

Trustees' Report & Financial Statements 2005-2006



INVESTOR IN PEOPLE

automotive skills

CAPITB plc

PTL

core construction skills

cogent

ec ITB

JTL

Lantra

people1st

SCOTTISH ELECTRICAL CHAMBER OF COMMERCE TRAINING

SEMTA

Skills for Logistics

The ITB Pension Funds, consisting of the Open and Closed Fund, are set up under a Trust Deed and Rules and administered by a Board of Trustees comprising of Member, (including 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 Trustees. The Closed Fund has no Participating Employers paying contributions and is predominantly invested in Index-Linked Gilts.

Employees of the Participating Employers may join the ITB Pension Funds (Open Fund) subject to eligibility conditions. The Open Fund is a "defined benefit scheme" and provides pension and life assurance benefits based on a Member's salary and service. With effect from 1 September 2003 the Open Fund consisted of two separate sections; the existing section at that time known as the 'Old Section' and the 'New Section' which was introduced for those Employers electing to provide a revised level of benefits.

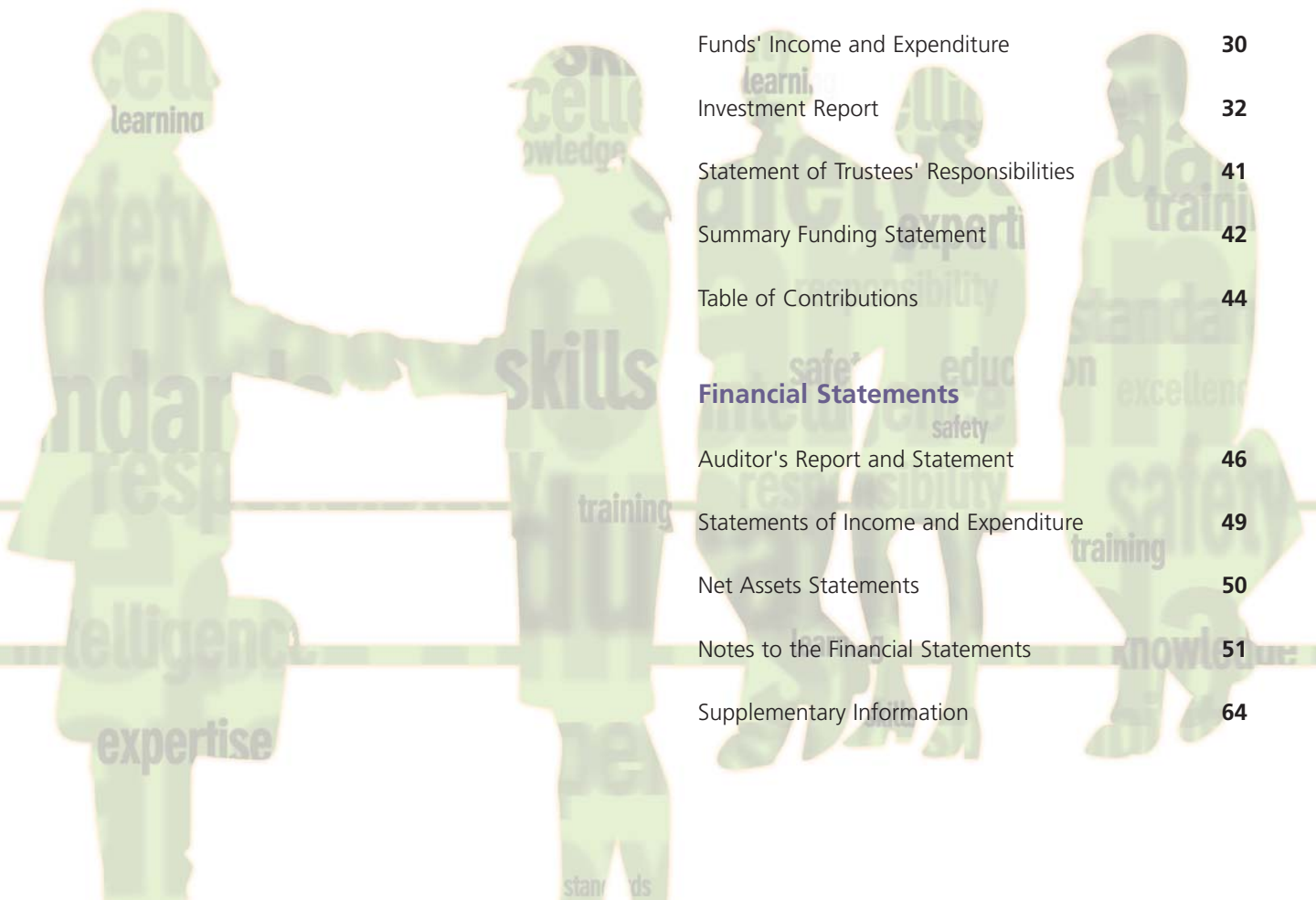


Trustees' Report

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Chairman's Statement

This past year has once again presented many challenges and problems to your Trustees and the Funds' staff. Not the least of these were the Government pension reforms making it necessary for us to make further revisions to the ITB Pension Funds Trust Deed and Rules. The pensions industry has undergone major and significant changes over the past few years, especially those resulting from the 2004 Pensions and Finance Acts. The business of providing pensions is now governed by an intense regulatory and legal regime and it is becoming even more complex and costly to administer pension schemes given this increasing trend of Governmental control. Despite these increasing restrictions, I am pleased to be able to report to you that over the past year both the Open and Closed Funds assets have increased yet again in value.

One of the most significant provisions of the Pensions Act 2004 was the introduction of the Pension Protection Fund (PPF). The PPF has been set up by the Government to assist members whose pension schemes collapse because their sponsoring employer becomes insolvent. Put simply, it is a kind of insurance policy where all defined benefit pension schemes, such as the Open and Closed Funds, must each pay into the PPF a levy based on the levels of its liabilities and asset values and the credit worthiness of its participating employers, as calculated on a prescribed PPF valuation basis. It will be of some satisfaction for Members to know that our Scheme Actuary reported that the Open and Closed Funds were in one of the highest solvency ranges for the purpose of our first PPF valuation as at the 31st March 2006, resulting in our levy being at the low end of the payment scale.

The most radical changes, however, resulted from the Finance Act 2004, and the proposed introduction on the 6 April 2006 (known as A-Day) of a unified tax regime applicable to all types of pension arrangements. The Trustees working together with the Funds' staff and our legal and actuarial advisers were very well placed in readiness for A-Day, having completed most of the necessary groundwork over this last year. This required further extensive revision to the ITB Pension Funds Trust Deed and Rules to reflect the Trustees and Participating Employers agreed position on many of the requirements of the Finance Act 2004. The revised

document was ready and in place prior to A-Day. This work also included substantial changes to our legal, technical and administrative procedures with the key need that we be A-Day compliant and so be in a position to deliver the correct pension information to all classes of our Members required by the new regulatory regime from the 6 April 2006.

The most notable of the tax changes that will become apparent to Members of the ITB Pension Funds is the introduction of the Lifetime Allowance (LTA) and an Annual Allowance. The LTA starts at the significant level of £1.5 million and will be subject to further increases over time and replaces the previous Inland Revenue maximum pension limits which were broadly two-thirds of final salary provided considerable pensionable service had been achieved. The new LTA places a capital value on pension benefits; in short, 20:1 for pensions coming into payment after A-Day and 25:1 for pensions in payment prior to A-Day. The outcome of this will be that the most Members will be advantaged by the higher limits on pension benefits. The new Annual Allowance increases greatly the amount Members may contribute to their pension savings in as many registered pension schemes as they wish. Changes have also been made to the amount that may be taken out as tax-free lump sums at retirement.

In parallel with the systems review processes which took place for A-Day, the Funds' Office has upgraded its web facilities to provide a more integrated service to the membership with soon to be deployed enhancements to the web modelling platform www.myitb.com. These new facilities will enable Pensioners and Deferred Pensioners to see and do more individually in relation to their own pensions. Pensioners will be able to calculate the value of their spouse's pensions and Deferred Members to model the value of their pension and tax-free cash sums that will be payable in the future, thus complementing the existing comprehensive modelling facilities available to Active Members. These developments have been central to your Trustees thinking in their commitment to provide useful and informative web facilities which help Members of all classes to determine their own potential benefits securely and easily on line.

Chairman's Statement

Although challenges and volatility in the world's financial markets still continue and will do so into the foreseeable future we have been encouraged by the investment conditions that have prevailed over this past year. These have translated into another year of solid investment performance and increased gain in asset values for both the Closed and Open Funds. In contrast to this positive news, we have seen the costs of providing pension benefits continue to rise. One of the most significant factors contributing to the increase in pension liabilities is the cost involved in providing for increased longevity among members, whereby most of us will be paid pensions for a longer period than was envisaged at the time we started paying contributions. Both our Funds are experiencing this increase in liabilities.

This and other factors were taken into account by the Scheme Actuary when carrying out an interim assessment of the Open Fund requested by the Trustees based on the Fund's financial results as at the 31 March 2005. Asking for an assessment of this type has become the norm in recent years as the Trustees consider it prudent to monitor the financial health of the Scheme in between formal Actuarial Valuations which are carried out every three years, the next one of which is due on the Open Fund as at the 31 March 2007. As reported in the March 2006 edition of the Funds' Newsletter "Pension News" the results of this interim assessment were communicated to the Participating Employers. Their positive response in increasing the contribution rates from previous levels with effect from the 1 April 2006 in advance of the Actuarial Valuation is reassuring and welcome.

The Closed Fund is largely invested in index linked securities intended to match its pension and deferred pension liabilities. However, whilst the Closed Fund may not be greatly affected by the changes in equity markets it too is also subject to the greater costs of pension provision resulting from increasing longevity, a trend which is expected to continue. The Scheme Actuary will take these factors into account when he carries out the Actuarial Valuation of the Closed Fund as at the 31 March 2006 where the results are expected to be available in the autumn.

The Trustees Statements of Investment Principles (SIP) sets out our approach on the investment of the assets

of the two Funds and the current SIPs can be found on the ITB Pension Funds' website at www.itb-online.co.uk. The Trustees review these Statements at least every year and are required to consult with the Participating Employers before changing the SIPs and adopting any new investment strategy.

As I mentioned before, this past year was a challenging and very busy one, especially for the staff at the Funds' Office under the guidance and leadership of the Director, Vincent Gordon. They maintained their emphasis on providing the Members with a service which meets the highest of standards in all areas of operation. In addition, in giving the Trustees the necessary support and assistance, they have shown the level of professionalism and proficiency we value so much. On behalf of my fellow Trustees, I thank them for their hard work and dedication.

I cannot say it too often that the ITB Pension Funds are so very fortunate in having the Trustees they have to look after the interests of all classes of Member in the complex and demanding circumstances that prevail in the pensions world today. This has been yet another demanding year in which the new legislation I mentioned earlier had to be recognised, understood and acted upon in the best interests of our Members by the Trustees. Their collective knowledge, skill and integrity ensures that Members and Participating Employers benefit from their selfless contribution to ensure the continuing success of the ITB Pension Funds. I am so grateful for their assistance to the Funds and myself over this past year.

This is my last report to you as Chairman as I shall have retired from office by the time you read this statement after serving the maximum tenure of six years in the Chair and over nine years as Trustee. It has been an honour and a privilege to have served the Funds over this testing and momentous time and my best wishes go to the continuing success of the Funds, the Members, Trustees and Participating Employers.

In leaving, it gives me great pleasure to be able to report, at the end of another demanding year, that both the Closed and Open Funds are in good shape and have increased in value which should contribute to the sustainable security of the ITB Pension Funds in the future.

Chairman's Statement

Finally, I would like to acknowledge the new Chairman, Peter Rogerson OBE. Peter is Deputy Chairman of the Construction Industry Training Board which is our biggest Participating Employer representing about 65% of our membership.

He has served on both the Management Panel and the Investment Committee and together with his extensive business experience I am confident that the future of the Funds are in good, safe hands. I am sure I speak for us all in wishing him every success in his new role.



NORMAN DUNLOP CBE
Retiring Chairman of Trustees

7 July 2006

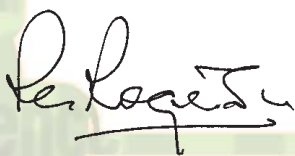
PETER ROGERSON OBE, THE NEW CHAIRMAN

As I take over the mantle of Chairman of the Pension Funds I would like to pay tribute to Norman for the integrity, dedication and insight he brought to the role. Always the consummate professional he earned the total respect of his fellow Trustees - me amongst them.

Under his stewardship the Board was able to cope smoothly with the numerous challenges presented, many of which having stemmed from legislative or regulatory sources.

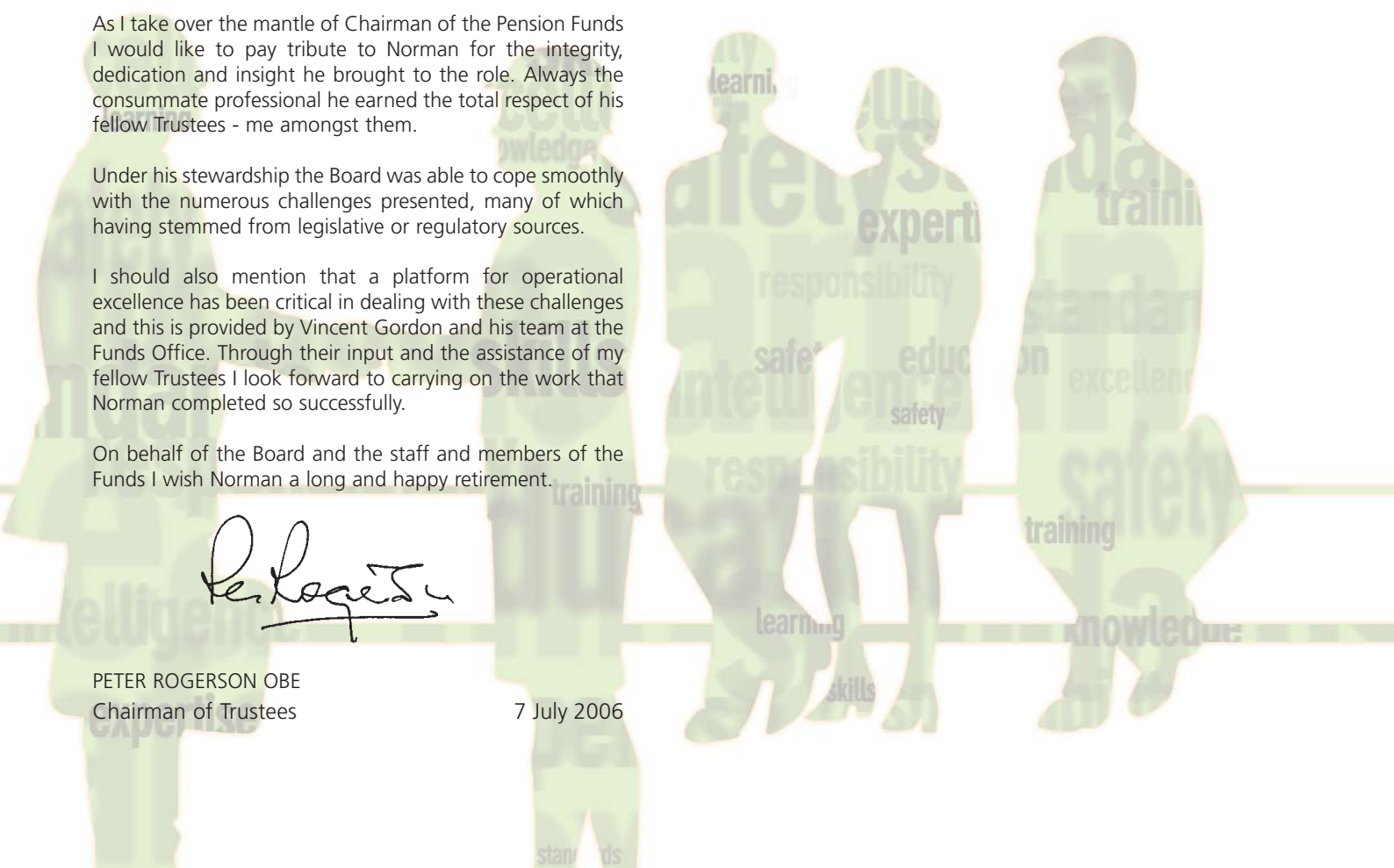
I should also mention that a platform for operational excellence has been critical in dealing with these challenges and this is provided by Vincent Gordon and his team at the Funds Office. Through their input and the assistance of my fellow Trustees I look forward to carrying on the work that Norman completed so successfully.

On behalf of the Board and the staff and members of the Funds I wish Norman a long and happy retirement.



PETER ROGERSON OBE
Chairman of Trustees

7 July 2006



Five Year Summary



Board of Trustees

Peter Rogerson, OBE E

(Chairman)

Nominated by:
Construction ITB (CITB)
(Deputy Chairman of CITB)



Ken Potter M

(Deputy Chairman)

Nominated by:
JTL
Scottish Electrical Charitable
Training Trust
(Financial Controller for JTL)



Professor Tom Cannon E

Nominated by:

CAPITB plc
(Chief Executive Officer of
Ideopolis International)



John Edwards M

Nominated by the Trade Union
for:
Engineering Construction ITB
(Account Manager for ECITB)



Bob Hanks E

Nominated by:
Polymer Industry Education and
Training Trust Limited
Automotive Skills Limited
Road Haulage and
Distribution Training Council
Skills for Logistics
(Managing Director of Ian Burg
Plastics Ltd)



George Beveridge E

(Deputy Chairman)

Nominated by:
Cogent SSC Limited
(Management Consultant)



David Barnett P

Nominated by:

Open Fund Pensioners
Previously Road Transport ITB
(Retired – Formerly Director
General of RTITB)



Neil Davis E

Nominated by:
Engineering Construction
Industry Training Board
(Non-Executive Director
for ECITB)



Neville Gall M

Nominated by:
Cogent SSC Limited
(Human Resources Manager for
Cogent)



Board of Trustees

Denis Hird *E*

Nominated by:
JTL
Scottish Electrical Charitable
Training Trust (SECTT)
(Chief Executive of JTL)



Peter McCulloch *M*

Nominated by Trade Union for:
Construction ITB (CITB)
(Training Adviser for CITB)



Trevor Oliver *M*

Nominated by:
Polymer Industry Education and
Training Trust Limited
Automotive Skills Ltd; CAPITB Plc
Skills for Logistics
Road Haulage and Distribution
Training Council; People 1st
(Technical Adviser for Polymer
Industry Education and
Training Trust Limited)



D'Arcy Payne *E*

Nominated by:
Science, Engineering and
Manufacturing Technologies
Alliance (Vice President of
Science, Engineering and
Manufacturing Technologies
Alliance)



Simon Tarr *E*

Nominated by:
People 1st
(Finance Director for
People 1st)



Tim Mahoney *M*

Nominated by:
Science, Engineering and
Manufacturing Technologies
Alliance (Succeeded Allan
Whatmore who retired from
office on the 30 April 2005)
(Sector Skills Adviser for Science,
Engineering and Manufacturing
Technologies Alliance)



Madge Moore *M*

Nominated by:
Lantra
(National Director - England)



Horace Parker *P*

Nominated by:
Closed Fund Pensioners
Previously Printing and
Publishing ITB
(Retired - Formerly Advisory
Services Manager for PPITB)



Jonathan Swift *E*

Nominated by:
Lantra
(Group Managing Director of
BHF Group)



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 Employers', seven Members' and two Pensioners' Trustees. Details of the Trustees in office at the year end are shown on pages 8 and 9 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 year 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 Employers' 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. The exception to this is 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 Members' 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 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

Allan Whatmore, the Members' Trustee for Science, Engineering & Manufacturing Technologies Alliance, retired from service on 30 April 2005 (*succeeded by Tim Mahoney on the 7 July 2006*).

Ken Potter, the Members' Trustee for JTL and Scottish Electrical Charitable Training Trust, retired by rotation on 31 December 2005 and was duly re-appointed to serve a further term from 1 January 2006.

Peter McCulloch, the Members' Trustee for Construction ITB, retired by rotation on 31 December 2005 and was duly re-appointed to serve a further term from 1 January 2006.

Maureen Webster, the Members' Trustee for People 1st relinquished her appointment on 31 March 2006, as her Employer became one of the smaller Employers.

Neville Gall, the Joint Members' Trustee representing Automotive Skills Limited, CAPITB plc, Cogent SSC Limited, Polymer Industry Education and Training Trust Limited, Road Haulage and Distribution Training Council* and Skills for Logistics, relinquished his appointment on 31 March 2006, as his Employer Cogent SSC Limited became one of the larger Employers and therefore entitled to appoint their own Member Trustee.

Neville Gall was duly appointed to commence a term as Members' Trustee for Cogent SSC Limited from 1 April 2006.

Trevor Oliver was duly appointed to become the Joint Members' Trustee for Automotive Skills Limited, CAPITB plc, People 1st, Polymer Industry Education and Training Trust Limited, Road Haulage and Distribution Training Council* and Skills for Logistics on 1 April 2006, succeeding Neville Gall as a result of Cogent SSC Limited becoming one of the larger Employers.

Madge Moore, the Members' Trustee for Lantra, retired by rotation on 31 March 2006 and was duly re-appointed to serve a further term from 1 April 2006.

* During the Scheme year Road Haulage & Distribution Training Council gave notice of their intention to withdraw from the ITB Pension Funds. The date of termination was 31 May 2006.

Trusteeship

Pensioner Trustees

The periods of office of the two Pensioner Trustees came to an end on 30 September 2005. Following a ballot of pensioners and deferred members, David Barnett (Open Fund) formerly of Road Transport ITB, and Horace Parker (Closed Fund) formerly of Printing and Publishing ITB, were both duly re-appointed as Pensioner Trustees. Their appointments took effect from 1 October 2005.

Employer Trustees

D'Arcy Payne was duly appointed to commence a term as Employers' Trustee for Science, Engineering & Manufacturing Technologies Alliance with effect from 1 July 2005, succeeding Stephen Ingram who retired from office on 4 May 2005.

Denis Hird was duly appointed to commence a term as Employers' Trustee for JTL and Scottish Electrical Charitable Training Trust with effect from 7 October 2005, succeeding David Young who resigned from office on 6 October 2005.

Simon Tarr was duly appointed to commence a term as Employers' Trustee for People 1st with effect from 7 October 2005, succeeding David Stanton who resigned from office on 31 January 2005.

George Beveridge, the Employers' Trustee for Cogent SSC Limited, retired by rotation on 30 September 2005 and was duly re-appointed to serve a further term from 1 October 2005.

Neil Davis was duly appointed to commence a term as Employers' Trustee for Engineering Construction ITB with effect from 1 April 2006, succeeding Norman Dunlop who retired from office on 31 March 2006.

Chairman

Peter Rogerson OBE, the Employers' Trustee for Construction ITB was appointed Chairman of the Trustees on 1 April 2006, succeeding Norman Dunlop, CBE, who retired from office on 31 March 2006.

Deputy Chairmen

The period of office of George Beveridge as Deputy Chairman (Employers) came to an end on 30 September 2005. He was duly re-appointed to serve for a further three year term as Deputy Chairman (Employers) from 1 October 2005.

The period of office of Ken Potter as Deputy Chairman (Members) came to an end on 31 December 2005. He was duly re-appointed to serve for a further three year term as Deputy Chairman (Members) from 1 January 2006.

Trustee Training – Induction and Updating Knowledge

All new Trustees undertake an induction program shortly after becoming a Trustee. The aim of this programme is to introduce new Trustees to the Funds' business, its operations and its governance arrangements. The induction programme includes meetings with the Director and Senior Managers at the Funds' Office in Watford. Upon appointment new Trustees are issued with personal copies of all the Funds key documentation. Also, special arrangements are made for new Trustees to attend training courses arranged by outside providers. In addition, all Trustees regularly undergo a process to identify their training needs. Based on this assessment, relevant training courses are then organised throughout the year.

Meetings

A meeting of all the Trustees is normally held at least four times a year where they are presented with detailed information by the Director, the Funds legal and actuarial advisers 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, investment and administration are discussed and decisions made.

Committees

The Investment Committee and the Management Panel are formally set up by resolution in accordance with the Rules and have carefully defined remits.

Investment Committee

The Investment Committee's remit covers the financial and investment aspects of the Funds. They are assisted as appropriate in these roles by the Trustees Investment and other Professional Advisers.

The Investment Committee have at least five scheduled meetings during the year plus a number of other supplementary meetings as necessary.

Trusteeship

During the Scheme year to 31 March 2006 the Investment Committee comprised of five Trustees, including the Chairman of the Trustees. The members were:

Mr NNW Dunlop	-	Chairman
Mr G Beveridge	}	Joint Deputy Chairmen
Mr KJF Potter		
Mr DC Barnett	}	Trustees
Mr PG Rogerson		

Effective 1 April 2006, Mr Peter Rogerson OBE became Chairman of the Committee following Mr Dunlop's retirement and Mr Jonathan Swift and Mr Simon Tarr joined the Committee.

Management Panel

The Management Panel is a committee established by the Trustees to carry out research and investigation into pension matters not dealt with by the Investment Committee, making appropriate recommendations where necessary. They are assisted as appropriate in these roles by the Trustees Professional Advisers.

The Management Panel meet as and when necessary.

During the year to 31 March 2006 the Management Panel comprised of four Trustees, including the Chairman of the Trustees. The members were:

Mr NNW Dunlop	-	Chairman
Mr G Beveridge	}	Joint Deputy Chairmen
Mr KJF Potter		
Mr PG Rogerson	-	Trustee

Effective 1 April 2006, Mr Peter Rogerson OBE became Chairman of the Management Panel following Mr Dunlop's retirement and Mr Bob Hanks joined the Management Panel.

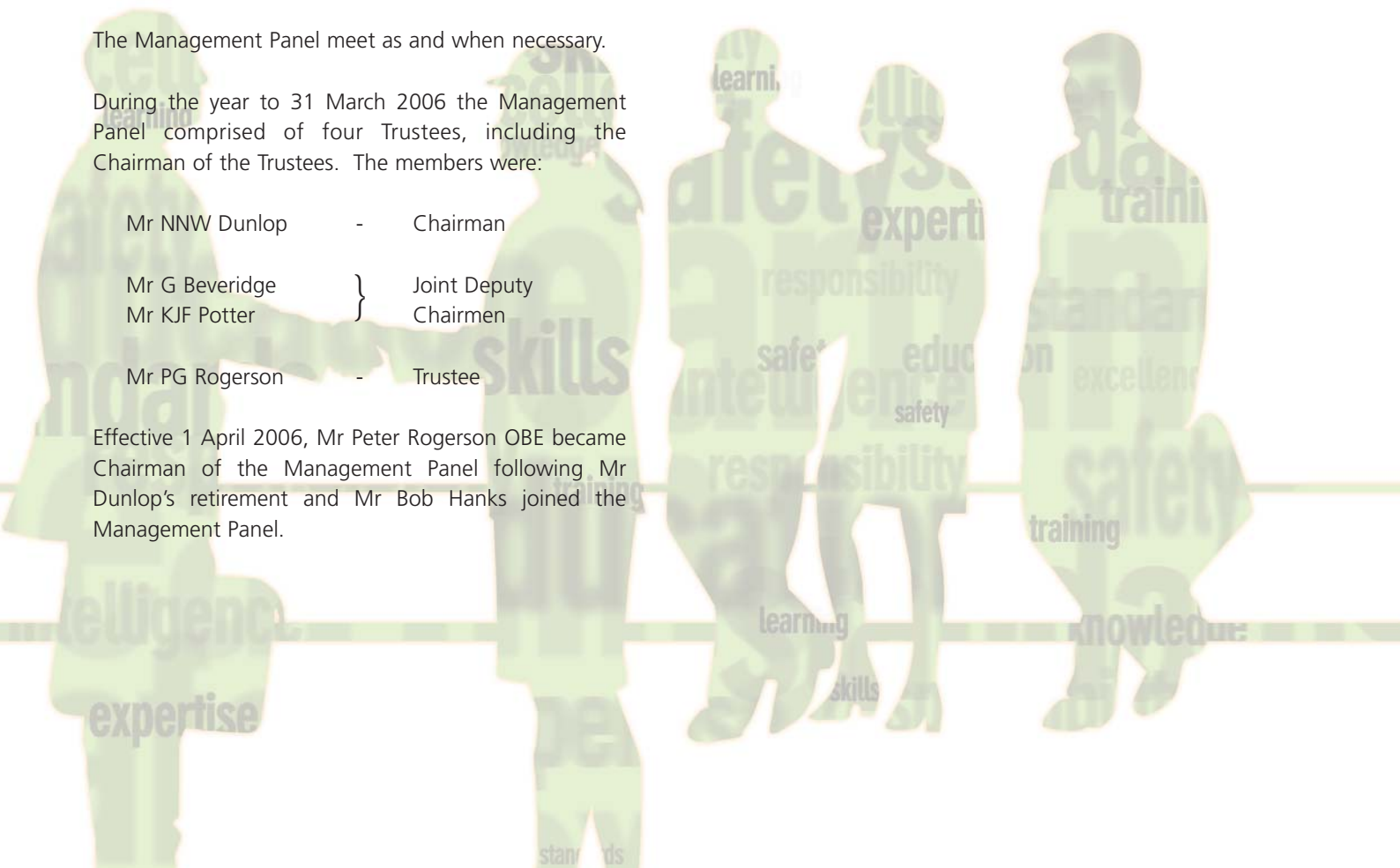
Salaries Committee

The Salaries Committee was established by the Trustees to deal with Human Resource issues affecting staff employed by the ITB Pension Funds on behalf of the Trustees.

The Salaries Committee meet as and when required. During the year to 31 March 2006 the members of the Committee were:

Mr NNW Dunlop	-	Chairman
Mr G Beveridge	-	Deputy Chairman
Mr RS Hanks	-	Trustee

Effective 1 April 2006, Mr Peter Rogerson OBE became Chairman of the Committee following Mr Dunlop's retirement.



Officers and Advisers at 31 March 2006

Officers

Director	Vincent Gordon APMI
Accountant	Dave Faulkner FCA
Communications & Benefits Manager	Dennis 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 Limited Mellon Analytical Solutions Europe Limited
Custodians	JP Morgan Chase Bank Barclays Global Investors Limited Universal Pension Trustees Limited
Auditors	Chantrey Vellacott DFK LLP

Vincent Gordon



Dennis Matthews



Dave Faulkner



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 changes occurred: Science, Engineering and Manufacturing Technologies Alliance (SEMTA) merged with Metals Industry Skills and Performance Limited (MetSkill). With effect from 7 July 2005, MetSkill became a wholly owned subsidiary of SEMTA.

CAPITB plc sold their subsidiary Qualifications for Industry Limited in September 2005.

Road Haulage & Distribution Training Council gave notice of their intention to withdraw from the ITB Pension Funds. The date of termination was 31 May 2006.

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 shown opposite:

Automotive Skills Limited

CAPITB plc

Subsidiaries:
Global Resource Management PLC
RTITB Limited
Skillfast-UK Limited

Cogent SSC Limited

Subsidiaries:
Cogent Sector Services Limited
Skills Assurance Services Limited

Construction ITB

Engineering Construction ITB

JTL

Lantra

People 1st

Polymer Industry Education and Training Trust Limited

Road Haulage & Distribution Training Council

Science, Engineering and Manufacturing Technologies Alliance

Subsidiaries:
EMTA Awards Limited
Metals Industry Skills and Performance Limited (MetSkill)
Training Publications Limited

Scottish Electrical Charitable Training Trust

Skills for Logistics



Review of Principal Activities

Some of the most substantive developments and initiatives that have influenced the administration of the ITB Pension Funds are highlighted below.

'A-Day' Preparation

A significant portion of the Trustees' and Funds' Office undertakings over the past Scheme year have been focused on their work in preparation for 'A-Day' – 6 April 2006. From 'A-Day' the existing Inland Revenue benefit limits were swept away and wide-ranging changes aimed at simplifying the taxation of pensions were introduced. Most notably, the introduction of the Lifetime Allowance (LTA) and the Annual Allowance (AA) with members being able to join as many registered pension schemes as they wish.

The changes will mean that for the vast majority of members there will be greater allowances on the amount they can save towards pensions, along with higher limits on the amount of pension benefits that can be paid.

The LTA starts at £1.5 million for the tax year 2006/2007 and is set to rise to £1.8 million in the 2010/2011 tax year.

Essentially, for this purpose pension benefits are valued as follows:

Pensions commencing after 5 April 2006

20 x Annual Pension

Lump sums and money purchase funds

Full value of fund

Pensions in payment before 6 April 2006

25 x Annual Pension

If an individual's pension benefits exceed the LTA they will be subject to tax on the excess.

The AA (Annual Allowance) applies to the amount of benefit accrual, or more properly, the 'total pension input amount', that can be made in respect of any tax year in a tax efficient manner.

Initially, the AA will be £215,000 and will rise to £255,000 by 2010, when it will be reviewed. However, an individual's contributions paid free of tax are limited

to 100% of their earnings in any one tax year. See www.itb-online.co.uk for further information.

The important decisions to be made by the Trustees relating to 'A-Day' had been taken before this Scheme year. However, the practical implications for the Funds' Office involved a great deal of preparation and testing of systems, re-writing of much of the member communications and training to familiarise the Funds' Office staff with the changes.

Legal Developments

Aside from the Finance Act 2004 amendments that are effective from 'A-Day' the major legal changes during the Scheme year stemmed from the Pensions Act 2004, which had wide ranging implications for pension schemes generally.

Most of the provisions within the Pensions Act 2004 became effective between April 2005 and April 2006, including the Pension Regulator's succession to the Occupational Pensions Regulatory Authority (Opra) and the introduction of the Pension Protection Fund (PPF). The PPF has been established to protect members of final salary pension schemes whose employer becomes insolvent and is unable to meet their financial obligations to the pension scheme. It is financed by a levy, which in some cases can be substantial, that must be paid by final salary pension schemes.

The Pensions Act 2004 also includes the introduction of the Trustee Knowledge and Understanding (TKU) guidelines. Prior to these requirements, the Funds' Office had established a Trustee induction program and arranged training opportunities for all Trustees in their governance of the Funds. This has now been supplemented with the introduction of individual Trustee Skills Matrices, with training presentations/seminars organised to cover any area that the Trustees may be less familiar with.

New Trust Deed and Rules

Considerable work was undertaken by the Funds' Office and the Trustees and their legal and actuarial advisers to have a new Trust Deed and Rules drafted to accommodate the various legislative changes that would become effective from 'A-Day'. The delivery of this project was a commendable effort given the size of the task and the timescale to work to.

Review of Principal Activities

Website developments

Much of the work on the Funds' interactive website 'MyITB' (www.myitb.com) and information website 'ITB-Online' (www.itb-online.co.uk) has also been in preparation for members' post 'A-Day' modelling of their pension benefits and updating of existing information. Running concurrently with the 'A-Day' work has been the planning and development of new facilities within 'MyITB' for ITB pensioners and deferred members, with the deployment of these new facilities due during 2006 (all pensioners and deferred members will be advised when this is available). This is set to include new functionality for pensioners to check online payslips / P60s and view the widow/er's pension that could become payable to their spouse, while deferred members will be able to view the current value of their deferred pension and model their ITB retirement pension into the future.

The ITB Trustees website has also been launched in the last year, providing all the Trustees with secure, instant access to important scheme documentation and information.

Actuarial Valuations

The results of the formal triennial valuation of the Closed Fund, which is due to be carried out as at 31 March 2006, are expected to be announced in the autumn.

The next formal triennial valuation of the Open Fund is not due until 31 March 2007, following the valuation as at 31 March 2004 which showed the Fund to be in

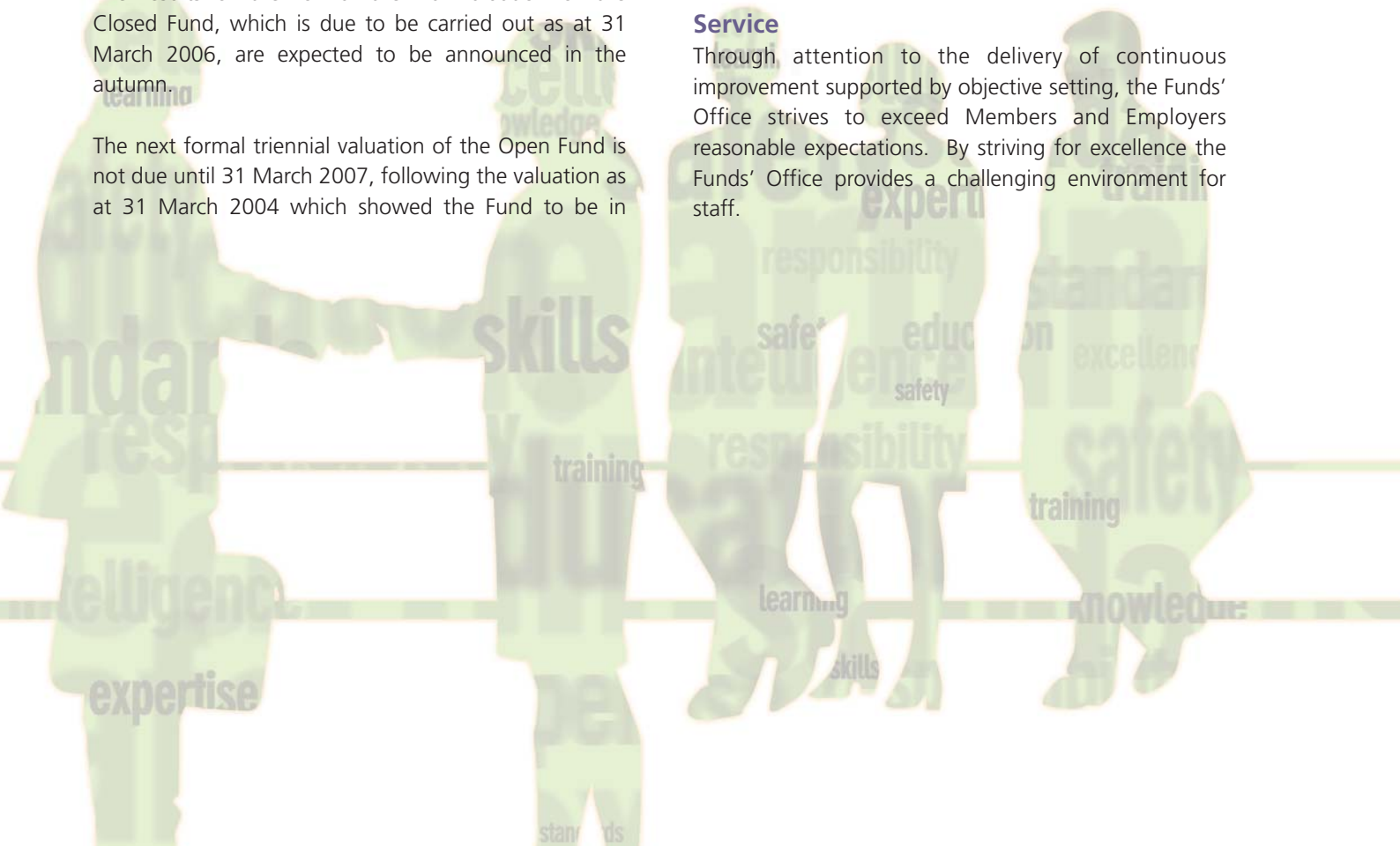
satisfactory financial position on an ongoing basis. In recent years the Trustees have considered it prudent to ask the Scheme Actuary to conduct interim assessments of the Scheme, in between the actuarial valuations. The latest interim assessment uses revised assumptions for the fact that most of us are living longer. Using these revised assumptions, as recommended by the Scheme Actuary, is expected to affect the financial standing of the Open Fund at the 2007 Actuarial Valuation and depending on circumstances at the time, may result in a further reduction in the Scheme surplus. All of the Scheme's Participating Employers have been advised of this and in response many have increased their funding to the Scheme.

Review of Additional Voluntary Contributions (AVCs) investment performance

In line with the Trustees' practice of continually reviewing its investment arrangements a report on the investment performance of the Scottish Life Crest Secure Fund was commissioned. A copy of the report was sent to all members who have AVCs invested under this arrangement, and this remains available to all online (www.itb-online.co.uk) along with other useful AVC information.

Service

Through attention to the delivery of continuous improvement supported by objective setting, the Funds' Office strives to exceed Members and Employers reasonable expectations. By striving for excellence the Funds' Office provides a challenging environment for staff.



Membership

Active Members – Open Fund

The ITB Pension Funds consist of two separate Funds, the Open Fund and the Closed Fund. All active Members are in either the "Old" or "New" Sections of the Open Fund.

The Open Fund has again continued to grow steadily due mainly to the increased demand for training services from some of the industries in which the Employers who participate in the Scheme are involved, and as was the case last year, some Employers continue to restructure their businesses.

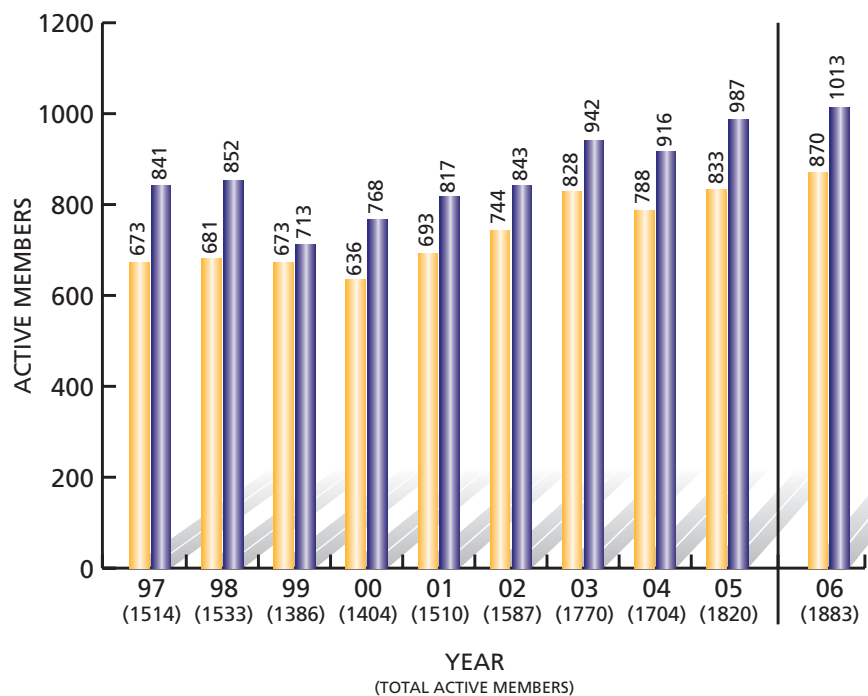
Chart 1

Active Membership -
Open Fund

KEY:

Females

Males



The age structure of the contributing Members at 31 March 2006 was as follows:

	Females	Males	Total
Under 30	172	72	244
30 – 34	129	82	211
35 – 39	160	112	272
40 – 44	121	177	298
45 – 49	102	178	280
50 – 54	91	155	246
55 – 59	79	167	246
60 – 64	16	70	86
TOTAL	870	1013	1883

Membership

Pensioners – Open Fund

The trend of previous years continues as the number of Pensioners in the Open Fund steadily rose once again mainly from early retirements. Pensioners are either Members or dependants and the number in each category is shown below.

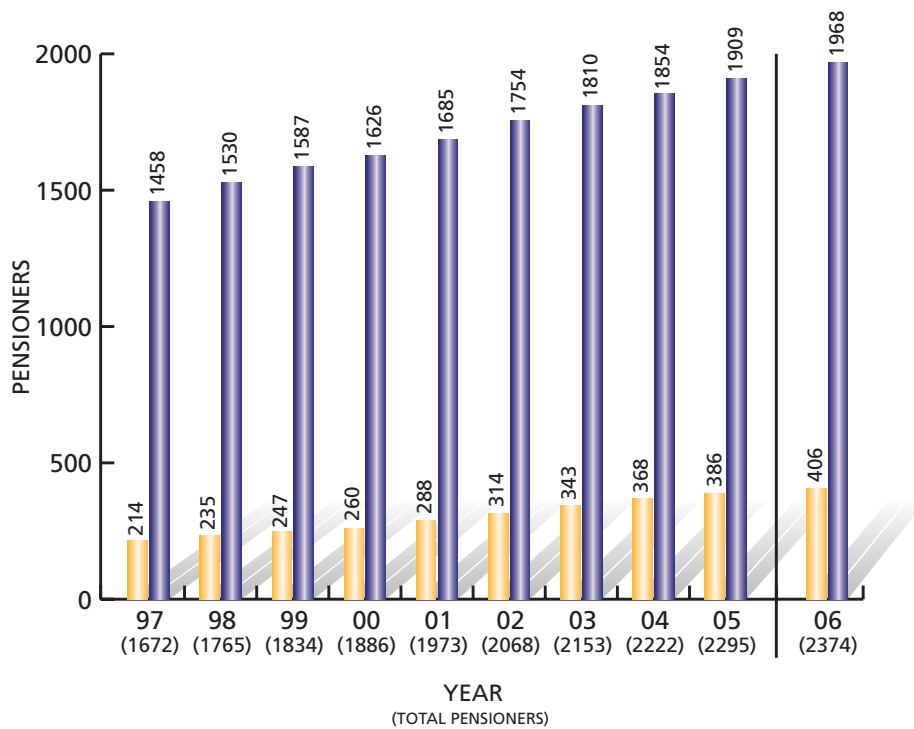
Chart 2

Pensioners -
Open Fund

KEY:

Dependants

Members



The age structure of Pensioners in the Open Fund as at 31 March 2006 is shown below. The benefits paid to the Pensioners cover early, normal, late retirement, compulsory and disability retirement.

	Females	Males	Total
Under 50	4	2	6
50 – 54	7	17	24
55 – 59	62	140	202
60 – 64	144	237	381
65 – 69	112	354	466
70 – 74	91	332	423
75 – 79	64	211	275
80+	32	159	191
Subtotal	516	1452	1968
Dependants	-	-	406
TOTAL	516	1452	2374

Membership

Preserved Pensions – Open Fund

The number of preserved pensioners in the Open Fund as at 31 March 2006 is shown below. Preserved pensioners (also sometimes referred to as deferred 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.

Chart 3

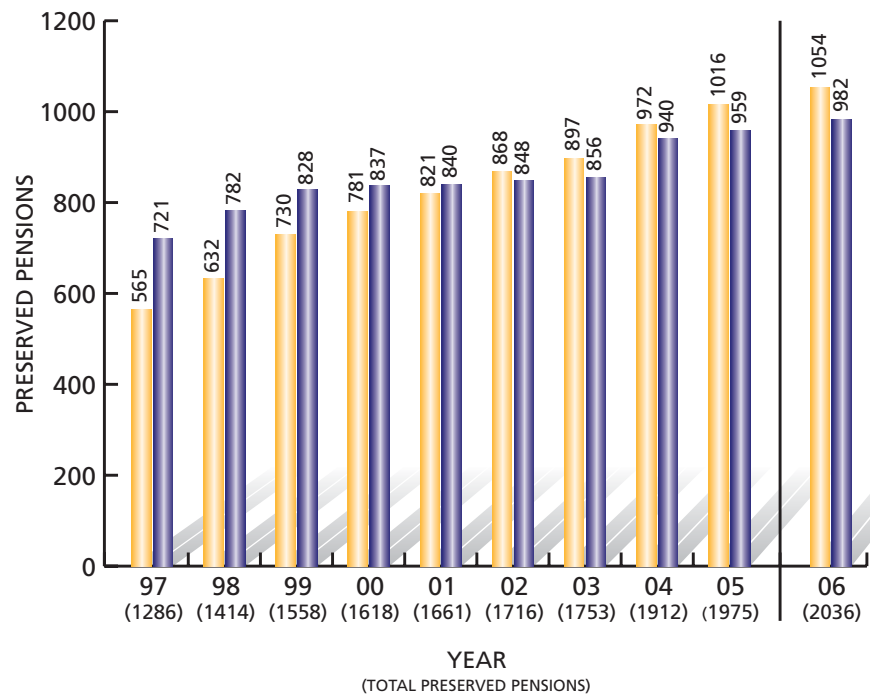
Preserved Pensions -
Open Fund

KEY:

Females



Males



The age structure of preserved pensioners in the Open Fund as at 31 March 2006 is as follows:

	Females	Males	Total
Under 40	285	116	401
40 – 44	232	133	365
45 – 49	197	215	412
50 – 54	160	220	380
55 – 59	156	201	357
60 – 64	24	94	118
65+	0	3	3
TOTAL	1054	982	2036

Membership

Pensioners - 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.

There are no active members in the Closed Fund. It consists only of pensioners, dependants and preserved pensions. This year, for the first time, there is a reduction in the overall number of Closed Fund pension beneficiaries. This is a result of the number of pensioners and dependants who have died not being fully replaced by Members whose preserved pensions come into payment and by new dependants.

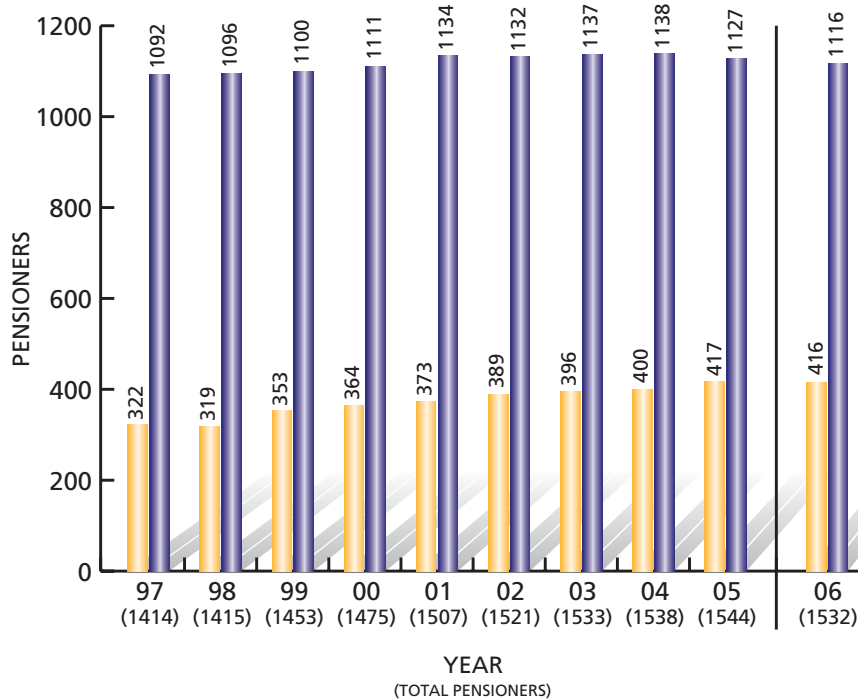
Chart 4

Pensioners -
Closed Fund

KEY:

Dependants

Members



The age structure in the Closed Fund as at 31 March 2006 is shown below.

	Females	Males	Total
Under 50	0	0	0
50 – 54	0	0	0
55 – 59	8	4	12
60 – 64	59	47	106
65 – 69	61	146	207
70 – 74	45	159	204
75 – 79	81	178	259
80+	116	212	328
Subtotal	370	746	1116
Dependants	-	-	416
TOTAL	370	746	1532

Membership

Preserved Pensions – Closed Fund

The number of preserved pensioners in the Closed Fund as at 31 March 2006 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.

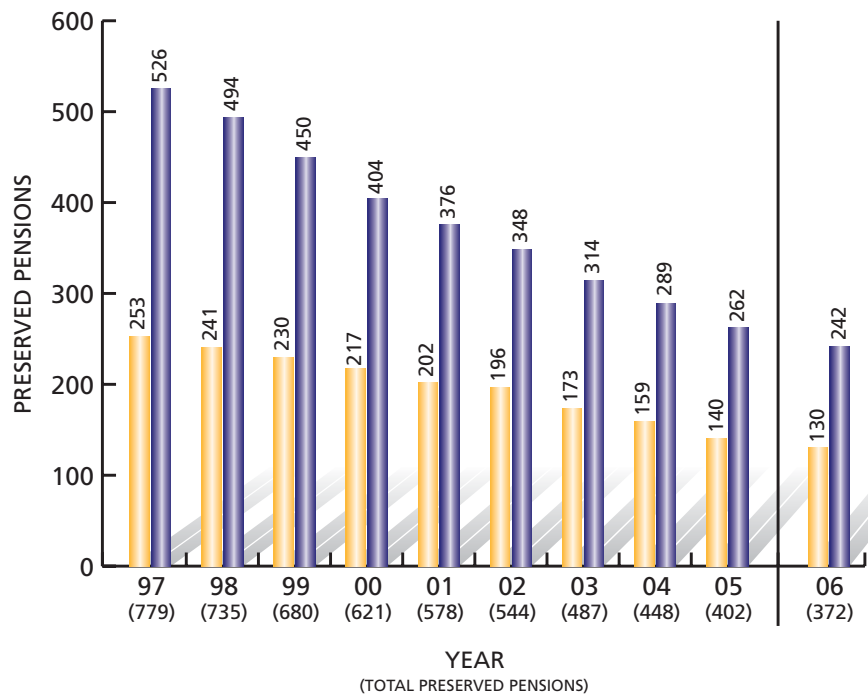
Chart 5

Preserved Pensions -
Closed Fund

KEY:

Females

Males



The age structure of preserved pensioners in the Closed Fund as at 31 March 2006 is as follows:

	Females	Males	Total
Under 40	0	0	0
40 – 44	1	1	2
45 – 49	2	2	4
50 – 54	41	25	66
55 – 59	84	106	190
60 – 64	2	106	108
65+	-	2	2
TOTAL	130	242	372

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, 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.

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.

All transfer values paid during the year were calculated and verified in the manner prescribed under the Regulations and made no allowance for discretionary benefits.

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. However, there is an exception to this where a Pension Sharing Order is implemented following divorce proceedings where a transfer amount may be paid to a divorcing spouse with the member's pension being reduced accordingly.

In common with many other pension schemes the Trustees no longer accept transfers-in to the Funds because of concerns about the exposure to additional liabilities.

Legislation introduced by the Pensions Act 2004, which took effect in December 2005, removed the requirement for cash equivalent transfer values to be above a minimum level but legislation continues to require cash equivalent transfer values to be at least equivalent to the value of the benefits given up while funding levels allow this. The Trustees, along with the Funds' Actuary have reviewed the way cash equivalents are calculated for transfers out of the Open and Closed Funds, to ensure that they remain consistent with legislative requirements and are broadly in line with the assumptions underlying actuarial valuations of the fund.



Increases in Pensions

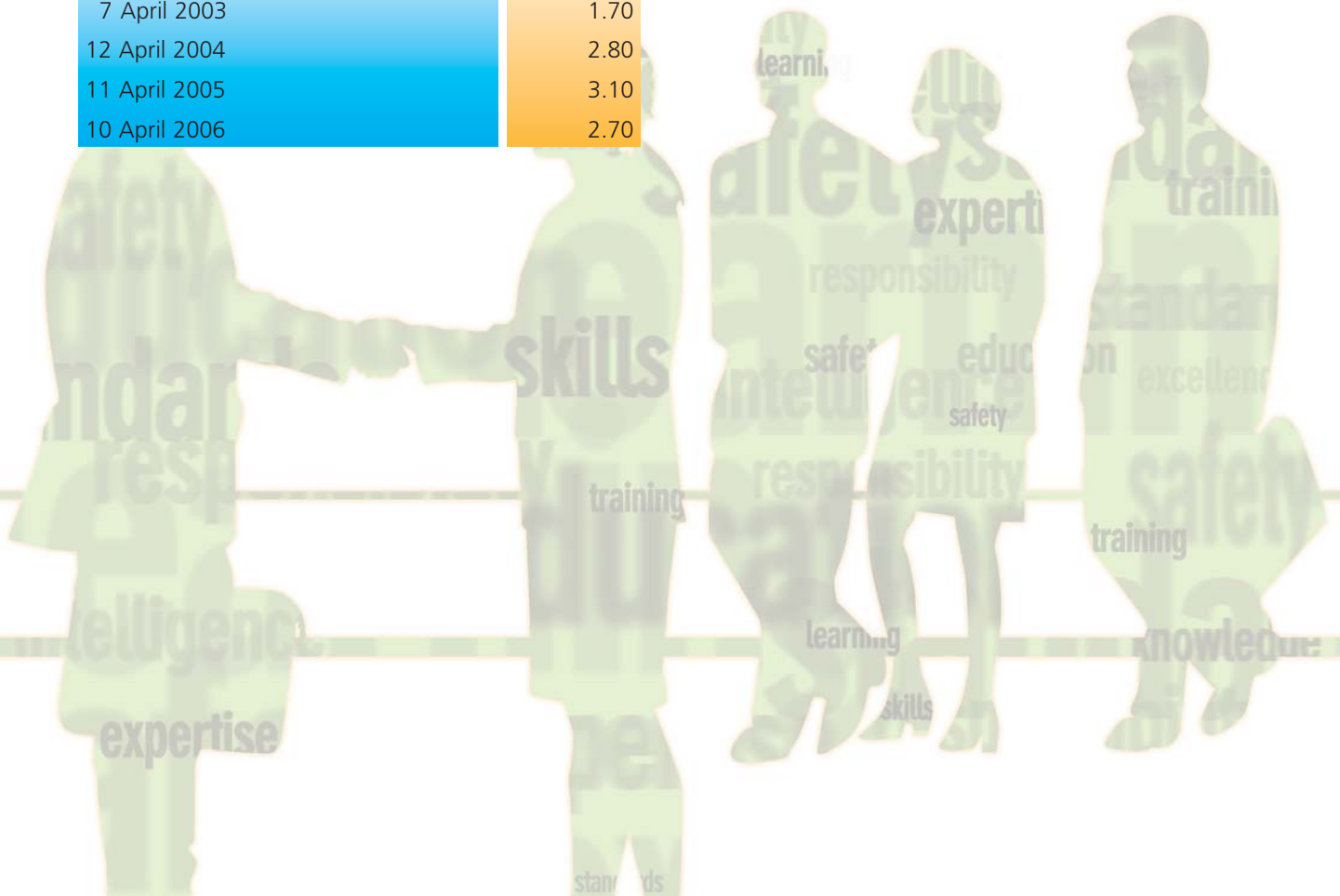
The Rules of the ITB Pension Funds provide that the Closed Fund and the Open Fund (Old Section) increase pensions in payment each year in accordance with Section 59 of the Social Security Act 1975 (as amended). The amount is based on the annual increase in the Retail Price Index (RPI) up to the previous September, which is announced by the Government in October each year.

The provisions of the Rules relating to increases in pensions under the Closed Fund and the Open Fund (Old Section) 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. 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 below.

Date of Increase	Increase %
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
12 April 2004	2.80
11 April 2005	3.10
10 April 2006	2.70

Pensions in payment under the New Section of the Open Fund are also increased in line with the annual increase in RPI, but subject to a maximum of 5% increase in any one year, for pensions accrued before 6 April 2005 and up to a maximum of 2.5% for pensions accrued thereafter (or such other amount prescribed by legislation). Deferred pensions under the New Section are increased in line with the annual increase in RPI up to a maximum of 5% compound (or such other amount as prescribed by legislation).

A requirement of contracting-out of the former Second Tier State Pension, known as S2P (formerly SERPS), in existence up to 5 April 1997, was that an occupational pension plan had to provide its members with pension benefits which were broadly equivalent to the S2P pension that members would have accrued had they not been contracted-out. This was called 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.



Increases in Pensions

The method by which increases apply to pensions in payment from the ITB Pension Funds is as follows:				
	Closed Fund	Open Fund (Old Section)	Open Fund (New Section)	The State
Before State Pension Age the Scheme increases total pension by:	RPI	RPI	RPI subject to a maximum in any one year of: 5% for pensions accrued prior to 6 April 2005 and 2.5% for pensions accrued thereafter.	Nil
After State Pension Age the Scheme increases:				
Excess over GMP by:	RPI	RPI	RPI subject to a maximum in any one year of: 5% for pensions accrued prior to 6 April 2005 and 2.5% for pensions accrued thereafter.	Nil
For GMP accrued between:				
6 April 1978 to 5 April 1988 by:	Nil	Nil	Nil	RPI
6 April 1988 to 5 April 1997 by:	Lesser of 3% and RPI	Lesser of 3% and RPI	Lesser of 3% and RPI	Excess of RPI over 3%

On attaining State Pension Age, Members are advised by the Department for Work and Pensions (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' GMPs are inflation protected by the State, irrespective of age.

It is important to note that for pensions actually being paid an increase is not normally 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 spouse's or children's pension.

Actuarial Valuation

Open Fund

The ITB Pension Funds (Open Fund) is a defined benefit scheme. This means that the pension paid to a Member is based on their service at, and salary near to, retirement. 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 contribution 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 allowing, where appropriate, for any 'catchup' from previous valuations. 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.

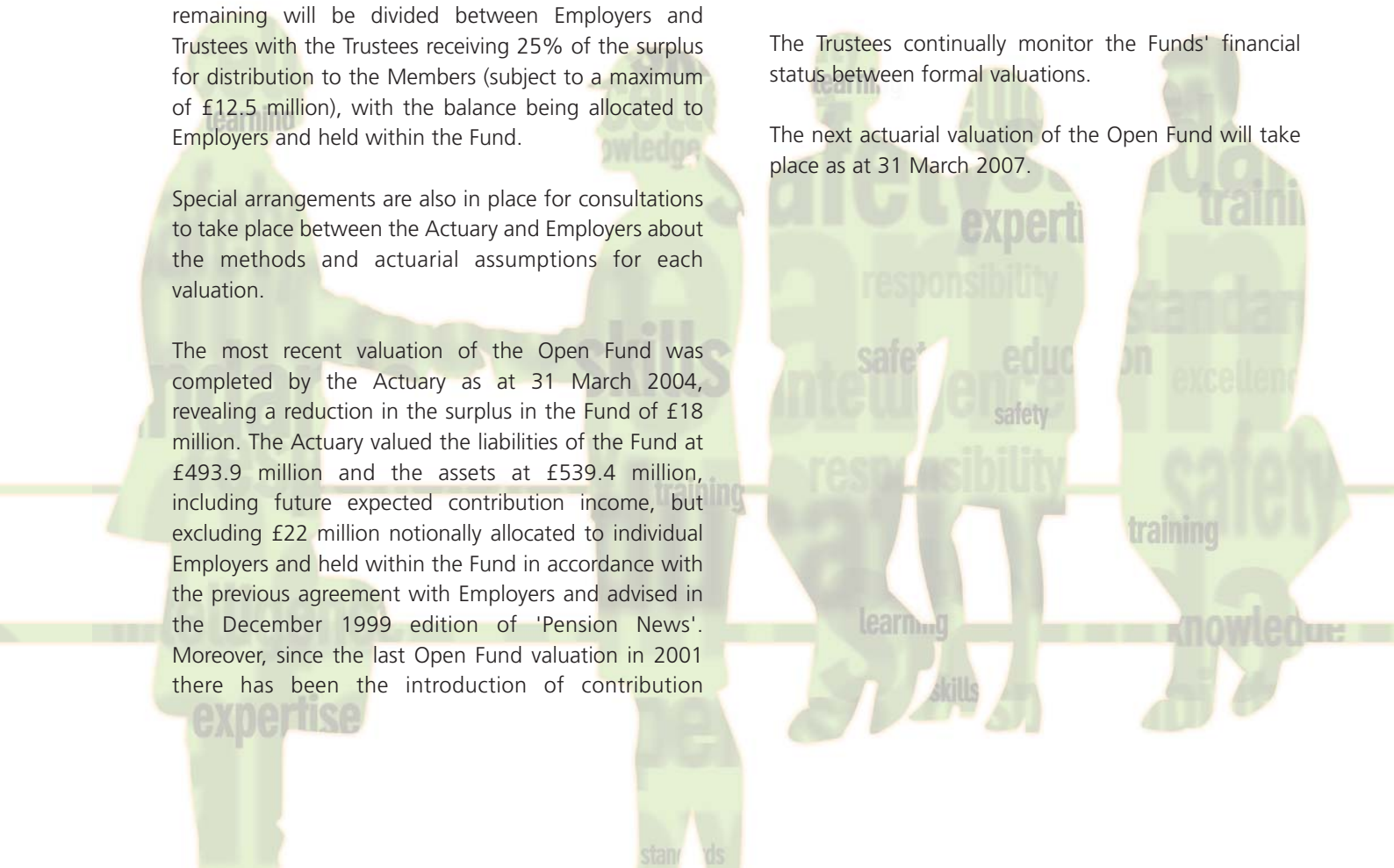
The most recent valuation of the Open Fund was completed by the Actuary as at 31 March 2004, revealing a reduction in the surplus in the Fund of £18 million. The Actuary valued the liabilities of the Fund at £493.9 million and the assets at £539.4 million, including future expected contribution income, but excluding £22 million notionally allocated to individual Employers and held within the Fund in accordance with the previous agreement with Employers and advised in the December 1999 edition of 'Pension News'. Moreover, since the last Open Fund valuation in 2001 there has been the introduction of contribution

abatement pots. These represent the value of the expected contribution abatements to 31 March 2014 (as recommended by the 2001 valuation). These were apportioned to each contributing Employer at 30 June 2002. Since that date, the cost of contribution abatement has been debited against each Participating Employer's own contribution abatement 'pots'. The aim of the revision was to ensure fairness between Participating Employers and, in particular, to deal with the widely differing rates of expansion and contraction in the workforce of Participating Employers. As part of this change, the period over which Members can benefit from a contribution reduction is protected from the effects of an expansion by particular Employers or by Employers in general.

The result of the 2004 valuation has been to cut back the period over which Member and Employer contributions may be paid at current levels to June 2010 for Members and at varying dates for the Employer, but on average to June 2008 (previously until 31 March 2014). As from April 2006, all the Employers have voluntarily chosen to stop using the contribution abatement pots to reduce their contributions until the results of the next valuation are obtained.

The Trustees continually monitor the Funds' financial status between formal valuations.

The next actuarial valuation of the Open Fund will take place as at 31 March 2007.



Actuarial Valuation

Closed Fund

The most recent valuation of the Closed Fund was completed by the Actuary as at 31 March 2003 which revealed a surplus of £31.0 million. For the purpose of the valuation the Actuary valued the assets of the Fund at £173 million and all liabilities, including future administration expenses, were valued at £142 million. 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.

The result of the valuation enabled the Trustees to make further increases to the Closed Fund in May 2004. As stated in last year's Report these were as follows:

Age Band	Recommended Increase %
<i>Pensioners</i>	
Under 60	6
60-62	6.5
63-65	7
66-68	7.5
69-71	8
72-74	8.5
75-77	9
78-80	9.5
Over 80	10
<i>Dependants</i>	8
<i>Deferreds</i>	5.5

Based on the specified assumptions, the actuarial value of the assets of the Fund at 31 March 2003 was 122% of the liabilities. Even after the benefit improvements granted following the valuation, the ratio of the Fund's assets to its liabilities still exceeded 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. Some Closed Fund members were not able to receive all the increases specified because their benefits were limited by HMRC rules. During the year the Trustees resolved to award the remaining increases once the

'simplification' of the tax regime was implemented (which would be after the 31 March 2006 Scheme year end).

The next actuarial valuation of the Closed Fund will take place as at 31 March 2006 with the final results due out at the end of that calendar year.

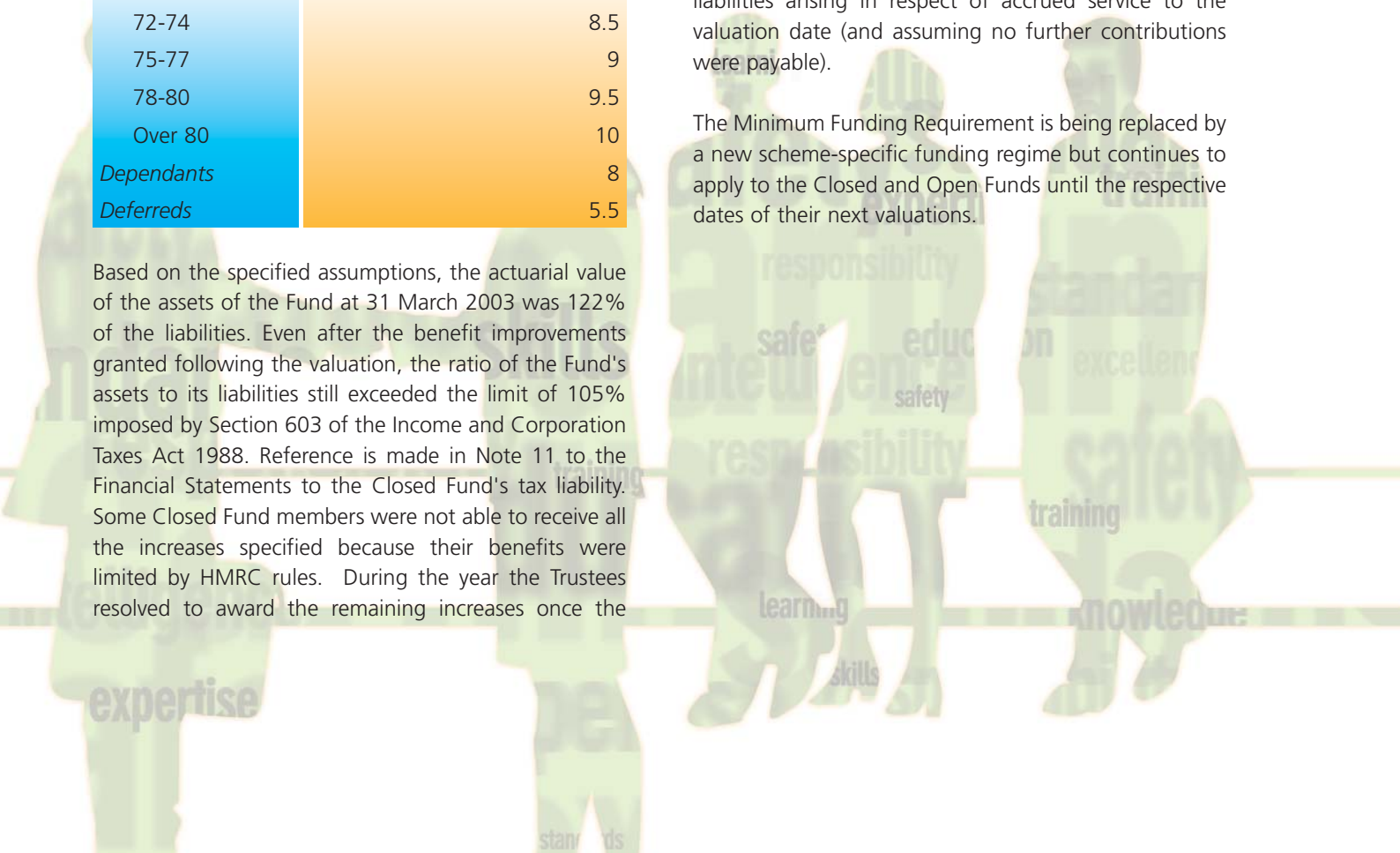
Actuarial Certificates

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 27 to 29.

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).

The Minimum Funding Requirement is being replaced by a new scheme-specific funding regime but continues to apply to the Closed and Open Funds until the respective dates of their next valuations.



Actuarial Statements

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 2004

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 30 June 2010. Employees for Skills for Logistics are assumed to contribute at the full rate of 6%. Member contributions may be paid either in cash or met from the relevant Employer's allocated Surplus Pot as designated in accordance with the Trust Deed and Rules.

Employer – Monthly contributions at the rate of 16% of Pensionable Salaries in respect of Old Section Members, and 11% of Pensionable Salaries in respect of New Section Members. One Employer, Skills for Logistics, is assumed to pay an additional contribution rate of 2.75% of Pensionable Salaries over the 9 year period commencing 31 March 2005. Employer contributions can be reduced to 10.5% or 5% in accordance with the Trust Deed and Rules if the relevant Employer's Contribution Abatement Pot is sufficiently large. The following table shows the expected period over which Employers' Contribution Abatement Pots can support full abatement at the 5% level.

Employer	Expected Abatement Term (Years)
Automotive Skills Ltd	2.5
CAPITB plc	12.5
Cogent SSC	1.5
Construction ITB	4.5
Engineering Construction ITB	5
People 1st	6.5
ITB Pension Funds Office	6.5
JTL	0
Lantra	4.75
Polymer Industry Education and Training Trust Ltd	19.5
Road Haulage & Distribution training Council	19.5
Scottish Electrical Charitable Training Trust	5.5
SEMTA	6.5
Skills for Logistics	0

I have allowed for contributions from each Employer at the lowest possible rate for that Employer for as long as permissible under the Trust Deed and Rules.

Actuarial Statements

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 17 December 2004.

C D Daykin FIA
Government Actuary's Department
Finlaison House
15-17 Furnival Street
London EC4A 1AB

17 December 2004



Actuarial Statements

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 CLOSED FUND

Effective Date of valuation statement:

31 March 2003

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:

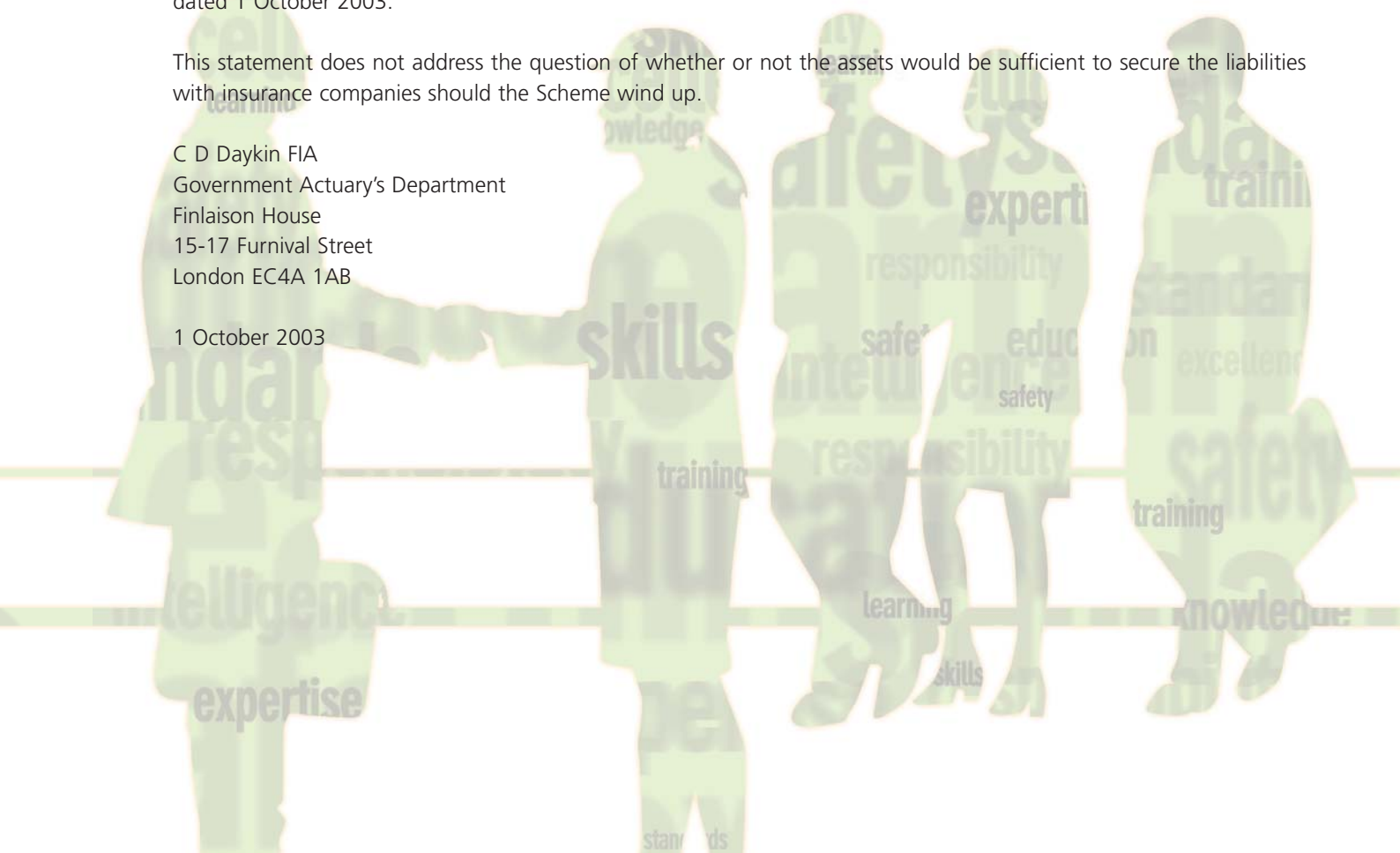
As there are no contributing Members in the Closed Fund, the actuarial valuation is concerned only with the rights accrued to the valuation date and any improvements granted by the Trustees. The actuarial assumptions and valuation method adopted are those prescribed by the Inland Revenue in Statutory 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 1 October 2003.

This statement does not address the question of whether or not the assets would be sufficient to secure the liabilities with insurance companies should the Scheme wind up.

C D Daykin FIA
Government Actuary's Department
Finlaison House
15-17 Furnival Street
London EC4A 1AB

1 October 2003



Funds' Income and Expenditure

Source of Income 2005/2006

Chart 6
Open Fund

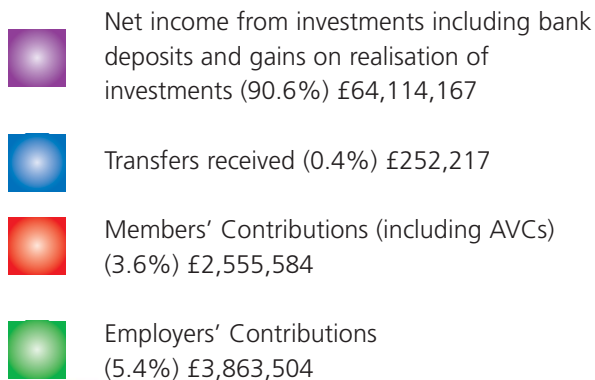
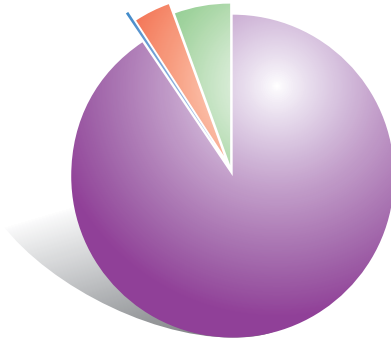
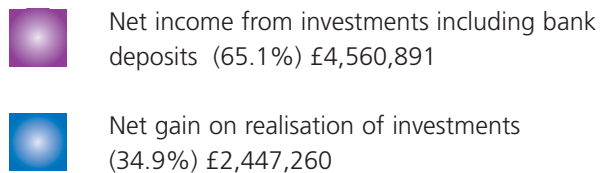
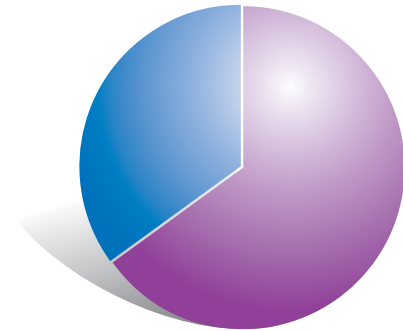


Chart 7
Closed Fund



The way in which the income of the Open Fund of £70,785,472 was made up is shown in Chart 6. The total net investment income consists mainly of income from dividends and bank interest after deducting the loss on foreign exchange and Investment Managers' fees. However, also included in the income shown above is an amount of £50,600,272 which represents realised profit on the sale of investments.

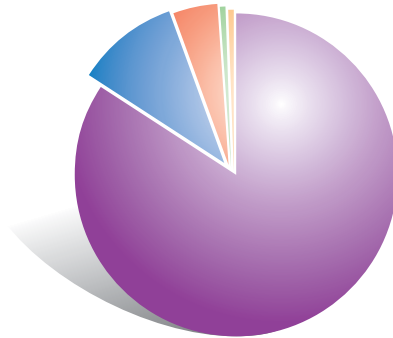
During the year contributions of £1,733,197 have been charged to Employer's surplus allocations. Since these are internal transfers within Funds this amount does not appear as income. This is explained in more detail under Note 19 of the Financial Statements.

The way in which the income of the Closed Fund, of £7,008,151 was made up is shown in Chart 7. The total net investment income consists of income from dividends and bank interest. The net investment income of the Closed Fund is made up in the same way as that for the Open Fund, excluding realised gains, but with taxation also being deducted.

Funds' Income and Expenditure

Allocation of Expenditure 2005/2006

Chart 8
Open Fund








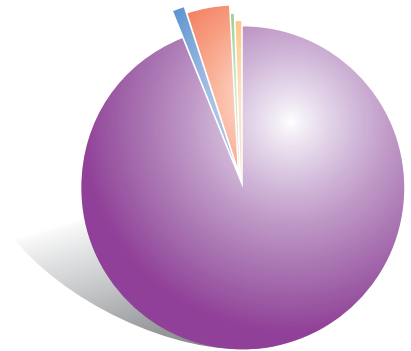





	Pensions (84.4%) £17,659,013
	Lump Sum Benefits (10.3%) £2,162,271
	Administration (4.4%) £917,779
	Transfers-out (0.5%) £101,779
	Pension Fund Levy (0.4%) £83,977

Chart 9
Closed Fund



	Pensions (93.9%) £10,814,353
	Lump Sum Benefits (1.2%) £132,707
	Administration (4.2%) £483,965
	Transfers-out (0.4%) £51,194
	Pension Fund Levy (0.3%) £29,380

The way in which the total Open Fund expenditure of £20,924,819 was made up is shown in chart 8.

The way in which the total Closed Fund expenditure of £11,511,599 was made up is shown in 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 pages 39-40.

The recommendations of a report on institutional investment - the Myners Report - which have previously been 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 most of the Report's recommendations and have taken steps, where appropriate, to integrate the recommendations into working practices and procedures. There remain a few areas where the Trustees are working towards becoming fully compliant where these are relevant in the context of the ITB Pension Funds.

Investment Strategy

The Trustees employ external Investment 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 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, Barclays Global Investors Limited and Universal Pension Trustees Limited.

Closed Fund

As the Closed Fund has no current Participating Employers with active Members 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 placed in a range of investments 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.

Open Fund

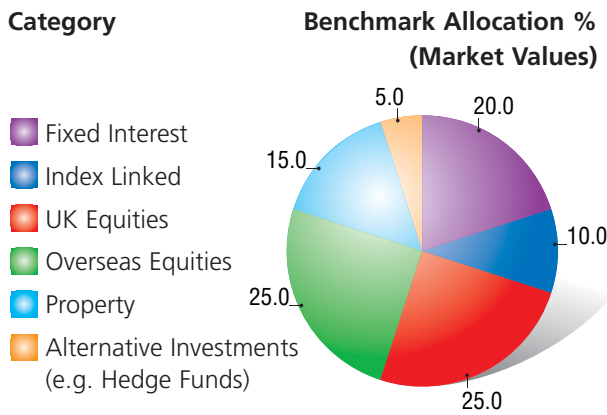
Following the actuarial valuation of the Open Fund as at 31 March 2004, the Trustees along with their investment advisers gave detailed consideration to a report on the asset liability study carried out by the Actuary. With the benefit of this report they concluded that the present investment strategy, with some adjustments, appeared most suited in maintaining the desired funding level of the Scheme and should be adopted.

The strategy involved further planned reduction in equities in a controlled gradual move to achieve the new proposed allocation. The current asset allocation of the Open Fund is shown on pages 36 to 38. The pace at which the Scheme's asset allocation will move towards the new allocation - shown below - will be regularly

Investment Report

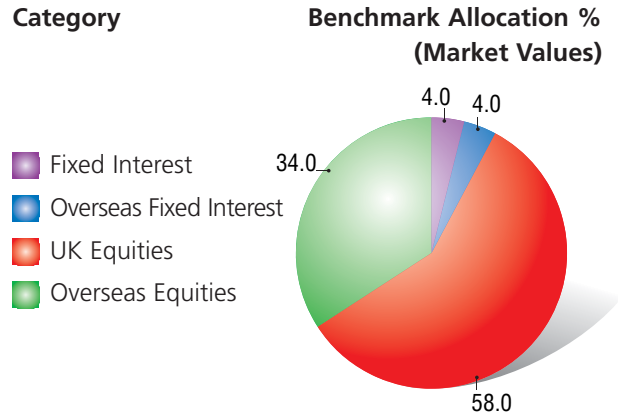
reviewed by the Trustees and their advisors. This strategy will be subject to further review following Actuarial Valuation as at 31 March 2007.

The benchmark existing at the 31st March 2006 for the **Open Fund** is as follows:



The Trustees' investment strategy aims, over the long term, to achieve good investment growth while maintaining a secure 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 benchmark existing at 31 March 2006 for the portion (30%) of the **Closed Fund** not invested in Index-Linked Gilts, was as follows:



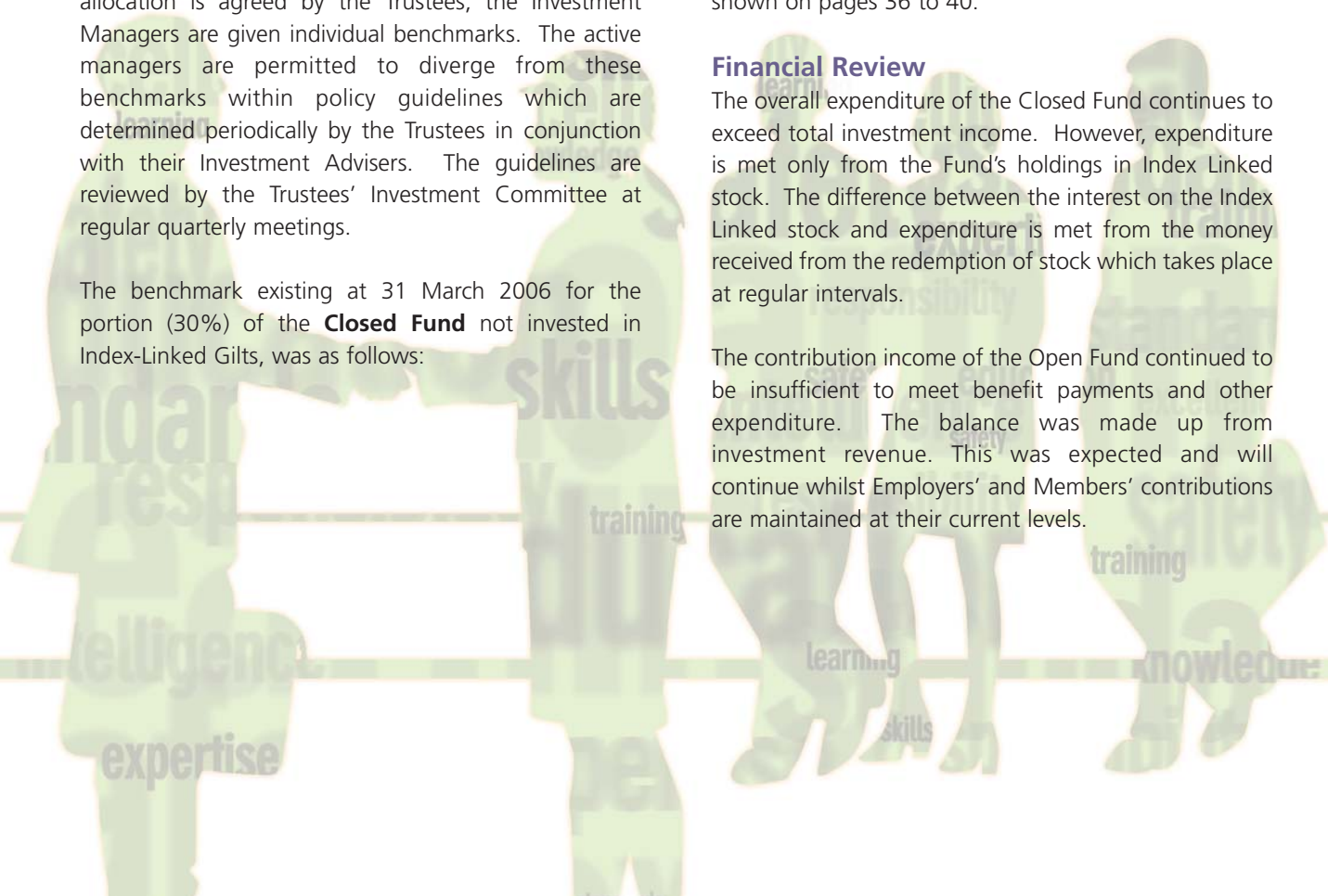
To ensure the secure investment of these assets the Investment Managers and Trustees sign agreements which clearly set out the restrictions placed on the Managers. In the agreements, for example, there are prohibitions on lending assets, borrowing on the security of assets and buying shares not listed 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 36 to 40.

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.



Investment Report

Investment Background

UK Equities

UK equities delivered strong performance over the year, with the FTSE All-Share index producing a total return of 28.0%. Medium-sized companies delivered the best share price performance, as the FTSE Mid 250 gained an impressive 41.7%. Large company stocks lagged the All-Share marginally, gaining 26.0%, whilst the FTSE SmallCap index returned 26.8%.

Looking at the 'big four' sectors, oil & gas and pharmaceuticals outperformed the All-Share over the period, banks rose in value but marginally failed to keep pace while telecommunications ended the period one of the worse performing sectors, returning 1.36% over the 12 months. Industrial metals and mining stocks surged higher as demand for raw materials remained robust and further boosted by record metals prices. Oil stocks benefited from the huge surge in crude oil prices whilst pharmaceuticals were buoyed by institutional investors' focus on companies that can deliver earnings growth without excessive reliance on the wider economic backdrop. Banks underperformed as professional investors worried about slowing loan growth and rising bad debt levels, while telecom stocks were hit by poor performance from sector bellwether, Vodafone, which warned of margin and profitability pressures. However, O2 was a very strong performer over the year as the company finally succumbed to a takeover.

Europe ex UK Equities

European equity markets made good progress over the period, with the FTSE Europe ex UK index up 34.7% in local currency terms (36.0% in sterling terms). As in the UK, a number of factors helped markets over the period. Merger and acquisition activity proved to be key in sending markets higher, with the banking sector one of the main areas of focus. Insurance also performed strongly, as healthier equity markets helped to lift sentiment towards the sector, as did news that payouts relating to hurricane Katrina in the US would not be as large as initially feared. However, as in the UK, mining, industrial metals and the oil & gas sectors delivered very strong returns on the back of rising commodity prices.

The other main factor that assisted European equities over the period was the rally in dollar against the euro between March and June, which saw the dollar return to the key 1.20 level against the euro. This improved the outlook for companies with a high percentage of US dollar earnings and, as a result, sectors such as engineering and electronics enjoyed outperformance over the course of the year.

Global Equities

Global equity markets enjoyed solid performance over the year, with the FTSE World index producing a local currency return of 23.9% (30.9% in sterling terms). The main driving force behind the rally was widespread merger and acquisition activity, although share buy back programmes and special dividend payments also buoyed global bourses. At the regional level, Japan stood out as the best performer, gaining an impressive 50.1% in yen terms (48.2% in sterling). Improving economic data and stronger foreign and domestic demand for Japanese stocks underpinned the rally, despite the wobble stemming from the Livedoor scandal towards the end of 2005. Asian equities continued to deliver healthy returns, with South Korea in particular delivering stellar gains.

Bonds

Bond yields in the US ended the 12-month period higher, as stronger economic growth brought higher interest rates in its wake. A similar picture could be observed in Japan where the country moved ever closer to the point when monetary authorities could bring an end to their zero interest rate policy. In Europe, bond yields though rising, did not yet pass the level seen last February. Until it was confident that the region's economy was in recovery mode, the European Central Bank held off from raising interest until December of last year. The one bond market to buck the wider trend of higher yields was the UK. Demand from pension funds for long-dated assets led to downward pressure on gilt yields and a further disinversion of the yield curve.

Property

Strong investor demand for commercial property continues with yields declining further. The all-property total return in the rolling 12-month period to February

Investment Report

2006, measured by the Investment Property Databank UK Monthly Index, was 19.4% driven by capital growth of 12.9%. The office sector has finally knocked retail off the number one spot over the twelve-month period, though less than 2% separates the best-performing sector from the worst performing, industrial.

While occupational markets are recording only modest levels of rental growth, investor demand continues to drive very strong returns from commercial property. Yields declined in all sectors in Q4. Rental growth is strongest in the retail sector and weaker in the office and industrial sectors. Rental growth is strengthening in the office sector, particularly in Central London. Economic growth meanwhile continues to run below trend. The combination of lower yields and slower economic activity should in time act to moderate

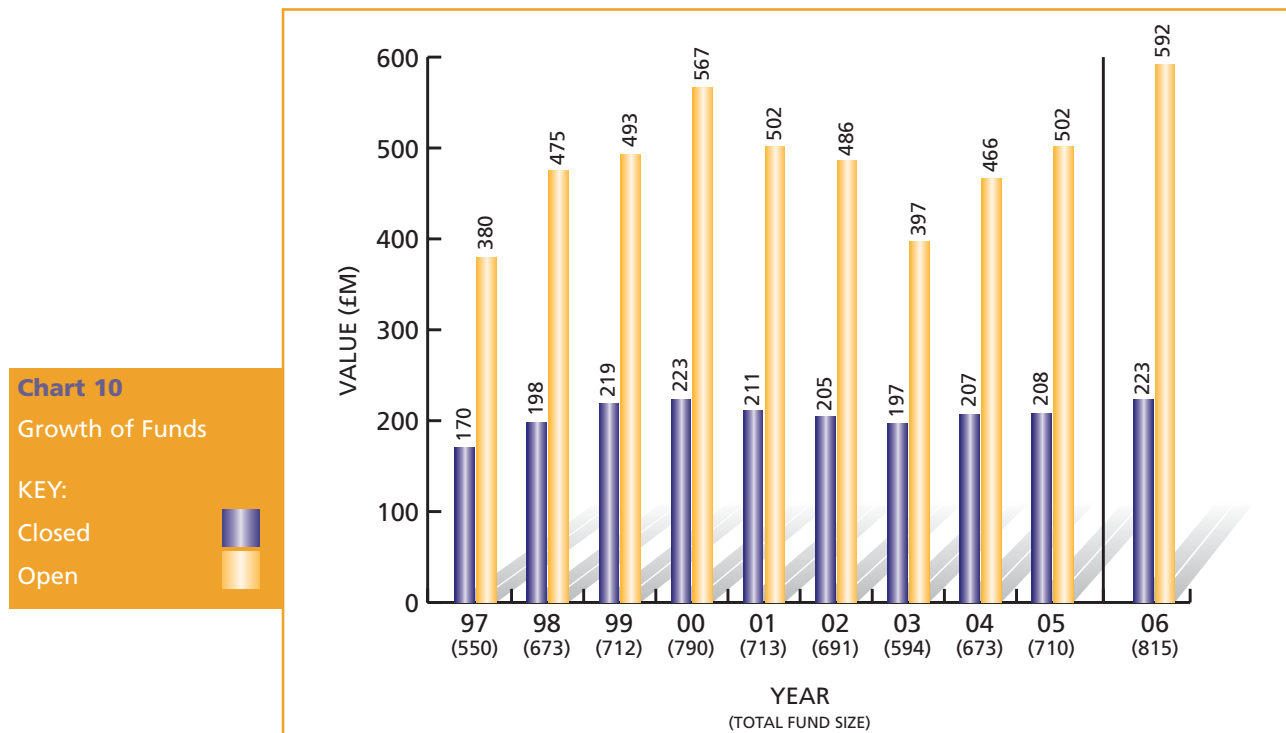
sentiment and investor demand. Property returns will then become increasingly dependent on the strength of occupational demand. Returns over the next three years are likely to be nearer c. 7% pa than the c.16%pa achieved over the past three years.

Property shares have given a very strong return over the past 12 months reflecting buoyant equity markets across the board as well as positive sentiment towards property, rumoured and actual corporate activity (takeovers and mergers) in the sector and in anticipation of the launch in the UK of REITs (Real Estate Investment Trusts). March's Budget announcement on REITs was welcomed by the market and gave a further boost to the already strongly performing sector. Performance going forward is likely to be volatile however.



Investment Report

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



Asset Allocation

At the end of March 2006, the Funds' investments were allocated between the following categories.

Open Fund	Market Value £000's	Proportion of Market Value %
UK Equities	173,670	29.4
Overseas Equities	155,017	26.3
Fixed Interest:		
UK	112,847	19.1
Index Linked	52,007	8.8
Property	72,460	12.3
Alternatives (e.g. Hedge Funds)	11,359	1.9
Cash	12,936	2.2
TOTAL	590,296	100.0

Closed Fund	Market Value £000's	Proportion of Market Value %
UK Equities	38,196	17.2
Overseas Equities	23,735	10.7
Fixed Interest:		
UK	2,305	1.0
Overseas	2,319	1.0
Index Linked	152,731	68.6
Cash	3,236	1.5
TOTAL	222,522	100.0

Investment Report

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 2004 are shown in Charts 11 and 12.

Chart 11

Asset Allocation - Open Fund (%)

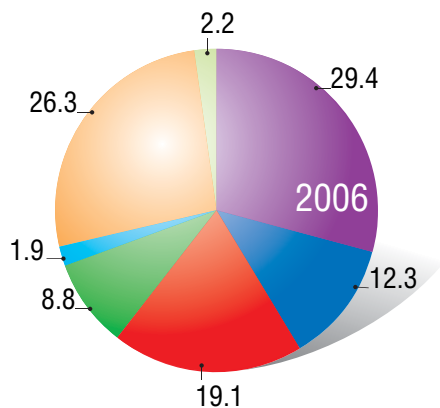
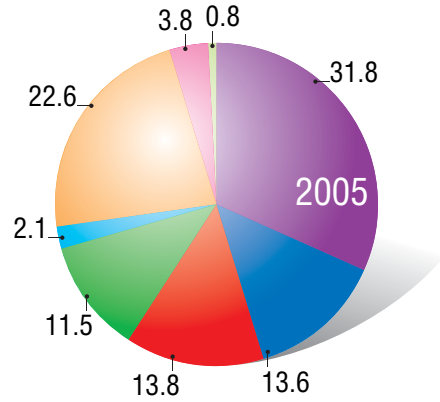
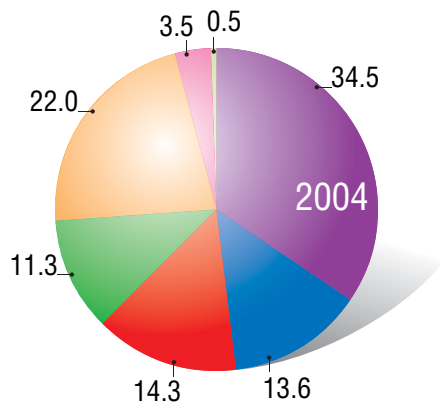
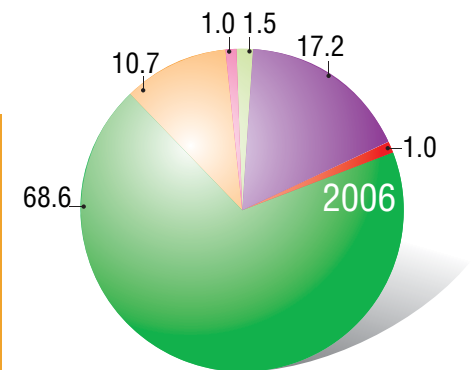
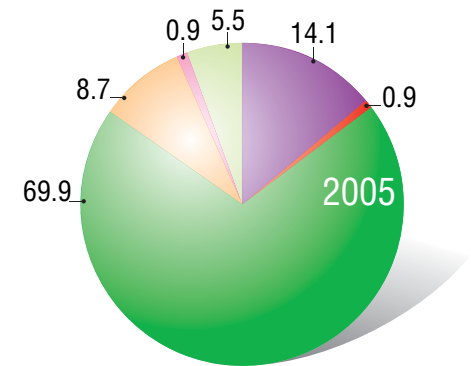
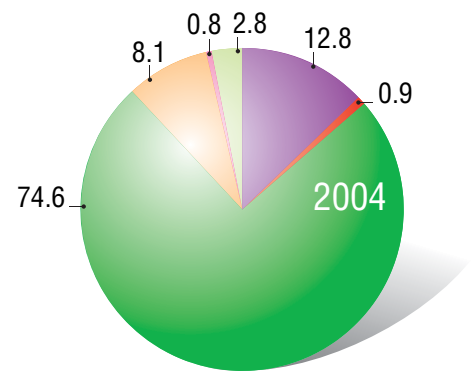


Chart 12

Asset Allocation - Closed Fund (%)



KEY:

- UK Equities
- Property
- UK Fixed Interest
- Index Linked
- Alternatives
- Overseas Equities
- Overseas Fixed Interest
- Cash



Investment Report

The ten holdings in equities and unit trusts which had the highest value at 31 March 2006 for each Fund, were as follows:

Open Fund

Holding	Description	Book Cost (£)	Market Value
14,631,788,441	BGI Aquilla Life UK Equity Index Fund	74,045,302	75,602,451
9,949,667	Fidelity Institutional Europe Fund	15,928,587	25,789,536
23,028,855	Fidelity Institutional Exempt America Fund	23,087,347	25,009,337
10,816,712	Fidelity Institutional Japan Fund	11,026,052	18,691,278
12,524,214	Fidelity Institutional South East Asia Fund	10,205,418	17,634,093
1,249,500	BP Plc	4,846,003	8,259,195
808,900	HSBC Holdings (UK REG)	6,154,045	7,805,885
3,959,500	Vodafone Group	7,968,394	4,771,198
251,048	Royal Bank of Scotland	3,263,272	4,702,129
158,100	Astrazeneca UK	3,839,219	4,584,900

Closed Fund

Holding	Description	Book Cost (£)	Market Value
3,490,264	Fidelity Institutional Europe Fund	4,555,649	9,046,765
3,243,849	Fidelity Institutional America Fund	4,324,501	6,056,267
3,174,478	Fidelity Institutional South East Asia Fund	2,448,552	4,469,665
2,408,945	Fidelity Institutional Japan Fund	2,419,832	4,162,657
492,700	BP Plc	2,095,481	3,256,747
318,250	HSBC Holdings UK	2,535,513	3,071,112
7,762,655	Fidelity Institutional International Bond GROSS	2,095,517	2,318,705
5,597,554	Fidelity Institutional Long Bond GROSS	1,771,748	2,304,513
1,525,800	Vodafone Group	3,034,638	1,838,589
62,900	Astrazeneca UK	1,524,529	1,824,100

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 36 that no individual shareholding forms more than 5% of the total value of each Fund's investments with the exception of the BGI Aquilla Life UK Equity Index Fund which represents 12.8% of the Open 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 Mellon Analytical Solutions Europe Limited, an independent investment performance monitoring service which monitors the performance of over 3,700 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 2006. In addition, Mellon Analytical Solutions Europe Limited 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 benchmark return for the Open Fund this year was 21.0%, whereas the Fund achieved a return higher than this of 21.5%.

However, this divergence was not entirely unexpected as it was agreed during the year not to immediately

rebalance the portfolio to the strategic benchmark asset allocation but to allow it to drift towards this target by taking cash requirements from the UK equity part of the portfolio.

The Closed Fund achieved a return of 14.2% against the relevant benchmark of 13.8%. 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.

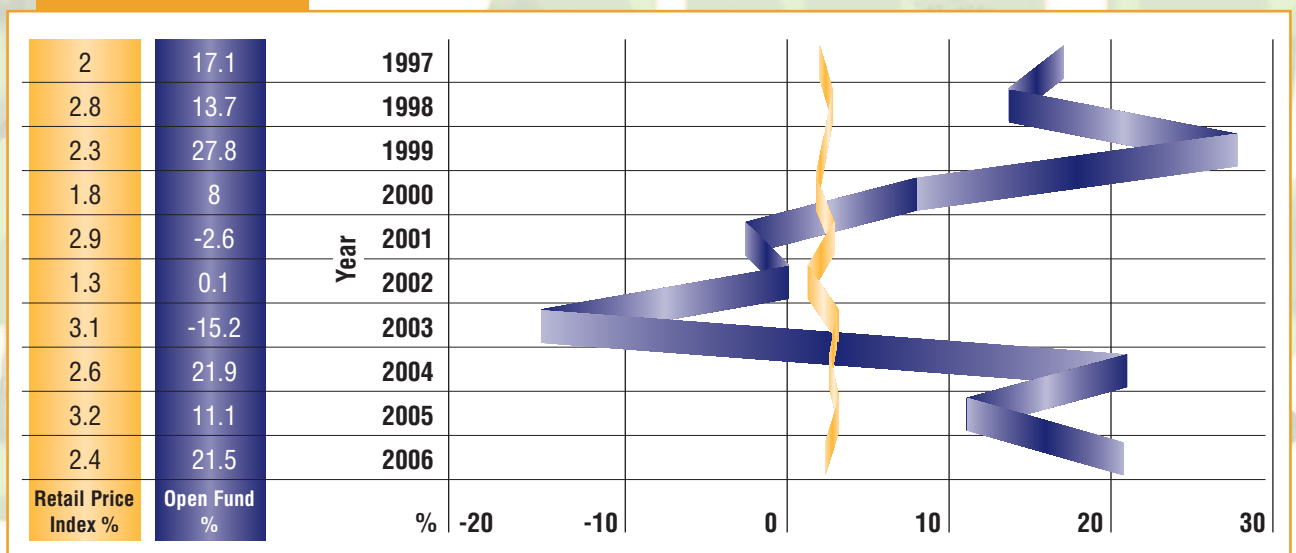
Managers Mandates and Performance – Open Fund

(Note: all figures include cash held with the investment manager)

UK Equities (30% of total fund) Barclays Global Investors (BGI) (13% of total fund)

This part of the UK equity portfolio has the objective to match the UK FTSE All Share Index. Barclays Global Investors' fees are market value based. The investment in this fund was only made in March 2006 and thus no performance record is yet available.

Chart 13
Rates of Return



Investment Performance Review

Fidelity Pensions Management Ltd (17% 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 rolling 3 year periods and to limit underperformance against benchmark to 5% per annum over the same timescale. Fidelity's fees are market value based with a performance related element. Over the year Fidelity underachieved their benchmark. However, over a rolling 2 years they have exceeded the benchmark and over 3 years they are in line with the benchmark.

Fixed Interest (28% of total fund)

Morley Fund Management Ltd (28% 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 rolling 3 year periods 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.

Overseas Equities (26% of total fund)

Fidelity Pensions Management Ltd (15% 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 rolling 3 year periods and to limit underperformance against benchmark to 4% per annum over the same timescale. Fidelity's fees are market value based with a performance related element. Over the year Fidelity outperformed both their benchmark and their objective.

Barclays Global Investors (BGI) (11% of total fund)

Part of this overseas equity portfolio is managed to track a composite benchmark within permitted deviations. For this BGI is remunerated on the basis of a fixed annual fee which increases in line with RPI. Over the year BGI exceeded their benchmark.

BGI also operate two currency funds, one of which is managed on a passive basis and the other on an active basis. The passive fund is operated to greatly reduce the effect of currency fluctuations within the total overseas equity portfolio whereas the active fund aims to add

additional positive return. Over the year the active currency fund outperformed its benchmark but marginally underperformed its objective while the passive currency fund marginally underperformed both its benchmark and objective. Fees for both of the currency funds are market value based with a performance related element.

Property (14% of total fund)

Fletcher King (14% of total fund)

The objective of this portfolio is to outperform the Investment Property Database (IPD) Year End Annual Index. 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 underperformed their benchmark.

Alternatives (2% of total fund)

Diversified Fund of Hedge Funds

Schroder Investment Management (UK) Ltd (2% of total fund)

The objective of this portfolio is to outperform returns on cash by 6% to 9% over the interest rate cycle. Over the year Schroders outperformed their benchmark but underperformed their objective. Fees are market value based.

Manager Mandates and Performance – Closed Fund

Global Equities (30% of total fund (reserve assets only))

Fidelity Pensions Management Ltd (30% of total Fund)

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

The remaining 70% of assets are held in index-linked securities which are under the control of the Trustees.

Statement of Trustees' Responsibilities

The Trustees are responsible for preparing the Annual Report and financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice. Pension scheme regulations require the Trustees to make available to scheme members, beneficiaries and certain other parties, audited financial statements for each scheme year which:

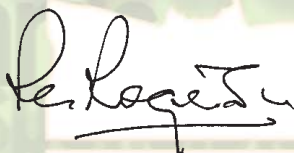
- show a true and fair view of the financial transactions of the Scheme during the scheme year and of the amount and disposition at the end of that year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year, and
- contain the information specified in the Schedule to The Occupational Pension Schemes (Requirements to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements have been prepared in accordance with the Statement of Recommended Practice 'Financial Reports of Pension Schemes'.

The Trustees have supervised the preparation of the financial statements and have agreed suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis.

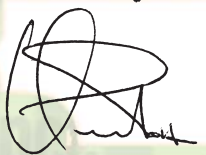
The Trustees are responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions showing the rates of contributions payable towards the Scheme by or on behalf of the Employers and the active Members of the Scheme and the dates on or before which such contributions are to be paid. The Trustees are also responsible for keeping records in respect of contributions received in respect of any active Member of the Scheme and for ensuring that contributions are made to the Scheme in accordance with the schedule of contributions.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Scheme's website.

The Trustees' Report was approved by the Trustees on 7 July 2006



P ROGERSON



K POTTER

} Trustees

Summary Funding Statement

The ITB Pensions Fund (Open Fund): Summary Funding Statement for Period ending 31 March 2004

The ITB Pension Funds' Trustees who look after the Scheme will provide an update of the Scheme's funding position each year in a statement similar to that shown below. From two years' time the statement will be based on an actuarial valuation carried out under the new scheme funding requirements.

The last ongoing funding valuation

The most recent funding valuation of the Open Fund on the Minimum Funding Requirement (MFR) showed that on 31 March 2004 the funding position was as follows:

Assets	£466.1 million
MFR Funding level	The assets of the Scheme are over 120% of the amount of the liabilities of the Scheme.

As a result, it was possible to reduce contributions for members and most employers.

The estimated amount needed to ensure that all members' benefits could have been paid in full if the Scheme had started winding up (full solvency) was £529.7 million. Inclusion of this information does not imply that the Participating Employers are thinking of winding-up the scheme.

Change in funding position

The position will have changed since the previous funding valuation. However the assets of the Scheme are expected to remain over 120% of the amount of the MFR liabilities.

Payment to the participating employers

There has not been any payment to the Participating Employers out of Scheme funds in the last twelve months.

Important: If you are thinking of leaving the Scheme for any reason, you should consult a professional advisor, such as an independent financial advisor, before taking any action.

How the Scheme operates

How is my pension paid for?

The Participating Employers pay contributions to the pension Scheme so that the Scheme can pay pensions to Scheme members when they retire. Active members also pay contributions to the Scheme, and these are deducted from gross pay.

The money to pay for members' pensions is held in a common fund. It is not held in separate funds for each individual.

How is the amount the Scheme needs worked out?

The Trustees obtain regular valuations of the benefits earned by members. Using this information, the Trustees come to an agreement with the Participating Employers on future contributions.

The importance of the Participating Employers' support

The Trustees' objective is to have enough money in the Scheme to pay pensions now and in the future. However, success of the plan relies on the Participating Employers continuing to support the Scheme because:

- The Participating Employers will be paying the future expenses of running the Scheme on an annual basis;
- the funding level can fluctuate, and when there is a funding shortfall, the Participating Employers will usually need to put in more money; and
- the target funding level may turn out not to be enough so that the Participating Employers will need to put in more money.

What is the Scheme invested in?

The Trustees' strategic target (which will be subject to periodic variation) is to invest in a broad range of assets subject to asset class limits as follows:

UK Equities	25%
Overseas Equities	25%
Fixed Interest	20%
Index Linked	10%
Property	15%
Alternative Investments	5%

Where can I get more information?

If you have any other questions, or would like any more information, please contact the ITB Funds' Office at Watford. A list of more detailed documents which provide further information is shown below. Most of the documents are available on the Funds' website at www.itb-online.co.uk.

Additional documents available on request or on the Funds' website www.itb-online.co.uk

The Statement of Investment Principles. This explains how the Trustees invest the money paid into the scheme.

The Schedule of Contributions. This shows how much money is being paid into the Scheme.

The Annual Report and Accounts of the ITB Pension Fund, which shows the Scheme's income and expenditure in the year up to 31 March 2006.

Summary Funding Statement

The full report on the *Actuarial Valuation* following the actuary's check of the Scheme's situation as at 31 March 2004.

The ITB Open Fund New Section and Old Section Information Booklets (you should have been given a copy when you joined the Scheme, but a further copy can be requested).

An Annual Benefit Statement – If you are not getting a pension from the Scheme (and have not received a benefit statement in the previous 12 months) you can ask for a statement that provides an illustration of your likely pension.

The ITB Pensions Fund (Closed Fund): Summary Funding Statement for Period ending 31 March 2003

The ITB Pension Funds' Trustees who look after the Scheme will provide an update of the Scheme's funding position each year in a statement similar to that shown below. From next year the statement will be based on an actuarial valuation carried out under the new Scheme Funding Requirements.

The last ongoing funding valuation

The most recent funding valuation of the Closed Fund on the Minimum Funding Requirement (MFR) showed that on 31 March 2003 the funding position was as follows:

Assets	£195.6 million
MFR Funding level	the assets of the Scheme were over 120% of the amount of the liabilities of the Scheme.

As a result, no further contributions were required.

Change in funding position

The position will have changed since the previous funding valuation. However the assets of the Scheme continue to be over 120% of the amount of the MFR liabilities.

Payment to the employers

There has not been any payment to the Employers out of Scheme funds in the last twelve months.

How the Scheme operates

How is my pension paid for?

The Employers and employees have historically paid contributions to the pension Scheme so that the Scheme can pay pensions to Scheme members when they retire. There are no longer any contributing members in the Closed Fund.

The money to pay for members' pensions is held in a common fund. It is not held in separate funds for each individual.

How is the amount the Scheme needs worked out?

The Trustees obtain regular valuations of the benefits earned by members. Using this information, the Trustees come to a conclusion on whether the Scheme is adequately funded and if any further action is needed.

What is the Scheme invested in?

The Trustees' policy is to invest the majority of the Funds' assets in Index Linked Gilts to match the liabilities of the fund as they come due. The reserve assets are invested in a broad range of assets the majority of which are expected to be equities. Cash is held to pay the most imminent liabilities.

Where can I get more information?

If you have any other questions, or would like any more information, please contact the ITB Funds' Office at Watford. A list of more detailed documents which provide further information is shown below. Most of the documents are available on the Funds' website at www.itb-online.co.uk.

Additional documents available on request or on the Funds' website www.itb-online.co.uk

The Statement of Investment Principles. This explains how the Trustees invest the money paid into the scheme.

The full report on the Actuarial Valuation following the actuary's check of the Scheme's situation as at 31 March 2003.

An Annual Benefit Statement – If you are not getting a pension from the Scheme (and have not received a benefit statement in the previous 12 months) you can ask for a statement that provides an illustration of your likely pension.

Important: If you are thinking of leaving the ITB Pension Funds for any reason, you should consult a professional advisor, such as an independent financial advisor, before taking any action.

Table of Contributions

During the year, the contributions paid to the scheme by the Employers under the Schedule of Contributions were as follows:

	2006	2005
	£'000	£'000
Employer normal contributions	3,616	2,015
Employee normal contributions	2,443	2,249
Total contributions payable under the Schedule of Contributions	6,059	4,264
Employees additional voluntary contributions payable to main fund	113	129
Total Contributions	6,172	4,393



Financial Statements

For the year ended 31st March 2006



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

We have audited the financial statements for the year ended 31st March 2006 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.

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 the Trustees and the Auditors

As described in the Statement of Trustees Responsibilities on page 41, the Trustees are responsible for obtaining financial statements which comply with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the 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 report to you if we have not received all the information and explanations that we require for our audit.

We read the other 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. The other information comprises the Trustees' Report, the Investment Report, the Actuarial Statements and Members' Information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board.

An audit includes an 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.

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

Opinion

In our opinion the financial statements:

- Give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the financial transactions of the Scheme for the year ended 31st March 2006, 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 Regulation 3 of 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 LLP
Chartered Accountants and Registered Auditors
WATFORD

7 July 2006



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

Independent Auditors' Statement about Contributions, under Regulation 4 of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, to the Trustees of the ITB Pension Funds

We have examined the summary of contributions to the ITB Pension Funds in respect of the scheme year ended 31st March 2006 which is set out in the Trustees' Report on page 44.

This report is made solely to the Trustees, as a body, in accordance with Regulation 4 of 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 statement 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 statement, or for the opinions we have formed.

Respective responsibilities of the Trustees and the Auditors

As described on page 41 the scheme's Trustees are responsible for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions which sets out the rates and due dates of certain contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme. The Trustees have a general responsibility for procuring that contributions are made to the scheme in accordance with the schedule of contributions.

It is our responsibility to provide a statement about contributions paid under the schedule of contributions and to report our opinion to you.

Basis of statement about contributions

We planned and performed our work so as to obtain the information and explanations which we considered necessary in order to give reasonable assurance that contributions reported in the summary of contributions have been paid in accordance with the relevant requirements. For this purpose the work that we carried out included examination, on a test basis, of evidence relevant to the amounts of contributions paid to the scheme and the timing of those payments under the schedule of contributions. Our Statement about contributions is required to refer to those breaches of the schedule of contributions which come to our attention in the course of our work.

Statement about contributions under the Scheme

In our opinion contributions payable to the Scheme during the year ended 31st March 2006 have been paid in accordance with the schedules of contributions certified by the actuary on 17th December 2004.

CHANTREY VELLACOTT DFK LLP
Chartered Accountants and Registered Auditors
WATFORD

7 July 2006

Statements of income and expenditure for the year ended 31st March 2006

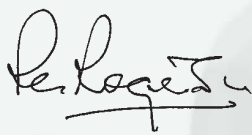
	Notes	Closed fund 2006 £'000	Open fund 2006 £'000	Combined fund 2006 £'000	Combined fund 2005 £'000
Income					
Members' contributions	3d, 17, 19	-	2,556	2,556	2,378
Employers' contributions	3d, 19	-	3,616	3,616	2,015
Total contributions		-	6,172	6,172	4,393
Employers' enhancement costs	3d, 19	-	247	247	-
Transfers from other schemes	5	-	252	252	335
		-	6,671	6,671	4,728
Expenditure					
Retirement and death benefits	6	10,947	19,691	30,638	29,358
Withdrawals:					
Transfers to other schemes		51	102	153	86
Contribution refunds		-	130	130	105
Administration costs	7	484	918	1,402	1,363
Pension fund levy		29	84	113	-
		11,511	20,925	32,436	30,912
Net withdrawals from dealings with Members		(11,511)	(14,254)	(25,765)	(26,184)
Returns on investments					
Investment revenue	8	4,920	14,833	19,753	19,000
Net (loss)/profit arising on foreign exchange	10	-	(116)	(116)	37
Taxation	11	(74)	-	(74)	(46)
Change in market value of investments	12	21,867	91,165	113,032	45,721
Investment managers' fees	9	(286)	(1,634)	(1,920)	(1,266)
Net returns on investments		26,427	104,248	130,675	63,446
Net increase in the funds during the year		14,916	89,994	104,910	37,262
Net assets as at 31st March 2005		208,171	501,688	709,859	672,597
Net assets as at 31st March 2006		£223,087	£591,682	£814,769	£709,859

The notes on pages 51-63 form part of these financial statements.

Net assets statements 31st March 2006

	Notes	Closed fund 2006 £'000	Open fund 2006 £'000	Combined fund 2006 £'000	Combined fund 2005 £'000
Investments	12	222,522	590,296	812,818	705,385
Fixed assets	13	-	142	142	157
		222,522	590,438	812,960	705,542
Current assets					
External	14	1,215	3,382	4,597	9,493
Inter-fund balance	14	-	51	51	55
		1,215	3,433	4,648	9,548
Current liabilities					
External	15	599	2,189	2,788	5,176
Inter-fund balance	15	51	-	51	55
		650	2,189	2,839	5,231
Net current assets		565	1,244	1,809	4,317
Net assets as at 31st March 2006		£223,087	£591,682	£814,769	£709,859

The financial statements were approved by the Managing Trustees on 7th July 2006



P ROGERSON



K POTTER

} Trustees

The notes on pages 51-63 form part of these financial statements.

Notes to the financial statements for the year ended 31st March 2006

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 2003 and on the Open Fund as at 31st March 2004.

The Reports on the Closed Fund for 2003 and on the Open Fund for 2004 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 that fall due after the end of the year. The actuarial position of the Funds, 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 investment assets

All investments, other than commercial property, are valued at their market value at 31st March 2006 determined as follows:

- i) Listed securities are valued at last traded price or mid-market price ruling at the balance sheet date.
- ii) Pooled investment vehicles are stated at the mid-point of the latest prices quoted by the managers prior to 31st March 2006.
- 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 2006, 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 that assume settlement at the spot rates ruling on 31st March 2006.

d) Contribution income

Contributions relating to wages and salaries earned up to 31st March 2006 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.

Notes to the financial statements for the year ended 31st March 2006

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 2006. 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 2006.

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 2006 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 receivable by the Scheme during the year ended 31st March 2006, including amounts outstanding at the year end (see note 14), were paid in accordance with the Scheme Rules (and the recommendation of the Actuary).



Notes to the financial statements for the year ended 31st March 2006

5 Transfers in

	2006 £'000	2005 £'000
Individual transfers from other schemes	-	220
Individual transfers from Money Purchase Schemes (see note 18)	252	115
	£252	£335

6 Retirement and death benefits

	Closed fund 2006 £'000	Open fund 2006 £'000	Combined fund 2006 £'000	Combined fund 2005 £'000
Retirement benefits:				
Lump sums	133	1,616	1,749	1,752
Members' pensions	8,115	15,962	24,077	23,188
Total retirement benefits	8,248	17,578	25,826	24,940
Death benefits:				
Lump sums	-	416	416	274
Dependants' pensions	2,699	1,697	4,396	4,144
Total death benefits	2,699	2,113	4,812	4,418
	£10,947	£19,691	£30,638	£29,358
2005	£10,738	£18,620		

Notes to the financial statements for the year ended 31st March 2006

7 Administration costs

	Closed fund 2006 £'000	Open fund 2006 £'000	Combined fund 2006 £'000	Combined fund 2005 £'000
General administration:				
Employment costs	198	299	497	476
Office accommodation	36	54	90	86
General expenses	136	193	329	344
	370	546	916	906
Professional services				
Auditor's fees	13	19	32	33
Legal services	37	83	120	144
Investment consultancy	3	32	35	15
Actuarial services	44	196	240	223
Other	17	42	59	42
	£484	£918	£1,402	£1,363
2005	£442	£921		

During the year £32,828 (2005 - £22,352) of actuarial fees and £16,882 (2005 - £13,206) of legal fees were charged to the employers' surplus pots and are included in enhancement costs in note 19.

8 Investment revenue

	Closed fund 2006 £'000	Open fund 2006 £'000	Combined fund 2006 £'000	Combined fund 2005 £'000
Income from fixed interest securities	-	3,257	3,257	1,648
Dividends from equities and convertibles	1,053	5,358	6,411	5,849
Income from index linked securities	3,338	925	4,263	5,698
Income from pooled investment vehicles	179	623	802	676
Net rents from properties	-	4,280	4,280	4,626
Interest on cash deposits	347	370	717	502
Underwriting commission	3	20	23	1
	£4,920	£14,833	£19,753	£19,000
2005	£5,126	£13,874		

Notes to the financial statements for the year ended 31st March 2006

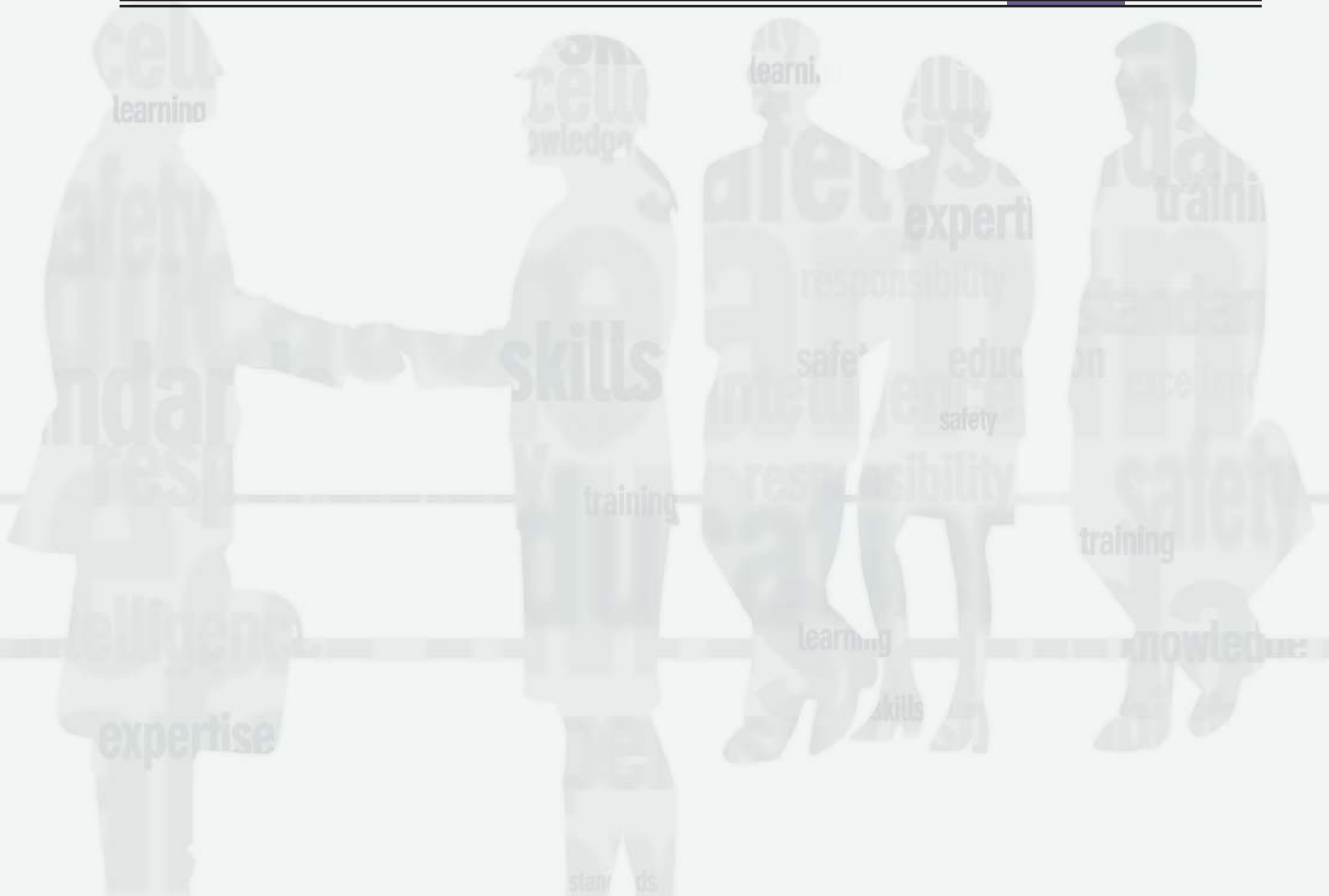
9 Investment managers' fees

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 Limited, all of which are registered in the UK. The remuneration of these managers, with the exception of the Barclays Global Investors overseas portfolio, whose 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) / profit arising on foreign exchange

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

	2006 £'000	2005 £'000
Closed fund	-	-
Open fund	(116)	37
Total	£(116)	£37



Notes to the financial statements for the year ended 31st March 2006

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 on average to June 2008, thus ensuring that the Fund complies with the requirements of the Finance Act 1986.

The actuarial valuation of the Closed Fund at 31st March 2003 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 8.7% of such items of the Closed Fund. The percentage was determined by the 2003 actuarial valuation.

The taxation charges suffered are income tax at 20% on the taxable income and at 40% on the taxable capital gains of the Closed Fund. No charge to capital gains tax arises on the realised gains on the index-linked gilts as they are exempt from capital gains tax.

Due to a change in pension legislation no tax will be payable by the Closed Fund in future years.

	Closed fund 2006 £'000	Closed fund 2005 £'000
Income tax	78	87
Capital gains tax (see above)	8	-
	86	87
Prior year adjustment	(12)	(41)
	£74	£46

Notes to the financial statements for the year ended 31st March 2006

12 Investments

The movements in investments during the year were:

	Closed fund 2006 £'000	Open fund 2006 £'000	Combined fund 2006 £'000	Combined fund 2005 £'000
Market value at 1st April 2005	207,322	498,063	705,385	668,873
Purchases at cost				
Property	-	2,114	2,114	
Fixed interest / index linked	-	362,110	362,110	
Equities	9,816	33,020	42,836	
Pooled investment vehicles	86	104,959	105,045	
Bank deposits	-	9,099	9,099	
Forward currency contracts	-	43,276	43,276	
	9,902	554,578	564,480	402,331
Disposal proceeds				
Property	-	(5,162)	(5,162)	
Fixed interest / index linked	-	(349,259)	(349,259)	
Equities	(6,962)	(123,471)	(130,433)	
Pooled investment vehicles	(1,310)	(31,911)	(33,221)	
Bank Deposits	(8,297)	-	(8,297)	
Forward currency contracts	-	(43,707)	(43,707)	
	(16,569)	(553,510)	(570,079)	(411,540)
Change in market value of investments	21,867	91,165	113,032	45,721
Market value at 31st March 2006	£222,522	£590,296	£812,818	£705,385

Change in market value of investments comprises:

	£'000	£'000	£'000	£'000
Profit on realisation of investments	2,447	50,600	53,047	9,061
Profit / (loss) on forward currency contracts	-	431	431	(130)
	2,447	51,031	53,478	8,931
Movements in unrealised profits	19,420	40,134	59,554	36,790
	£21,867	£91,165	£113,032	£45,721
2005	£8,027	£37,694		

At 31 March 2006, £75,602,451 was invested in the BGI Aquila Life UK Equity Index Fund. There are no other investments in which more than 5% of the total value of the net assets of the Funds are invested.

Notes to the financial statements for the year ended 31st March 2006

12 Investments (cont'd)

	Closed fund valuation 2006 £'000	Closed fund cost 2006 £'000	Open fund valuation 2006 £'000
Commercial property			
Freehold	-	-	57,330
Long leasehold	-	-	15,130
Fixed interest securities			
UK	-	-	71,361
Overseas	-	-	-
Index linked securities			
UK	152,731	94,598	52,007
Equities			
UK	38,182	29,674	98,030
Overseas	-	-	2,344
Pooled investment vehicles			
UK Public sector fixed interest securities	2,305	1,772	-
UK Corporate fixed interest securities	-	-	41,486
Overseas fixed interest securities	2,319	2,096	-
UK equities	14	11	75,640
Overseas equities	23,735	13,749	152,673
Diversified hedge funds	-	-	11,359
Bank deposits	3,236	3,236	12,882
Forward currency contracts	-	-	54
Total at 31st March 2006	£222,522	£145,136	£590,296
Total at 31st March 2005	£207,322	£149,356	£498,063

- Basis of valuation - as set out in note 3(b).
- Commercial properties are mainly retail and office premises with rent review periods of five years.

Open fund cost 2006 £'000	Combined fund valuation 2006 £'000	Combined fund cost 2006 £'000	Combined fund valuation 2005 £'000	Combined fund cost 2005 £'000
38,571	57,330	38,571	54,560	43,256
9,561	15,130	9,561	13,360	9,561
71,355	71,361	71,355	32,362	32,144
-	-	-	18,752	15,738
50,401	204,738	144,999	202,051	149,920
75,176	136,212	104,850	184,131	155,098
2,239	2,344	2,239	-	-
-	2,305	1,772	1,832	1,497
30,857	41,486	30,857	36,346	28,382
-	2,319	2,096	1,816	1,696
74,075	75,654	74,086	3,556	2,273
106,614	176,408	120,363	130,667	114,108
10,000	11,359	10,000	10,393	10,000
12,882	16,118	16,118	15,315	15,315
-	54	-	244	-
£481,731	£812,818	£626,867	£705,385	£578,988
£429,632	£705,385	£578,988		

Notes to the financial statements for the year ended 31st March 2006

13 Fixed assets

	Cost £'000	Depreciation £'000
Balance at 1st April 2005	401	244
Additions	51	-
Disposals	(24)	(24)
Depreciation charge	-	66
Balance at 31st March 2006	428	286
Net book value: 31st March 2006	£142	
Net book value: 31st March 2005	£157	

14 Current assets

	Closed fund 2006 £'000	Open fund 2006 £'000	Combined fund 2006 £'000	Combined fund 2005 £'000
Bank balances	239	697	936	1,310
Debtors:				
Amounts due from Employers				
Employers' contributions	-	419	419	285
Employees' contributions	-	180	180	191
Amounts due from brokers	-	25	25	4,034
Investment revenue receivable	973	2,004	2,977	3,621
Income tax receivable	-	1	1	1
Sundry debtors	3	56	59	51
External current assets	1,215	3,382	£4,597	£9,493
Inter-fund balance	-	51		
Individual funds' current assets 2006	£1,215	£3,433		

	Closed fund £'000	Open fund £'000	Combined fund £'000
31st March 2005:			
External current assets	1,450	8,043	£9,493
Inter-fund balance	-	55	
Individual funds' current assets 2005	£1,450	£8,098	

Amounts due from employers in respect of contributions, which relate to March 2006, were paid in full to the Scheme within the timescale required by the Schedule of Contributions currently in force.

Notes to the financial statements for the year ended 31st March 2006

15 Current liabilities

	Closed fund 2006 £'000	Open fund 2006 £'000	Combined fund 2006 £'000	Combined fund 2005 £'000
Withdrawal benefits:				
Transfers and contribution refunds	-	30	30	14
Amounts due to brokers	301	781	1,082	4,154
Taxation	48	-	48	39
Sundry creditors	250	1,378	1,628	969
External current liabilities	599	2,189	£2,788	£5,176
Inter-fund balance	51	-		
Individual funds' current liabilities 2006	£650	£2,189		

	Closed fund £'000	Open fund £'000	Combined fund £'000
31st March 2005:			
External current liabilities	546	4,630	£5,176
Inter-fund balance	55	-	
Individual funds' current liabilities 2005	£601	£4,630	

16 Financial commitments

Currency commitment

At 31st March 2006 there were forward currency transactions amounting to £23,633,628 (2005 - £18,134,521) due for settlement in May 2006.

17 Member credited service

Additional voluntary contributions (AVCs) made during the financial year to purchase added years under the principal scheme of £112,793 (2005 - £129,122) are shown in the income of the Open Fund and the assets acquired with the AVCs are included in the net assets statement.

Notes to the financial statements for the year ended 31st March 2006

18 Money purchase schemes

Additional Voluntary Contributions (AVCs) are receivable for separate investment for the benefit of individual Members. The Scheme's arrangements are operated by Scottish Life Assurance Company (SLAC) and the Prudential Assurance Company (PAC) which includes a selection of unit linked investment funds.

The individual 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 convert these 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). There is also an 'Open Market Option' available to members where they may use their accumulated AVC funds to purchase an annuity with an insurer of their choosing.

All administration provided by the ITB Pension Funds does not incur any cost for Money Purchase members.

	Prudential 2006 £'000	Scottish Life 2006 £'000	Prudential 2005 £'000	Scottish Life 2005 £'000
Funds as at 1st April 2005	170	1,343	124	1,282
Members' AVC contributions	56	86	41	113
Transfers into Prudential from Scottish Life	70	(70)	-	-
Interest credited by SLAC	-	36	-	27
Interest and bonuses credited by PAC	3	-	2	-
Change in market value of units	38	-	9	-
	337	1,395	176	1,422
Transfers out (including to main fund)	(4)	(249)	(6)	(79)
Funds at 31st March 2006	£333	£1,146	£170	£1,343

Monies invested with SLAC are invested in the Scottish Life Deposit Administration Fund.

Monies invested with PAC are invested in any of the following funds at the discretion of the Member concerned:

- With Profits
- Deposit
- Aberdeen Life Balanced
- Overseas Equity (Passive)
- UK Equity (Passive)
- Fixed Interest
- Socially Responsible
- Retirement Protection

Notes to the financial statements for the year ended 31st March 2006

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 these amounts 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:-

	2006 £'000	2005 £'000
Members' contributions	82	104
Employers' contributions	1,733	1,335
Enhancement costs	494	711

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. In addition certain expenses incurred by the Funds are charged against Employer surplus amounts and are included in enhancement costs noted above (see note 7).



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 0BJ.

TPAS (The Pensions Advisory Service)

TPAS 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. TPAS is at 11 Belgrave Road, London SW1V 1RB.

Pensions Ombudsman

If TPAS is unable to resolve the problem, application can 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 complaints or dispute of fact of 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 TPAS. The Ombudsman's address is also 11 Belgrave Road, London SW1V 1RB.

Pensions Regulator

On 6 April 2005, the Pensions Regulator replaced the Occupational Pensions Regulatory Authority (OPRA) as the regulator of work-based pensions in the UK. The Pensions Regulator is created under the Pensions Act 2004, which sets out a new regulatory framework for pensions.

The address for the Pensions Regulator is Napier House, Trafalgar Place, Brighton BN1 4DW.

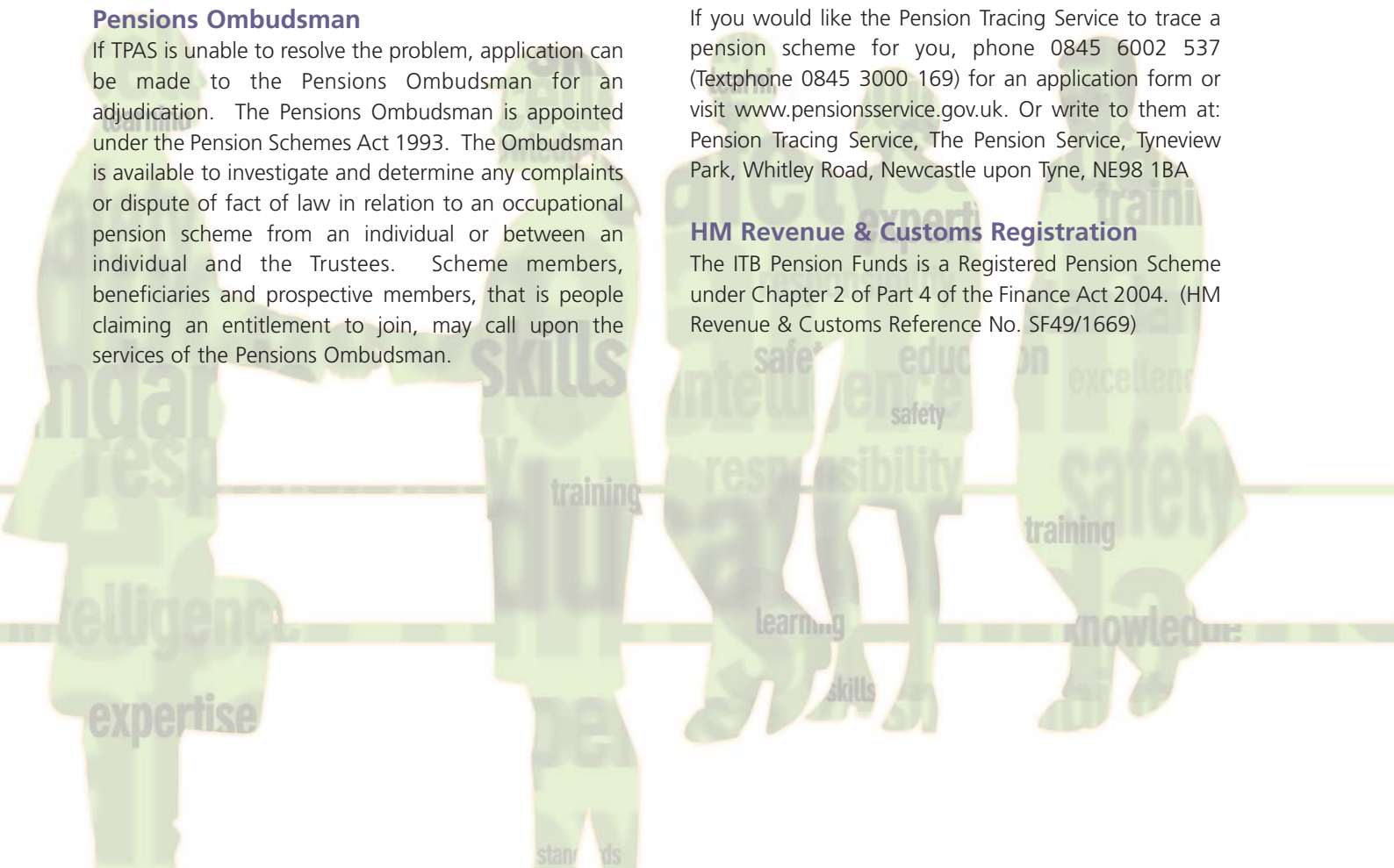
Pension Tracing Service

If you think you may have an old pension, but are not sure of the details, the Pension Tracing Service can usually help by tracing it for you. The Pension Tracing Service (part of the Department for Work and Pensions) has access to a database of over 200,000 occupational and personal pension schemes and can be used, free of charge, to search for a scheme.

If you would like the Pension Tracing Service to trace a pension scheme for you, phone 0845 6002 537 (Textphone 0845 3000 169) for an application form or visit www.pensionservice.gov.uk. Or write to them at: Pension Tracing Service, The Pension Service, Tyneview Park, Whitley Road, Newcastle upon Tyne, NE98 1BA

HM Revenue & Customs Registration

The ITB Pension Funds is a Registered Pension Scheme under Chapter 2 of Part 4 of the Finance Act 2004. (HM Revenue & Customs 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

E-mail to: pensions@itb-online.co.uk



learning

skills

learn

expertise

training

responsibility

standards

safety

education

excellence

safety

training

responsibility

training

learning

knowledge

skills

standards

skills