88,837)	(2,920) (10,595)
	£(3,469)	£(84,795)	£(88,264)	£(13,515)
2002	£(638)	£(12,877)		

There are no investments in which more than 5% of the total value of the net assets of the Funds are invested.

13 Fixed assets

	Cost £'000	Depreciation £'000
Balance at 1st April 2002	351	253
Additions	60	-
Depreciation charge	-	47
Balance at 31st March 2003	411	300
Net book value: 31st March 2003	£111	
31st March 2002	£98	

14 Current assets

	Closed fund 2003 £'000	Open fund 2003 £'000	Combined fund 2003 £'000	Combined fund 2002 £'000
Bank balances	201	423	624	440
Debtors:				
Amounts due from employers	-	179	179	126
Amounts due from brokers	26	186	212	2,620
Investment revenue receivable	1,230	2,333	3,563	3,819
Income tax receivable	6	13	19	36
Sundry debtors	7	38	45	43
Transfers receivable from other schemes	-	65	65	30
External current assets	1,470	3,237	£4,707	£7,114
Inter-fund balance	-	20		
Individual funds' current assets 2003	£1,470	£3,257		

	Closed fund £'000	Open fund £'000	Combined fund £'000
31st March 2002:			
External current assets	1,412	5,702	£7,114
Inter-fund balance	8	-	
Individual funds' current assets 2002	£1,420	£5,702	

15 Current liabilities

	Closed fund 2003 £'000	Open fund 2003 £'000	Combined fund 2003 £'000	Combined fund 2002 £'000
Withdrawal benefits:				
Transfers and contribution refunds	-	18	18	16
Amounts due to brokers	76	273	349	3,475
Taxation	57	-	57	23
Sundry creditors	163	732	895	1,320
External current liabilities	296	1,023	£1,319	£4,834
Inter-fund balance	20	-		
Individual funds' current liabilities 2003	£316	£1,023		

	Closed fund £'000	Open fund £'000	Combined fund £'000
31st March 2002:			
External current liabilities	336	4,498	£4,834
Inter-fund balance	-	8	
Individual funds' current liabilities 2002	£336	£4,506	

16 Financial commitments

Currency commitment

At 31st March 2003 there were £18,615,914 forward currency transactions (2002 - £4,041,144) due for settlement in April/May 2003.

17 Member credited service

Additional voluntary contributions (AVCs) made during the financial year to purchase added years under the principal scheme of £118,838 (2002 - £92,461) are shown in the income of the Open Fund and the assets acquired with the AVCs are included in the net assets statement.

18 Money purchase scheme

Additional voluntary contributions were receivable for separate investment with an insurance company for the benefit of individual Members. These Members receive details of their investments directly from the insurance company concerned and the investment and income are not treated as part of the Open Fund's assets and income as shown in the financial statements.

On retirement certain Members converted their money purchase investments to provide additional benefits under the main scheme. Such transfers of investments are included in transfers from other schemes (see note 5). All administration is provided by the ITB Pension Funds and no costs fall upon the Money Purchase Scheme.

The amounts involved during the year are as follows:

	2003 £'000	2002 £'000
Fund as at 1st April 2002	1,395	1,330
Members' AVC contributions	183	258
Interest credited by Scottish Life Assurance Company	41	62
	1,619	1,650
Transfers out (including to main fund)	(233)	(255)
Fund at 31st March 2003	£1,386	£1,395

The monies held under this scheme are invested in the Scottish Life Deposit Administration Fund which currently pays interest at the gross rate of 3.25%.

19 Utilisation of the Actuarial Surplus of the Open Fund

The terms of the agreement between the Trustees and the Employers on the way the 1998 surplus should be dealt with resulted in an amount being allocated to individual Employers but retained within the Fund. The pots are revalued annually in line with the return on the fund. The Employers are able to use this amount to reduce their contributions below that of members and/or grant further benefit improvements to their own employees.

Under this arrangement the following amounts otherwise receivable by the Trustees have been charged to the surplus funds allocated to the Employers:

	2003 £'000	2002 £'000
Members' contributions	238	253
Employers' contributions	1,887	1,824
Enhancement costs	1,953	4,757

These charges are to the Employer's surplus allocations and no monies are paid. The amounts quoted are an allocation of the actuarial surplus, not of financial assets and they do not therefore appear elsewhere in these financial statements.

Supplementary Information

Disputes Procedure

The Pensions Act 1995 requires that all pension schemes have a formal disputes procedure in place allowing members, prospective members, beneficiaries and contingent beneficiaries an avenue for complaint.

It is hoped that members and beneficiaries will always be pleased with the service provided by the ITB Pension Funds' Office and that no one has reason to complain. However, in the unlikely event that a complaint arises and a member of the Funds' staff fails to provide a satisfactory answer, then a copy of the formal Disputes Procedure is available upon request to The Director, The ITB Pension Funds, 23 King Street, Watford WD18 0JB.

OPAS (The Pensions Advisory Service)

OPAS is available to assist members and beneficiaries of pension schemes in connection with any pensions query they may have or with any difficulties they may have encountered and which they have failed to resolve through the Disputes Procedure with the Trustees or Administrators of their pension scheme. OPAS is at 11 Belgrave Road, London SW1V 1RB

Pensions Ombudsman

If OPAS is unable to resolve the problem, application can then be made to the Pensions Ombudsman for an adjudication. The Pensions Ombudsman is appointed under the Pension Schemes Act 1993. The Ombudsman is available to investigate and determine any special complaint or dispute of fact or law in relation to an occupational pension scheme from an individual or between an individual and the Trustees. Scheme members, beneficiaries and prospective members, that

is people claiming an entitlement to join, may call upon the services of the Pensions Ombudsman. The Ombudsman will normally only investigate a complaint if it has first been investigated by OPAS. The Ombudsman's address is also 11 Belgrave Road, London, SW1V 1RB.

Occupational Pensions Regulatory Authority (OPRA)

An independent body set up to regulate Occupational Pension Schemes from April 1997. OPRA's role is to protect members' interests if Occupational Pension Schemes do not meet the legal obligations under the Pensions Act 1995. The address for OPRA is Invicta House, Trafalgar Place, Brighton BN1 4DW.

Pension Schemes Registry

The registrar of Occupational and Personal Pension Schemes, is maintained by OPRA. Information about the Scheme, including current and previous employers associated with the Scheme, has been forwarded to the registrar in accordance with Regulations. The registry enables members to trace schemes with which they have lost touch. Should you need to contact the Registrar at any time, you should do so using Form PR4 (copies of which are available from the Pension Scheme Registry). This should then be sent to the Registrar of Pension Schemes, Occupational Regulatory Authority, PO Box, 1NN, Newcastle upon Tyne, NE99 1NN. (Scheme Reference No. 10169800)

Inland Revenue Approval

The ITB Pension Funds have exempt approval under Chapter 1 of part XIV of the Income and Corporation Taxes Act 1988. (Inland Revenue Reference No. SF49/1669)

Enquiries about the Funds, or about entitlement to benefits
should be addressed to the
ITB Pension Funds, 23 King Street, Watford Herts, WD18 0BJ

Website: www.itb-online.co.uk

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