

Trustees' Report &
Financial Statements

2009-2010

Scheme Reference No. 10169800



delivering finance
for your future



Profile

The ITB Pension Funds, consisting of the Open and Closed Funds, is set up under a Trust Deed and Rules and administered by a Board of Trustees comprising of Member (including Pensioner) Trustees and Employer Trustees. It is a Registered Pension Scheme under Chapter 2 of Part 4 of the Finance Act 2004. Members are contracted-out of the State Second Pension (S2P).

The assets of the Funds are separate from those of its Participating Employers and are invested by independent investment managers who are appointed by the Trustees. The Closed Fund has no Participating Employers paying contributions, and while it is predominantly invested in index-linked gilts, it also employs a number of independent external investment managers appointed by the Trustees.

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 January 2007, the Open Fund consisted of three separate sections:

- the original section of the Open Fund, known as the 'Old Section'
- the 'New Section', which was introduced on 1 September 2003
- the '2007 Section', which was introduced on 1 January 2007.

Both the 'New' and '2007' Sections are available to those Employers who wish to provide a revised level of benefits and have made the necessary election.

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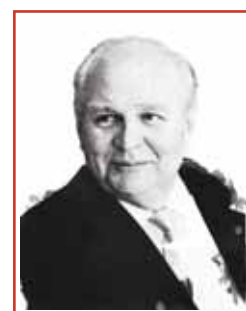
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Chairman's Statement



Background

The past year has proved a challenging one for your Trustees and for the ITB Funds on a number of fronts, although, above all else, has been the performance of investment markets and the consequences for the Open Fund actuarial valuation which is to take place based on data as at 31 March 2010. Despite the recoveries in equity markets since March 2009, long-dated gilt yields, which determine the discount rate used to value the liabilities, have decreased since the 2007 valuation, increasing the value placed on the Fund's liabilities.

Over the past few years we have taken a number of steps to reshape the ITB Funds' investment portfolios in line with an increased focus on diversification to, as far as practicable, take some of the risk out of investment. I can report that our strategy has indeed helped protect both the Open and Closed Funds against the full impact of the unpredictable and adverse market conditions which have been experienced, but could not completely avoid any negative impact on funding levels.

Open Fund Actuarial Valuation

In my statement to you last year I reported that the interim actuarial 'snapshot' assessment of the Scheme's funding position as at 31 March 2009 forecast that, given the then economic conditions, there was the prospect of a deficit result from the 2010 valuation. The Participating Employers were therefore updated on the likelihood of a requirement for additional deficit contribution funding.

Against the still fragile economic backdrop, both we, your Trustees and the Participating Employers, remain concerned about the potential for additional long term funding requirements coming out of the formal actuarial valuation of the Fund as at 31 March

2010. The expected increase in liabilities will be contributed to by the fall in interest rates referred to above and the continuing increase in longevity (whilst improvements in life expectancy has been good news for individuals, the resultant length and increase of pension payments has a detrimental financial impact when the Actuary values the Scheme's pension liabilities).

'This valuation, which will take a number of months to complete, will determine the future contribution requirements of the Fund in relation to the ongoing benefits and will also identify additional Employer contribution requirements where a deficit is revealed.'

This valuation, which will take a number of months to complete, will determine the future contribution requirements of the Fund in relation to the ongoing benefits and will also identify additional Employer contribution requirements where a deficit is revealed. It will also, as normal, be undertaken on a prudent basis with the objective of securing the long term health of the Scheme. After taking actuarial advice we, your Trustees, must agree a new funding basis with

the Participating Employers to meet the statutory funding objective. This funding objective must lead to the Scheme having assets which are sufficient to cover its "technical provisions" (broadly, its liabilities). A key aim will be to reduce any deficit as quickly as possible, while recognising that Employers' pension contributions should be affordable. Deficit recovery periods will therefore need to be agreed with Employers. Currently, the Employers make payments to the Fund only to cover the cost of any ongoing benefits being earned.

The valuation results, which are expected to be announced in the first half of 2011, will be published in an edition of 'Pensions News' and placed on the Funds' website www.itb-online.co.uk.

Cost and Benefit Flexibility

One of your Trustees' priorities is to ensure that the Open Fund continues to deliver long term benefits to members on a realistic and sustainable basis for

Employers. The Open Fund is currently comprised of three Sections; the Old, New and 2007 Sections, where benefits are based on employees' length of service and final salary, typically averaged over one, three or six years salary.

It is against a setting of the substantial financial challenges of the past few years that Employers sought to adopt a more sustainable approach to the delivery of pension provision. Your Trustees therefore received a number of requests from Participating Employers for further flexibility in relation to their future contribution costs. Introducing changes in future benefit provision is not something that your Trustees do without a great deal of thought and consideration. But, we have to be pragmatic and recognise that the increasing cost of defined benefit final salary pension provision causes a further strain on our Employers' businesses in an already difficult operating environment.

Consequently, the measures taken principally include options for Employers who feel it is necessary to switch members of the Old or New Sections into the lower cost 2007 Section of the Scheme for their future service. Additionally, Employers may now also choose to increase the rate at which members contribute to the Scheme by up to half of the Scheme Section standard contribution rate. Employers now, therefore, have further capacity to continue to provide pension benefits that they find affordable to their circumstances.

These major changes, intended to be both realistic and affordable to Employers, reduces both the future service cost and the future funding risk to Employers and provide a platform on which to develop the long term financial health of the Open Fund.

Employer Covenant

The Employer Covenant review is an objective and independent assessment of the overall financial strength of an Employer. This helps us to understand the financial position and prospects of the Scheme's

Participating Employers and to use this information with the Scheme Actuary in determining the appropriate funding and investment strategy of the Fund.

We recognise that an important factor for the ongoing stability of the Scheme is the long term financial capacity of the Employers. That is why we, your Trustees, along with our advisers, have a process in place for the Participating Employers to provide us with regular financial information, the objective of which is to identify any concerns and to arrive at possible solutions.

The requirement for employer covenant reviews is to ensure that sponsoring employers are able to meet the financial

obligations to their pension scheme stemmed from the Pensions Act 2004. This has been amplified by the Pensions Regulator who considers it essential for pension scheme trustees to form an objective assessment of the employer's financial position and prospects, as well as their willingness to continue to fund the scheme's benefits, as it will inform decisions on both actuarial assumptions on scheme liabilities and any recovery plan needed.

Your Trustees work hard at maintaining good channels of communication with the Scheme's Participating Employers and in building an open dialogue to achieve a good working relationship that is both helpful to us as Trustees and also to the

'Your Trustees work hard at maintaining good channels of communication with the Scheme's Participating Employers and in building an open dialogue to achieve a good working relationship that is both helpful to us as Trustees and also to the Employers, in together understanding individual Employer circumstances and overall current levels of security offered to the Fund.'

Employers, in together understanding individual Employer circumstances and overall current levels of security offered to the Fund.

One high priority matter was identified as the relicensing process of those Employers which are Sector Skills Councils. Despite the difficult economic conditions, the Sector Skills Councils relicensing generally went according to plan for the Scheme's Participating Employers, apart from Skillfast-UK whose licence was not renewed.

The other issue was a medium term priority item concerning the need for Employers to maintain a reasonable level of reserves to meet potential buy-out debts in the event of failure or withdrawal from the Scheme. Your Trustees will be intently focusing on working with Employers to achieving these objectives, which will not be simple or easy.

Employer terminations

PIETT: Further significant time has been spent in pursuance of the best settlement that could be achieved for the Funds in the matter of PIETT, which has now spanned some three years. It was when PIETT sold its loss making subsidiary, PTL, to a third party that your Trustees had their concerns heightened about PIETT's ability to continue to meet its financial obligations to the Scheme. A great deal of time and effort was spent in exploring the financial feasibility of either PIETT continuing its participation, or possibly PTL becoming a Participating Employer in its place. What then followed was the liquidation of PIETT and a subsequent winding-up of PTL and indeed thereafter the insolvency of the third party who had acquired PTL. This is a sorry tale, but is one in which we have had to act in the

best interests of the Scheme's membership as a whole. The Trustees are still actively engaged in recovering as much as possible of PIETT's buy-out debt, which is PIETT's share of the deficit in the Scheme at the time they withdrew. Those former PIETT members who have not taken refunds of their contributions or transfer values out of the Scheme still have secured benefits in the Scheme.

Skillfast-UK: During the year it became evident that Skillfast-UK, a Participating Employer in the Scheme, was not going to have its Sector Skills Council license renewed. Without Sector Skills Council backing the organisation did not feel it could continue to participate in the Scheme or, for that matter, continue in operation. It is in matters such as this that the Employer covenant review process can be valuable in bringing concerns to your Trustees' attention at an early stage, so that they can be promptly addressed. As a result of this development the Skillfast-UK board decided to wind up the organisation and terminate its participation in the Scheme and to reach agreement

with your Trustees over the settlement of their debt to the Scheme. In such circumstances the approval of the Pensions Protection Fund is required and for that reason the matter will overrun this Scheme year end. All of Skillfast-UK's members have been advised of their pension rights in the Scheme.

JTL: In December 2009 JTL gave the required notice that they would be withdrawing from participation in the Scheme, effective 31 March 2010. JTL,

who are not a Sector Skills Council, continues its business activities as normal and have advised they have sufficient reserves to meet their financial obligations and will pay their buy-out debt to the Scheme in full. All of JTL's members have been advised of their pension rights in the Scheme. The

'The most recent formal actuarial valuation of the Closed Fund was carried out as at 31 March 2009... The main priority was to minimise the risk of a future deficit and current economic conditions reinforced the need to take a cautious approach to funding strategy'

precise calculation of JTL's buy-out debt will be undertaken by the Actuary when completing the 2010 actuarial valuation of the Scheme and it is anticipated that receipt of funds in full settlement by JTL will be received by the Funds during the Scheme year ending 31 March 2011.

Closed Fund

The most recent formal actuarial valuation of the Closed Fund was carried out as at 31 March 2009 and your Trustees' high-level objectives remained unchanged from those of the previous valuation. The main priority was to minimise the risk of a future deficit and current economic conditions reinforced the need to take a cautious approach to funding strategy. This included the use of more prudent longevity assumptions given the continuing rise in life expectancy and the fact that the Closed Fund did not escape the adverse investment conditions that prevailed in the valuation period.

Significantly, however, the Fund remains in a sound condition, with the results of this latest valuation disclosing a small surplus of £7.6 million of assets over liabilities. It was, however, out of concern for the reduction in the Scheme's surplus position and uncertain economic outlook, with its possible further negative effects on investment markets, that your Trustees decided that while the normal annual inflation linked increase would be paid, on this occasion discretionary special pension increases out of Closed Fund surpluses would not be paid. Your Trustees are very mindful of their principal aim with the Closed Fund and that is to ensure that it remains secure in order to be able to meet its pension obligations long into the future.

The Closed Fund remains in a relatively strong position because the Fund's assets are largely invested in index-linked securities intended to match its pension and deferred pension liabilities. However, the Fund does

'The importance of good communication when detailing pension arrangements for members and Employers is embedded in your Trustees' communication policy as it enhances the understanding, transparency and visibility of the Scheme.'

have investments in assets such as equities. These assets were negatively affected by the performance of the investment markets in recent years, which have not been in line with expectations and this was a contributor to the reduction in the funding level of the Closed Fund.

The next full valuation of the Closed Fund is due as at 31 March 2012.

Statement of Investment Principles

The Trustees' Statement of Investment Principles (SIPs) sets out the policy for the type of investments to be held by the Open and Closed Funds, the

balance between different asset classes and the expected investment returns. The clearly defined investment strategy is regularly reviewed by your Trustees after consultation with their investment advisers and, as required, the sponsoring Employers are consulted before any significant changes are made and any new investment strategy implemented.

Although the SIPS are in the process of being reviewed and updated, the current approved versions can be found on the ITB Pension Funds' website at www.itb-online.co.uk.

Communication

The importance of good communication when detailing pension arrangements for members and Employers is embedded in your Trustees' communication policy as it enhances the understanding, transparency and visibility of the Scheme. We adopt a number of channels of communication through the Funds' Office with the most widely used being the ITB Pension Funds' dedicated websites. They have been designed with members and Employers in mind and where constructive feedback is welcome, as this may help improve our communication objectives.

'The ITB Pension Funds is an institution that has been built over many years, delivering valuable and much appreciated pension benefits to members. We, your Trustees, will continue to diligently work to ensure that this remains the case...'

Our www.itb-online.co.uk website contains a vast range of information and documents for members and Employers and the www.myitb.com website allows active members, deferred members and pensioners easy and secure access to details of their pension benefits on-line through comprehensive pension modelling tools.

During the year we have improved our communications with the ITB Pensioners Association and I would like to place on record my appreciation to their Chairman, Bill Pitt, who has sought to embrace this closer liaison, which I hope will be beneficial to both the Pensioners and the Trustees in these challenging times.

Acknowledgements

Trustees: Your Trustees play a critical role in the governance of the ITB Pension Funds and I have been extremely fortunate to benefit from the knowledge and solid experience of a strong team of individuals whose business insight has been vital for the increasingly demanding responsibilities placed on them. I would like to thank them all for their excellent work.

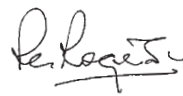
Committee works: I would also like to extend my thanks to my two Deputy Chairmen and fellow Trustees who work with me on the Management Panel and Investment Committee, who, throughout the Scheme year, have conducted their work with great diligence. Certain issues have demanded closer attention than others given the current economic

environment and they have spared no effort to do what was necessary to deal with some particularly testing matters, while maintaining their firm commitment to the Trustees and the Funds.

Funds' Office: I can say first hand that we have a highly dedicated and committed staff at the Funds' Office at Watford who have to cope with significant challenges in very difficult times. Headed by the Funds' Chief Executive Vincent Gordon the small team has a diverse range of skills and capabilities that we greatly value. I thank them sincerely for all the work they do on behalf of all parties involved with the Funds.

Conclusion

The ITB Pension Funds is an institution that has been built over many years, delivering valuable and much appreciated pension benefits to members. We, your Trustees, will continue to diligently work to ensure that this remains the case, both in meeting the immediate challenges expected in the coming Scheme year and into the longer term future.

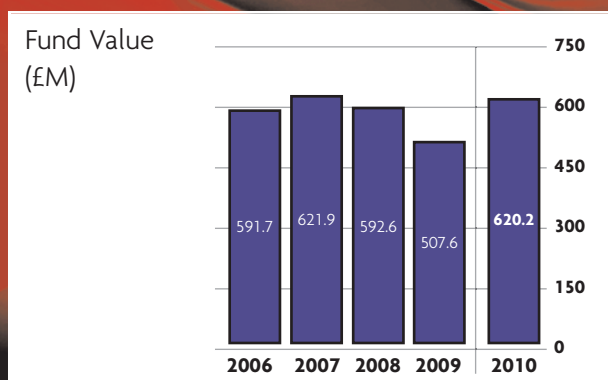
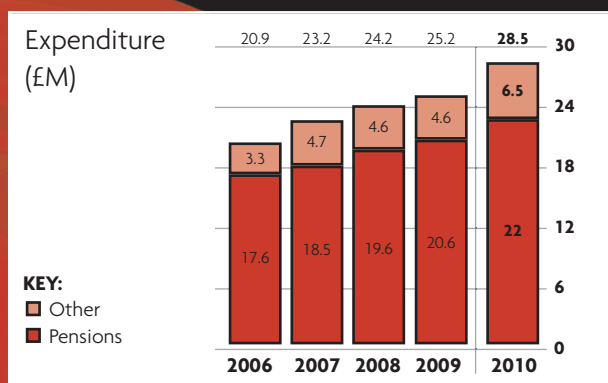
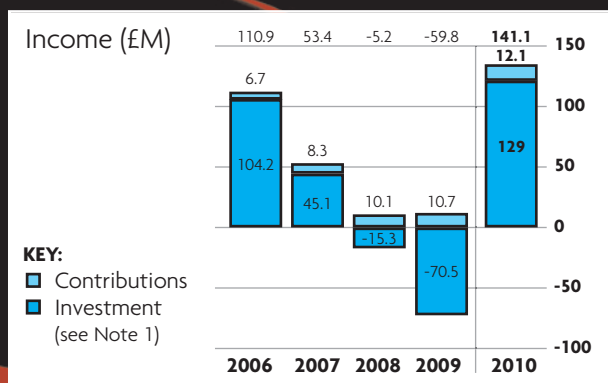
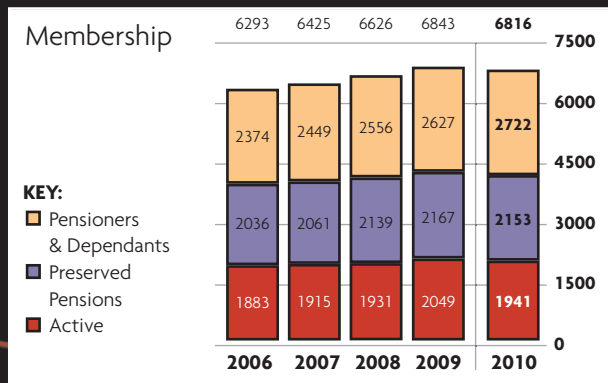


Peter Rogerson OBE

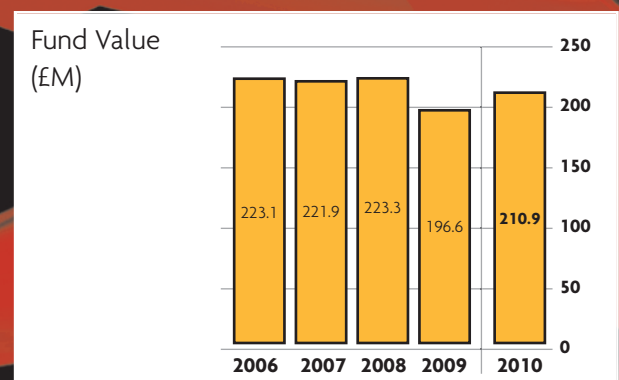
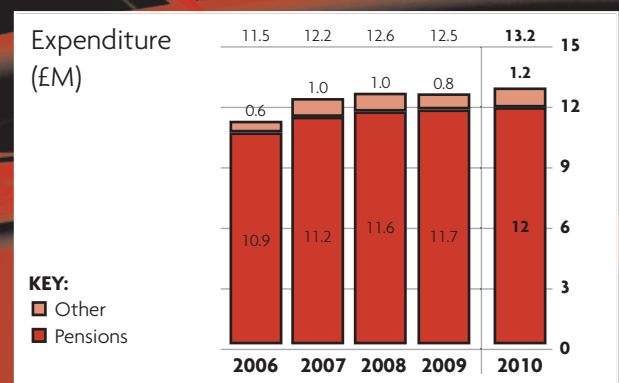
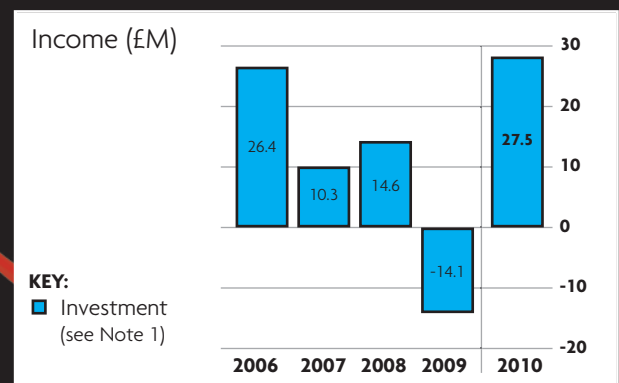
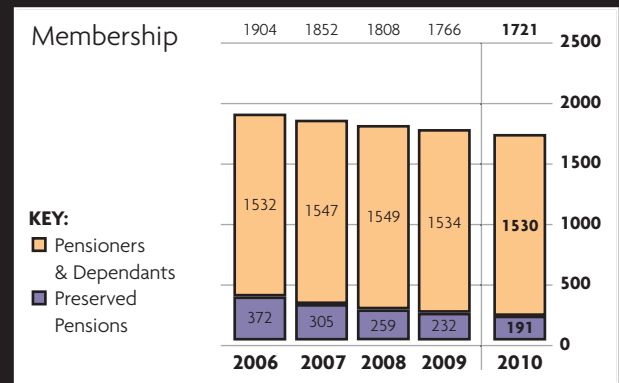
Chairman of Trustees - 2 July 2010

Five Year Summary

Open Fund



Closed Fund



Note 1 - please refer to the Fund Accounts on page 51 and Note 11 on page 60 to see a breakdown of the 2009 losses which have been caused, to a significant extent, by a negative movement in the provision for unrealised gains.

Board of Trustees

Employers' Trustees

Peter Rogerson, OBE (Chairman)

Nominated by:
ConstructionSkills*
(Deputy Chairman of CITB-ConstructionSkills)



Jonathan Swift (Deputy Chairman-Employers)

Nominated by:
Lantra
(Deputy Chairman of Lantra)



Bob Monks

Nominated by:
Skills for Logistics
(General Secretary of the
United Road Transport Union)



David Birtwistle

Nominated by:
Science, Engineering and
Manufacturing Technologies
Alliance
(Global Reward Director fo GKN plc)



Tony Pringle

Nominated by:
Cogent SSC Limited
(Skills Director for Polymer Industries)



Simon Tarr

Nominated by:
People 1st
(Chief Operating Officer for People 1st)



Jacki Day

Nominated by:
OPITO Limited
(Finance Director for OPITO Limited)



Alan Ross

Nominated by:
Scottish Electrical Charitable
Training Trust (SECTT),
CAPITB plc
(Chief Executive of Scottish Electrical
Charitable Training Trust)



Terry Lazenby, MBE

Nominated by:
Engineering Construction ITB
(Chairman of ECITB)



*ConstructionSkills is the trading name of Construction ITB

Members' Trustees



Lindsay Campbell
 Nominated by:
 People 1st
 (Operations Director – National Skills
 Academy for Hospitality)




John Edwards
 Nominated by the
 Trade Union 'Unite' for:
 Engineering Construction ITB
 (Regional Account Manager -
 Offsite for ECITB)




Chris Hall
 Nominated by:
 Skills for Logistics, CAPITB plc,
 Cogent SSC Limited, Scottish Electrical
 Charitable Training Trust (SECTT)
 (Finance & Administration Director
 for Skills for Logistics)







Gillian Black
 Nominated by:
 OPITO Limited
 (Policy Affairs Director for OPITO Limited)





Mike Harris
 Nominated by the Trade Union
 'Unite' for:
 ConstructionSkills*
 (Training Adviser)
 (Succeeded Peter McColloch who
 retired from service on 14 May 2010)




Pensioners' Trustees





Madge Moore
 Nominated by:
 Lantra
 (National Director - England for Lantra)




**David Barnett
 (Deputy Chairman-Members)**
 Nominated by:
 Open Fund Pensioners
 Previously Road Transport ITB
 (Retired – Formerly Director General
 of RTITB)



Reg D'Souza
 Nominated by the Trade
 Union 'Unite' for:
 Science, Engineering and Manufacturing
 Technologies Alliance
 (Research Team Leader for Semta)

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

Trusteeship

Appointment of Trustees

The ITB Pension Funds are controlled by 18 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 10-11 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 average number of contributing Members at 31 December have a right to nominate an Employer Trustee for the three years commencing on the following 1 April (or such shorter period as the Trustee Board may determine), irrespective of annual changes in active membership numbers in the period following appointment. 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. Any 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.

The remaining Employers not large enough to appoint a Trustee on their own, will co-operate in nominating a Joint Employers' Trustee. However, where the remaining Employers cannot reach agreement over a particular nomination a nomination by majority vote of those Employers will stand and in the event that there was an equal vote then the largest Employer of the smaller Employer group will have a casting vote. Moreover, if a Larger Employer's participation terminated then it would be replaced immediately by the largest of the Smaller Employers for the purposes of sole Trustee nomination.

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. The Trade Union concerned then 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 fulfil 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 terminating 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.

During the year Rule changes were approved by the required number of Employers to address the Trustees' concerns about maintaining stability on the Trustee Board. Previously, the operation of the Rules had resulted in Trustees all too frequently having to relinquish their appointments on the Board, which had resulted in the loss of trustee knowledge and experience. The changes introduced mean that all Trustees can now normally expect to serve for a minimum three year period.

Changes to the Trustees

Members' Trustees

Tim Mahoney did not seek re-election as Member Trustee for SEMTA after his term of office ended on 30 June 2009. He was succeeded by Reg D'Souza on 9 October 2009 who had been nominated by the Trade Union 'Unite'.

Ken Potter resigned his appointment as the Member Trustee for JTL and SECTT on 13 January 2010.

Due to OPITO Limited becoming one of the larger Employers for the purpose of nominating a Member Trustee, Gillian Black was duly appointed to commence a term as Members' Trustee for OPITO Limited with effect from 9 April 2010.

Pensioners' Trustees

The periods of office of the two Pensioner Trustees are due to end on 30 September 2011.

Employers' Trustees

Neil Davis resigned his appointment as Employer Trustee for ECITB on 31 March 2009. He was succeeded by Terry Lazenby (MBE) on 3 July 2009.

Denis Hird resigned his appointment as Employer Trustee for JTL on 13 January 2010.

D'Arcy Payne resigned his appointment as Employer Trustee for SEMTA on 31 March 2010. (Succeeded by David Birtwistle who was appointed on 9 April 2010)

Bob Monks relinquished his appointment as Joint Employer Trustee for S4L, CAPITB and Skillfast-UK on 31 March 2010, as his nominating Employer became one of the larger Employers for the purpose of nominating an Employer Trustee. Bob Monks was subsequently appointed as Employer Trustee for S4L on 1 April 2010.

Alan Ross was duly appointed to commence a term as Joint Employers' Trustee for SECTT and CAPITB with effect from 9 April 2010, due to SECTT and CAPITB becoming the current smaller Employers for the purposes of nominating a Joint Employers' Trustee.

Chairman

The period of office of the Chairman, Peter Rogerson (OBE), is due to end on 31 March 2012.

Deputy Chairmen

The period of office of Jonathan Swift as Deputy Chairman (Employers) came to an end on 31 March 2010. He was reappointed to serve for a second three year term as Deputy Chairman (Employers) from 14 April 2010, having stood unopposed in a ballot of Employers' Trustees.

Ken Potter the Deputy Chairman (Members) resigned from office on 13 January 2010. A nomination and ballot process was undertaken to appoint a new Deputy Chairman (Members). David Barnett won the ballot and was therefore appointed as Deputy Chairman (Members) with effect from 1 March 2010.

Trustee Training, Induction and Governance

All new Trustees undertake an induction programme 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 of 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 these assessments relevant training courses are then organised throughout the year, and at least one annual training seminar for all Trustees is organised.

The Funds' Office also maintains a Trustees' 'Register of Interests'. The content of this Register has been updated during the past year to take account of the recent guidance issued by the Pensions Regulator. 'Conflicts of interest' are regarded as a priority area for the Trustees in their governance of the ITB pension schemes.

The Trustees are committed to maintaining high standards of governance. The Board recognise that they, as Trustees of the ITB Pension Funds, are expected to act to the highest standards of responsibility at all times. There are in place a set of governance structures and practices designed to ensure that the Funds are run responsibly in the best interests of all of the Funds' stakeholders.

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 the authorised sub-committees – the Investment Committee, the Management Panel and the Salaries Committee – serving the Trustees. On these occasions, matters of significance such as those concerning legal, actuarial, investment and administration are discussed and decisions made.

All of the Trustees are aware of the importance of their attendance at meetings.

There was overall 89% attendance at the Trustees' Board meetings.

Committees

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

Where Members of the various Committees are unable to attend any meeting then agenda matters are addressed with them either in writing or by telephone, both prior to and after the meeting. Where possible any Committee Member who is not able to attend a meeting in person will take part in the meeting by way of a conference telephone call.

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 has at least five scheduled meetings during the year plus a number of other supplementary meetings as necessary. During the Scheme year to 31 March 2010 the Investment Committee comprised five Trustees. The members were:

Mr PG Rogerson OBE	Chairman
Mr JF Swift	Deputy Chairman (Employers)
Mr KJF Potter	Deputy Chairman (Members) (resigned 13 January 2010)
Mr DC Barnett	Deputy Chairman (Members) (appointed 1 March 2010)
Mr SCV Tarr	Trustee

(Mr Barnett was already a Member of the Investment Committee in his role as Trustee before being appointed Members' Deputy Chairman).

There was overall 96% attendance at the Investment Committee meetings.

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 meets as and when necessary.

During the year to 31 March 2010 the Management Panel comprised three Trustees. The members were:

Mr PG Rogerson OBE	Chairman
Mr JF Swift	Deputy Chairman (Employers)
Mr KJF Potter	Deputy Chairman (Members) (resigned 13 January 2010)
Mr DC Barnett	Deputy Chairman (Members) (appointed 1 March 2010)

There was overall 100% attendance at the Management Panel meetings.

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 meets as and when required.

During the year to 31 March 2010 the members of the Committee were:

Mr PG Rogerson OBE	Chairman
Mr JF Swift	Deputy Chairman

There was overall 100% attendance at the Salaries Committee meetings.

Officers and Advisers

Officers

Director

Accountant

Communications & Benefits Manager

Vincent Gordon FPMI

Dave Faulkner FCA

Dennis Matthews APMI

Advisers

Actuary

Solicitors

Investment Managers

Government Actuary

Mayer Brown International LLP

AXA Rosenberg Investment Management Limited

BlackRock Advisors (UK) Limited

BNP Paribas (terminated June 2009)

BNY Mellon Asset Management

Henderson Global Investors Limited

Insight Investment

Investec Asset Management

Liongate Capital Management

Longview Partners LP

Ruffer LLP

Schroder Investment Management (UK) Limited

Stenham Asset Management

Wegelin & Co

Fletcher King

Property Investment Managers

Investment Advisers

BNY Mellon Performance and Risk Analytics Europe Limited

Lane Clark & Peacock LLP

Custodians

BlackRock Advisors (UK) Limited

JP Morgan Chase Bank

Universal Pension Trustees Limited

Auditor

Chantrey Vellacott DFK LLP



Pictured left to right:

Vincent Gordon

Dave Faulkner

Dennis Matthews

Participating Employers

The Participating Employers comprise two Statutory Training Boards and eight 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:

Skillfast-UK Limited did not have its Sector Skills Council License renewed which resulted in it terminating its participation in the Scheme, effective as of 31 March 2010.

The past Scheme year also saw the withdrawal of JTL as a Participating Employer as of 31 March 2010.

More about these matters can be found within the 'Review of Principal Activities' on pages 17-20.

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:

- ✓ Education
- ✓ Training
- ✓ Knowledge
- ✓ Safety
- ✓ Skills
- ✓ Responsibility
- ✓ Excellence

CAPITB plc

Subsidiary:

RTITB Limited

Cogent SSC Limited

Subsidiary:

Cogent (Telford) Limited

ConstructionSkills*

Engineering Construction ITB

Lantra

OPITO Limited

People 1st

Subsidiary:

National Skills Academy for Hospitality (NSAH)

Science, Engineering and Manufacturing Technologies Alliance

Subsidiaries:

EMTA Awards Limited

Metals Industry Skills and Performance Limited (MetSkill)

Training Publications Limited

National Skills Academy for Manufacturing (NSAM)

Scottish Electrical Charitable Training Trust

Skills for Logistics

* ConstructionSkills is the trading name of Construction ITB

Review of Principal Activities

Closed Fund Actuarial Valuation

The results of the Closed Fund triennial valuation, carried out as at 31 March 2009, were announced during the Scheme Year.

Under the requirements of the Pensions Act 2004 the Trustees undertook an in depth review of the methodology and assumptions to be used for the valuation in conjunction with their advisers, recognising the Pensions Regulator's requirement that the Scheme's liabilities must be calculated on a prudent basis.

The results of this latest valuation revealed a small surplus, confirming that the Scheme continued to enjoy a satisfactory ongoing position. However, against a troubled and uncertain economic background, the Trustees decided it was appropriate to adopt a cautious position and not grant a discretionary special increase to Closed Fund members, owing to the reduction in the Scheme surplus and with a view to the long term health of the Scheme.

Open Fund Actuarial Valuation

The results of the formal triennial valuation of the Open Fund, which is due to be carried out as at 31 March 2010, are expected to be announced in the latter part of the current Scheme Year.

Preliminary work undertaken by the Actuary in the inter-valuation period revealed the likelihood of a deficit position as at 31 March 2010. The Trustees therefore took the precautionary step of briefing the Participating Employers on the possible results, along with advice about potential additional contribution requirements.

Employer Covenant Reviews

The Pensions Act 2004 requires pension scheme trustees to perform regular reviews of the individual financial strength of the Sponsoring Employers to ensure they are able to meet their obligations to the Scheme.

The Pensions Regulator has also said in its Code of Practice that it is essential for trustees to form an objective assessment of the employer's financial position and prospects as well as his willingness to continue to fund the scheme's benefits (the Employer's Covenant). This will inform decisions on both the technical provisions and any recovery plan needed.

The Trustees together with their professional advisers continue their ongoing financial monitoring of the ITB sponsoring Employers, in keeping with the Regulator's Code Of Practice.

If the Scheme is in deficit, as is anticipated with the ITB Open Fund following the results of the 2010 actuarial valuation, then the Employer covenant assessments will help the Trustees to judge the suitability of any deficit reduction measures. It will also give them a steer on what would represent an appropriate recovery plan in terms of the rate at which deficit contributions are to be paid and over what

period of time, based on an understanding of individual Employers circumstances.

The ITB Pension Funds' sponsoring Employers are aware of their commitments to the Scheme and none of the present Employers participating in the Scheme has failed to meet their contribution obligations.

Open Fund Flexibility

In light of the mounting cost of defined benefit provision the Participating Employers called for additional flexibility to help alleviate the cost impact on their businesses and which in turn could have a negative effect on the Scheme. In response, the Trustees agreed to changes to the Rules to provide for greater flexibility in cost sharing and pension benefit provision. The changes enable those Employers who feel it necessary to; share the future cost of pension provision with Members up to a maximum of half of the Standard Contribution Rate,

'The Pensions Regulator has also said it is essential for trustees to form an objective assessment of the employer's financial position and prospects ... (the Employer's Covenant). This will inform decisions on both the technical provisions and any recovery plan needed'

(essentially the contribution rate required to provide the benefits promised) and; allow Employers to switch their Old and New Section members to the 2007 Section for future benefit accrual. The changes became effective from April 2010.

Earlier changes in April 2003 saw the introduction of the lower cost New Section of the Scheme and in January 2007 the introduction of a least cost 2007 Section. All three of the Scheme Sections however provide final salary benefits. Previously, in 2007, Employers were able to share the ongoing cost of future pension accrual with Members of the Old Section up to a maximum Member contribution rate of 10%, in addition to allowing Employers to switch their Old Section Members to the New Section for future benefits accrual.

Salary Sacrifice

Salary Sacrifice was also included as part of the package of Scheme Rule changes in April 2010. This allows Employers to operate salary sacrifice in conjunction with membership of the Open Fund and involves the introduction of the concept of notional pensionable salary.

It is an arrangement implemented by an Employer to allow employees to give up – sacrifice – part of their salary in return for benefits allowed by HM Revenue & Customs. In return for a member of the ITB Open Fund agreeing to sacrifice part of their salary, the Employer may offer to pay no less than the whole of the member's pension contributions. Member's pensionable salary for pension and lump sum purposes remains at their pre-sacrifice pensionable salary level (their notional pensionable salary) and member's & employer's NI contributions will reduce as they will be based on post-sacrifice salary.

PIETT

In November 2007 PIETT sold its trading subsidiary Polymer Trading Limited (PTL) to a third party raising concerns about PIETT's ongoing ability to fulfill its financial obligations to the Fund. The process that followed required a significant amount of time and effort being expended in exploring with PIETT's

'All three of the Scheme Sections however provide final salary benefits'

board whether an outcome could be achieved that reflected the Trustees' responsibilities to the Scheme's members and other Participating Employers. Regrettably, this did not prove possible and what followed

involved the liquidation of PIETT. The Trustees, whose duty it is to act in the best interests of the Scheme's beneficiaries overall, are still seeking to recover as much as possible of the debt owed to the Open Fund.

Skillfast-UK

In October 2009 Skillfast-UK's Chief Executive wrote to the Trustees advising that it appeared likely that their Sector Skills Council license would not be renewed and that they would therefore have to wind themselves up and terminate participation in the ITB Pension Funds.

Following a period of discussion the Skillfast-UK board agreed to make a payment to the ITB Trustees in respect of its buy-out debt to the Scheme and Skillfast-UK terminated its participation in the Scheme, effective 31 March 2010. The Trustees are in discussion with the Pension Protection Fund to determine whether any further action should be taken.

JTL

In December 2009 JTL gave notice to the Trustees that they would be withdrawing from participation in the ITB Pension Funds with effect from 31 March 2010, formally stating they were prepared to meet their full buy-out debt commitment to the Funds.

The practical administration aspects of JTL's withdrawal have been dealt with by the Funds' Office with all of JTL's membership having been advised of their benefit entitlements.

The matter is ongoing at this financial year end and the precise amount of JTL's buy-out debt to the Scheme, which has to be calculated in accordance with regulations, will not be known until after completion of the 2010 Actuarial Valuation of the Open Fund. Consequently, arrangements for settlement of JTL's debt shall be made once the actuarial process is completed.

Investment

With investment decisions being vital to the success of the Scheme the Investment Committee, following their consideration and debate of advice from the Trustees' investment advisers, undertook further detailed work on the investment strategy of both the Open and Closed Funds.

In the work carried out the Investment Committee explored different investment scenarios with the objective of removing as much risk as possible from the investment portfolios, without sacrificing too much growth potential.

The exercise helped the Investment Committee to decide whether the level of risk in the investment strategy was appropriate to the ongoing success of the Scheme, concluding that changes in investment strategy were appropriate in order to improve the risk/return characteristics of the portfolio. Part of the whole strategy was to further diversify the Funds' investments through the appointment of additional investment managers who specialised in particular markets. This resulted in the appointment of Liongate, Ruffer and Stenham during the Scheme year.

Close monitoring is key to the process of reviewing investment managers' performance against set targets. This is an ongoing process that is also formally undertaken several times a year by the Investment Committee. Any underperforming investment manager is interviewed about their performance in order to understand the reasons and whether the situation is long term or likely to be relatively short lived. The Trustees look to take a long term view, but if confidence in a manager is lost this may result in their dismissal, as was the case shortly after the year end with AXA Rosenberg.

The Statement of Investment Principles (SIPs) sets out the policy for the type of investments to be held and the balance between different types of investments. The SIPs are regularly reviewed. 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.

Legislation And Regulations

Pensions is a highly regulated industry and new legislation and regulations continued to be introduced during the Scheme year, perhaps the most significant being that aimed at high earning individuals.

...the Investment Committee explored different investment scenarios with the objective of removing as much risk as possible from the investment portfolios, without sacrificing too much growth potential'.

Introduced by the Chancellor in his Budget speech on 22 April 2009 the new legislation will bring in proposed changes to tax relief on pensions savings for high earners and include measures that affect the build-up of pension for high earning individuals from 2011. These measures, which are in addition to amendments to the Finance Act made in December 2009, could affect anyone whose 'relevant income' is at least £150,000 (£130,000 from 9 December 2009) in the current

tax year (2009/10) or in either of the two previous tax years. Importantly, 'relevant income' is not just related to earnings from the current Employer but also includes their income from a number of sources.

This is a complex piece of legislation that has already seen a number of updates and still may yet be changed again before its introduction date as a result of the change in Government.

Internal Controls

The Funds' Office works to a system of internal controls to mitigate perceived risks to the Funds' operations. Regular reviews are undertaken to assess the ongoing effectiveness of the Funds' risk control framework, which in turn is reviewed by the Funds' Auditor, Management Panel and the Trustees. The range of risks faced by the Funds includes: less than anticipated investment returns; decline in sponsoring employer strength; business interruption due to disaster; fraud etc.

‘The Funds’ Office works to a system of internal controls to mitigate perceived risks to the Funds’ operations. Regular reviews are undertaken to assess the ongoing effectiveness of the Funds’ risk control framework, which in turn are reviewed by the Funds’ Auditors, Management Panel and the Trustees’

The Funds’ Office has a clearly defined organisational structure within which individual responsibilities are identified, monitored and evaluated. Management and staff follow well understood procedures and are required to comply with them in an attempt to mitigate such risks. The organisation’s training approach centres on risk awareness and is sympathetic to the Funds’ business requirements. The Funds’ Office has ‘Investors in People’ accreditation.

WEB

Comprehensive on-line web facilities are available to members via the ITB Pension Funds’ websites. While general information and documentation such as Membership Booklets, Trustees’ Reports can be accessed on the Funds’ website **www.itb-online.co.uk**. There are also modelling facilities available on **www.myitb.com** which enable members to produce up to date benefits statements and to project estimated values of their pension and cash benefits into the future, combined, if required, with the benefits of paying additional voluntary contributions (AVCs) on a ‘what if’ basis. The myitb site has high level security attaching to its operation in order to protect the integrity of member information.

Deferred members have similar facilities available to them via the websites and pensioners have on-line tools to calculate the current value of their spouse’s contingent benefit, as well as being able to view, print and amend other relevant documentation.

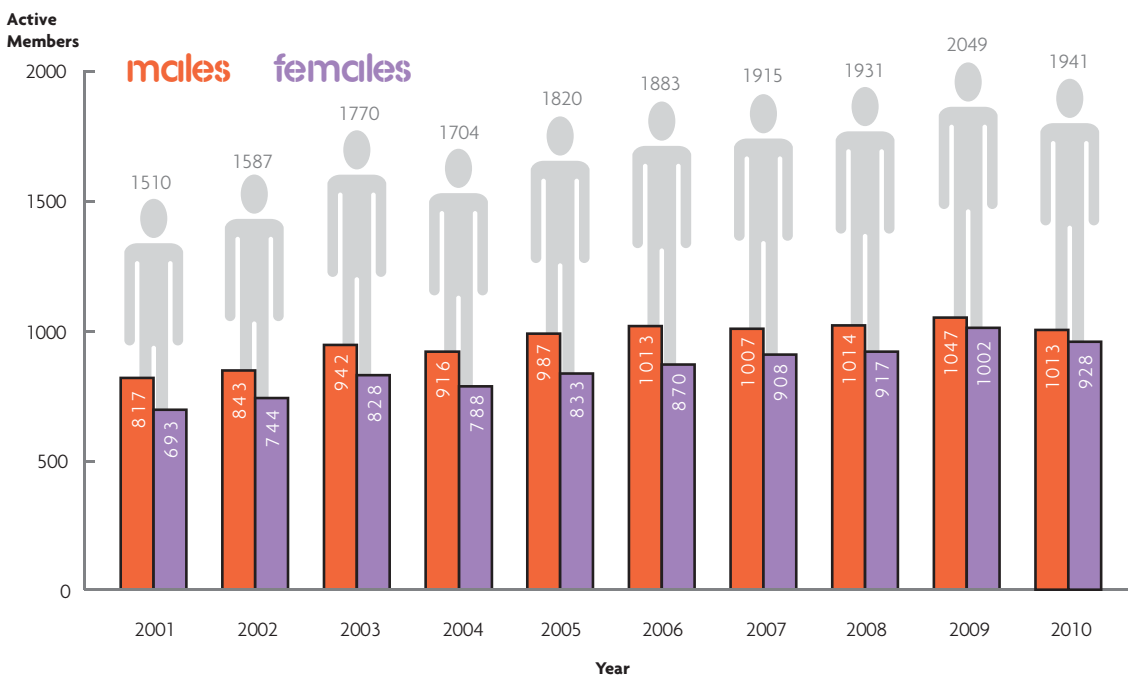
Employers too have their own password protected version of the itb-online site in order to provide quick and convenient access to various forms and information for conducting day to day business with the Funds’ Office.

Membership

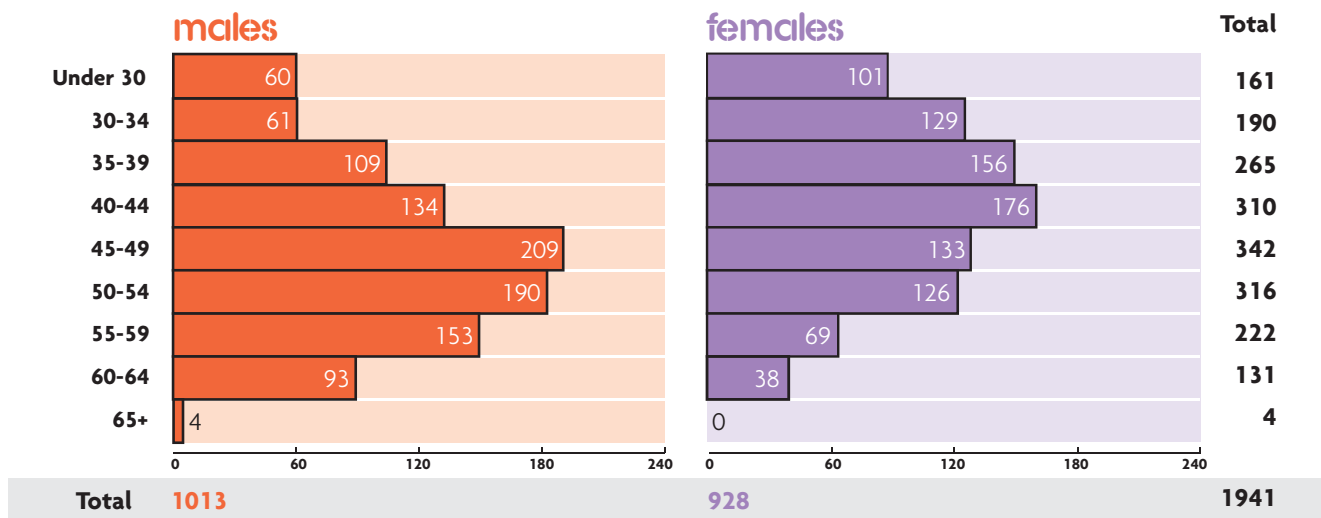
Active Members - Open Fund

The ITB Pension Funds consists of two separate Funds, the Open Fund and the Closed Fund. All active members are either in the "Old", "New" or "2007" Section of the Open Fund. Over the past year the Open Fund has seen a decrease in its active membership.

Chart 1



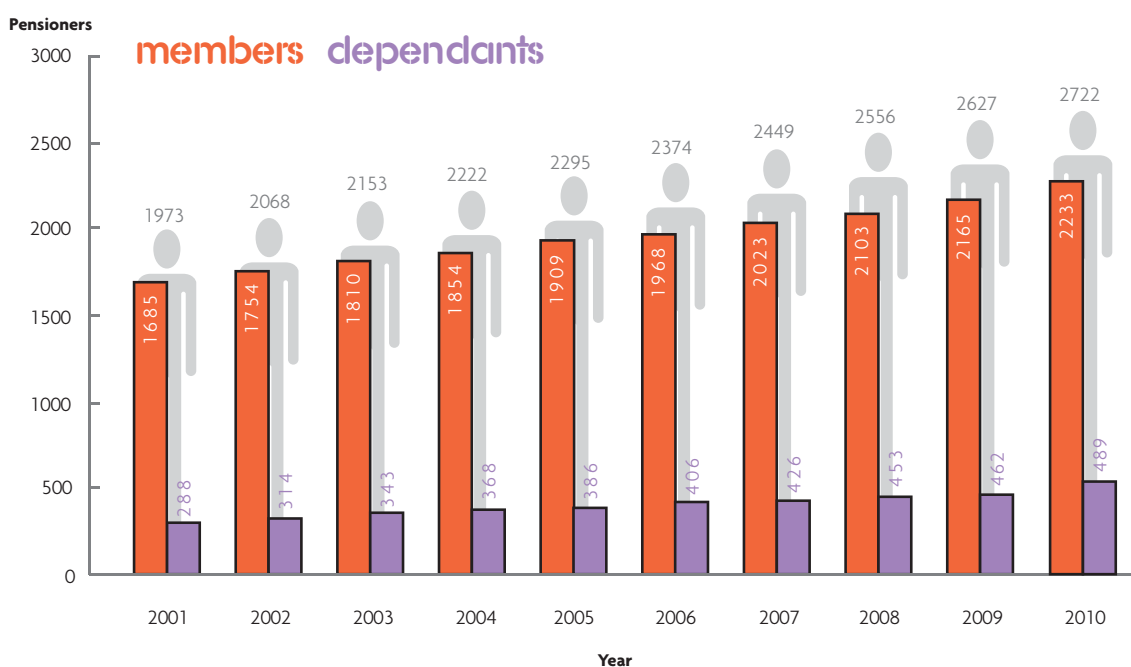
The age structure of the contributing members at 31 March 2010 was as follows:



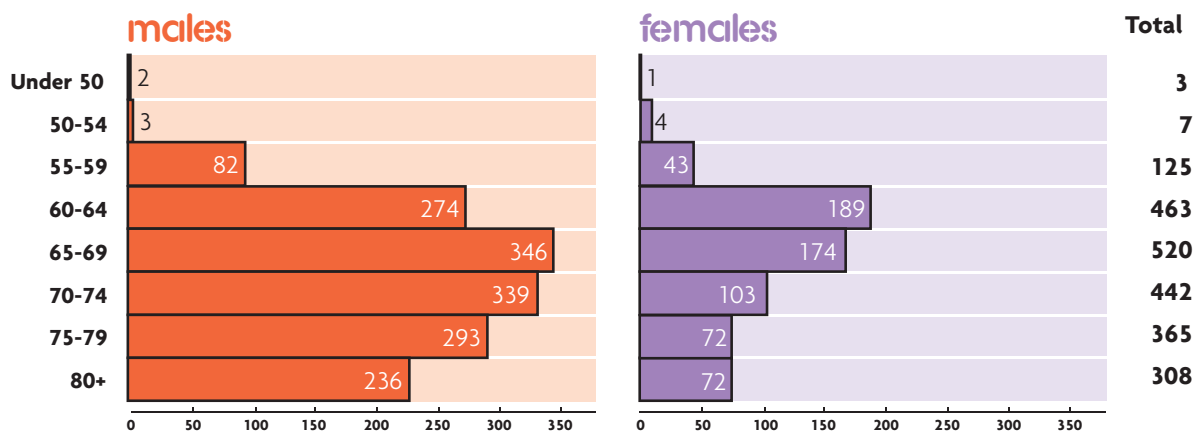
Pensioners - Open Fund

Continuing the trend from previous years the Open Fund has seen a steady increase in the number of pensioners. Pensioners are either members or dependants and the number in each category is shown below.

Chart 2



The age structure of pensioners in the Open Fund as at 31 March 2010 is shown below. The benefits paid to the pensioners cover early, normal, late retirement, compulsory and disability retirement.

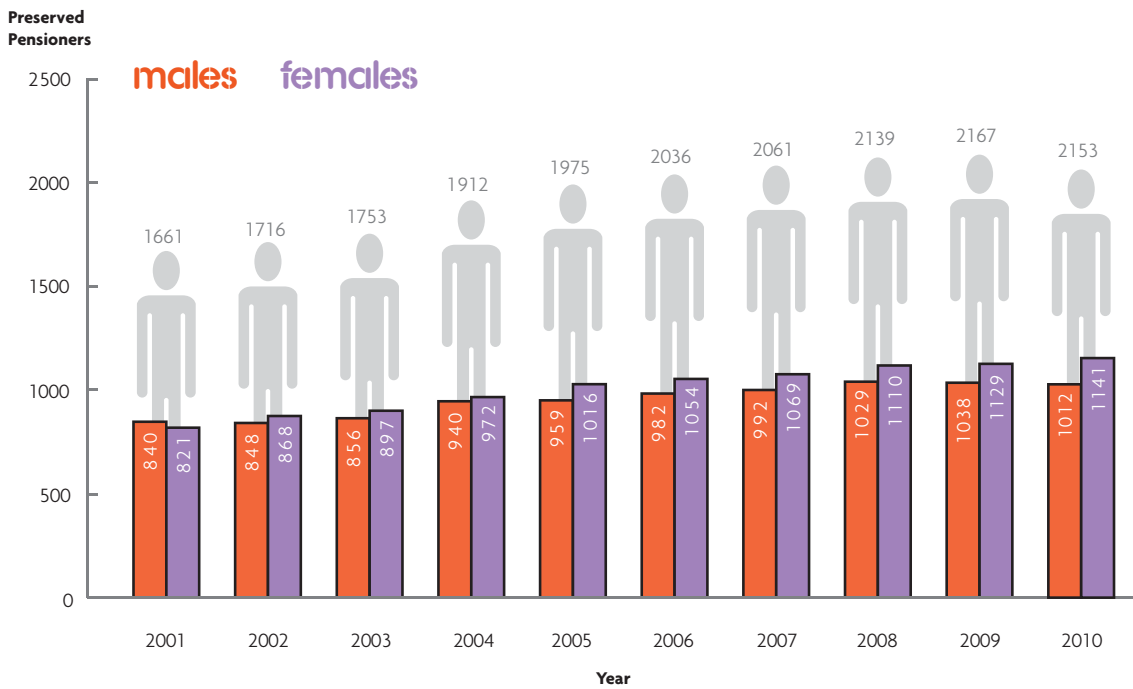


Sub-total	1575	658	2233
Dependants	61	428	489
Total	1636	1086	2722

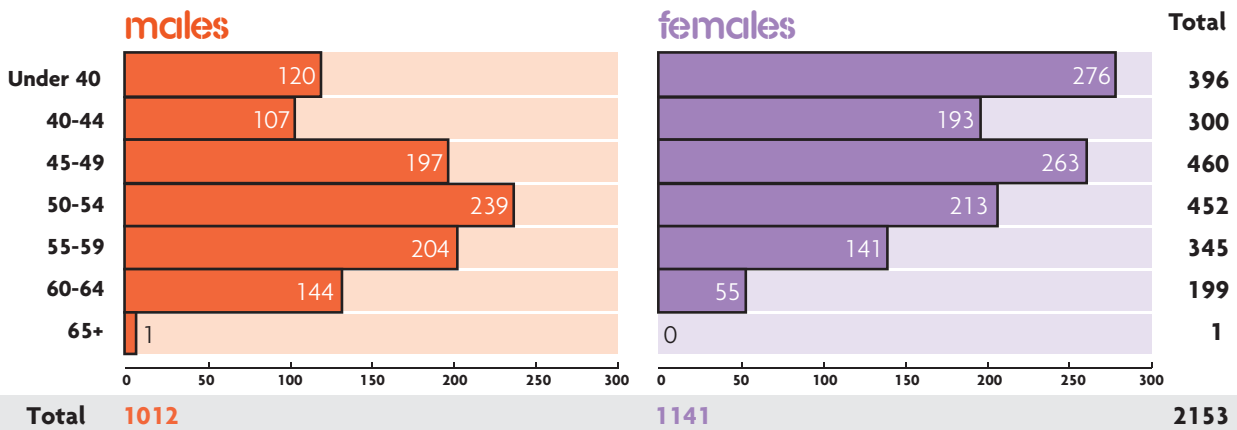
Preserved - Open Fund

The number of preserved pensioners in the Open Fund as at 31 March 2010 is shown below. Preserved pensioners (also sometimes referred to as deferred pensioners) are members who have left service, but still hold a benefit within the Open Fund which will become payable on their retirement date or death. The Open Fund has seen a slight decrease in its number of preserved pensioner's over the past year.

Chart 3



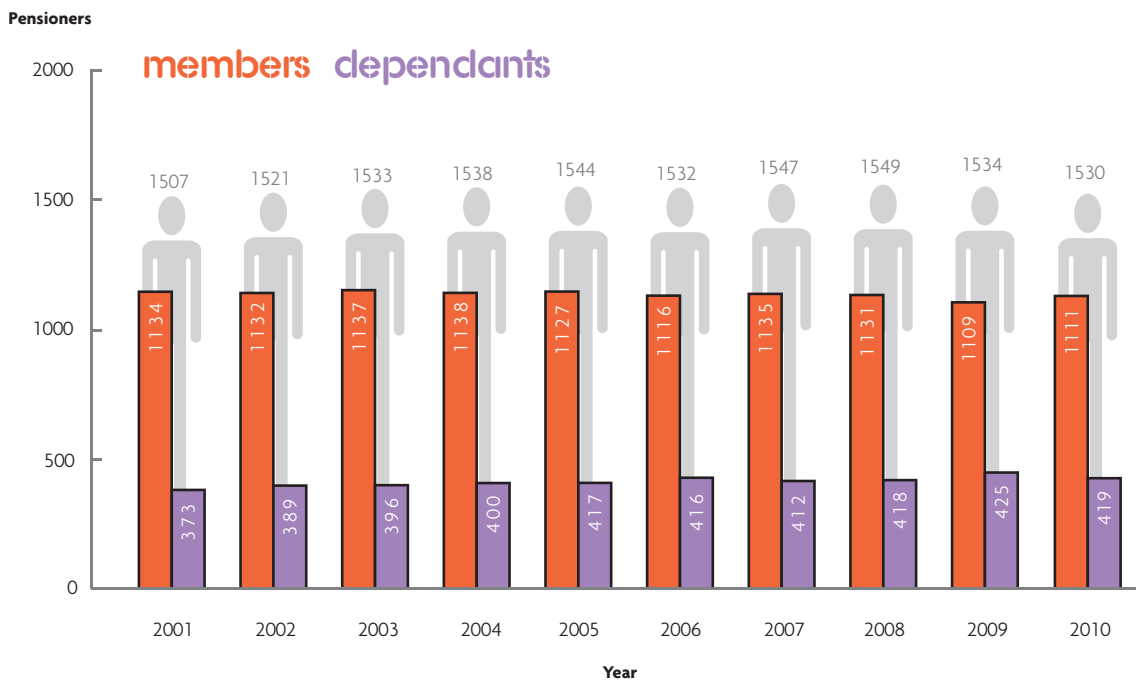
The age structure of preserved pensioners in the Open Fund as at 31 March 2010 is as follows:



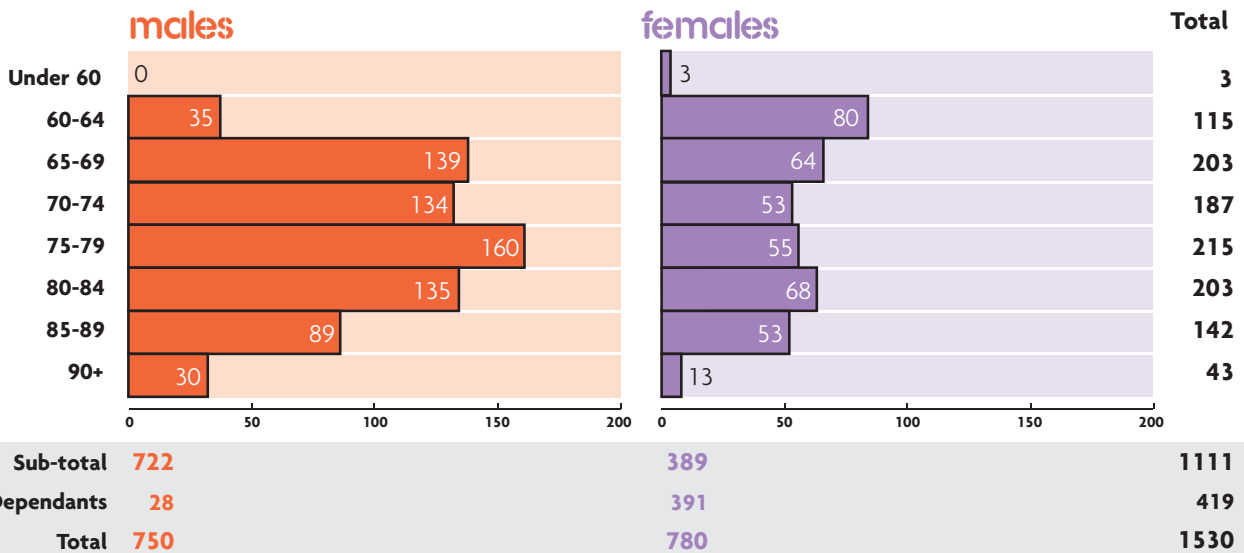
Pensioners - Closed Fund

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, the overall number of Closed Fund pension beneficiaries has remained at almost the same level as last year.

Chart 4



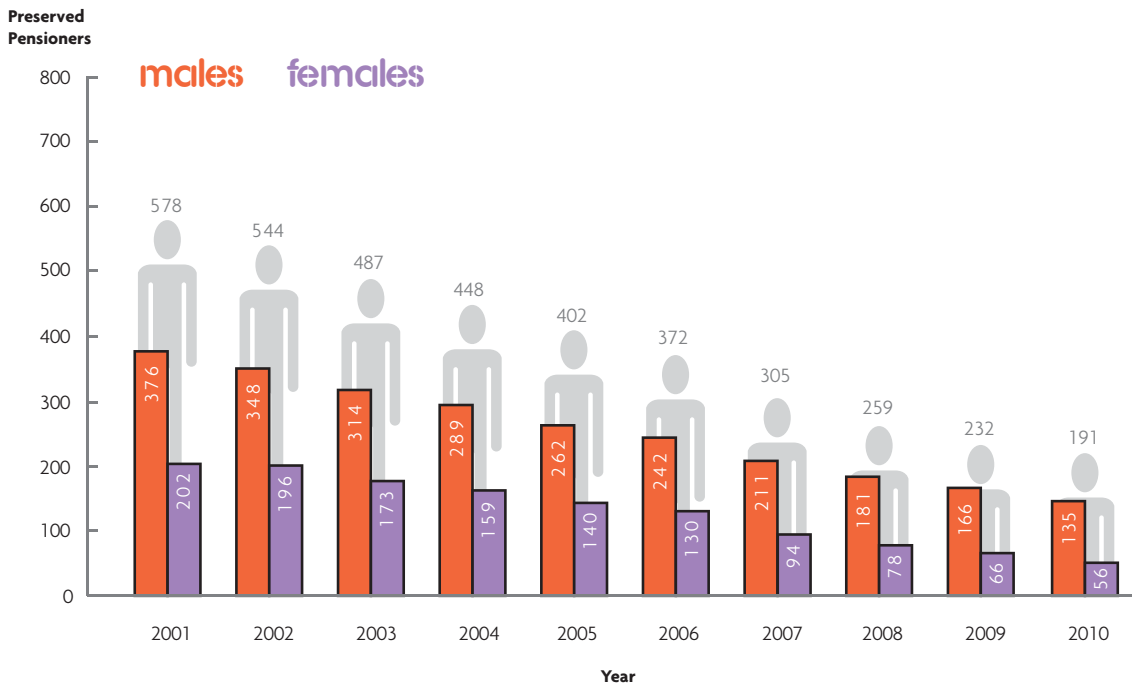
The age structure in the Closed Fund as at 31 March 2010 is shown below:



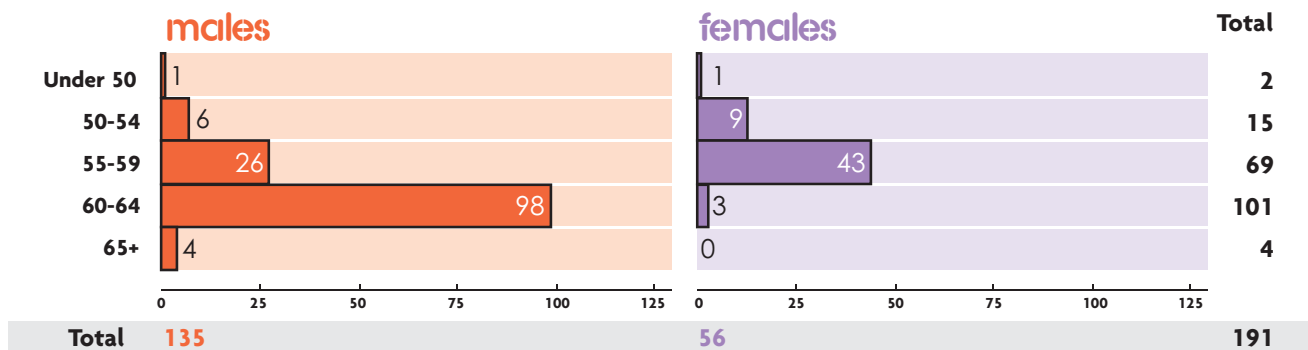
Preserved - Closed Fund

The number of preserved pensioners in the Closed Fund as at 31 March 2010 is shown below. Preserved pensioners (also sometimes referred to as deferred pensioners) are members who have left service, but still hold a benefit within the Closed Fund which will become payable on their retirement or death. The number of preserved pensioners in the Closed Fund will continue to decline as their pensions come into payment.

Chart 5



The age structure of preserved pensioners in the Closed Fund as at 31 March 2010 is as follows:



Increases in Pensions

The Funds' Rules provide for Member's pensions to be increased both before and after payment in accordance with regulations, or as prescribed by legislation. The percentage amount of any pensions uplift depends 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 increases then commence on the first Monday after 6th April each year.

Details of the most recent increases to the Open Fund (Old Section) and Closed Fund pensions in payment are shown in the table to the right. The same increases apply to Open Fund (Old Section) and Closed Fund preserved pension members.

Open Fund (New Section) and Open Fund (2007 Section) pensions in payment are limited to the maximums described in the table immediately below, which also gives details of the methods by which pensions increases are worked out for all Scheme Sections.

Date of Increase	Increase %
9 April 2001	3.3
8 April 2002	1.7
7 April 2003	1.7
12 April 2004	2.8
11 April 2005	3.1
10 April 2006	2.7
9 April 2007	3.6
7 April 2008	3.9
6 April 2009	5.0
12 April 2010	0.0

Pensions in Payment:

	Closed Fund & Open Fund (Old Section)	Open Fund (New Section) & Open Fund (2007 Section)	The State
Before State Pension Age the Scheme increases total pension by:	*RPI	*RPI subject to a maximum in 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 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	*RPI
6 April 1988 to 5 April 1997 by:	Lesser of 3% and *RPI	Lesser of 3% and *RPI	Excess of *RPI over 3%

*RPI = Retail Price Index ** GMP = Guaranteed Minimum Pension

From 6 April 1978 all members of the ITB Pension Funds were contracted-out of the Second Tier of the State Pension, known as the State Second Pension (S2P formerly called SERPS), up to 5 April 1997.

A requirement of contracting-out was that an occupational pension scheme 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, but members remain contracted-out and still receive benefits broadly equivalent to the S2P pension based on the benefits set out under the statutory standard Reference Scheme (The Reference Scheme Test).

On attaining State Pension Age, members are advised by the Department of Work and Pensions (DWP) of the amount of the GMP that 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 members' basic State Pensions. Spouses' GMPs are inflation protected by the State, irrespective of age.

Preserved Pensions

The methods by which any annual increases to preserved pensions currently apply are shown below in the following table:

	Closed Fund & Open Fund (Old Section)	Open Fund (New Section) & Open Fund (2007 Section)
Pensions accrued before 6 April 2009:	RPI	Increased in line with the lower of the accumulated rise in the RPI and 5% pa compound.
Pensions accrued on or after 6 April 2009:	RPI	Increased in line with the lower of the accumulated rise in the RPI and 2.5% pa compound.

Important – Post Scheme Year End News

Historically, Closed Fund and Open Fund (Old Section) pensions have been increased as if they were official pensions to which the Pensions (Increase) Act 1971 applied.

However, The UK Government has very recently announced that it intends to switch from RPI to CPI (Consumer Price Index) linking for working out increases to pensions from both public sector pension schemes and private sector occupational pension schemes like the ITB Closed and Open Funds. The change will apply to revaluation in deferment as well as increases to pensions in payment.

The Trustees are in the process of consulting their legal and actuarial advisers to identify the full implications of the Governments announcement for the ITB Pension Funds and will provide further information in due course.

Transfer of Benefits

The policy of the Trustees in relation to transfer payments 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 12 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 the 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 to an insurance pension policy, at any time thereafter, subject to the transfer being completed no 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 as 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 Open Fund because of concerns about the exposure to additional liabilities.

Legislation requires cash equivalent transfer values to be at least equivalent to the value of the benefits given up while Scheme funding levels allow this. The Trustees, along with the Funds' Actuary, continue to ensure that transfer values remain consistent with legislative requirements and reflect the expected cost to the Scheme of providing the benefits being valued.

Actuarial Certificates

Closed Fund

Schedule of Contributions

This schedule of contributions has been prepared by the Trustees, after obtaining the advice of Trevor Llanwarne, the actuary to the scheme.

CONTRIBUTIONS TO BE PAID TOWARDS THE SCHEME FROM 1 APRIL 2009 to 31 MARCH 2015

Name of Scheme:

The ITB Pension Funds – The Closed Fund

For each month after 1 April 2009, the following contributions will be paid:

By the Employers: **Nil**

There are no active members and so no member contributions will be paid.

No contributions are required from the Employers in respect of administration expenses or the PPF levy.

This schedule may be revised from time to time where the revisions are agreed between the Trustees and the Employers, for example at a subsequent actuarial valuation.

Actuary's Certification of Schedule of Contributions

Name of Scheme:

The ITB Pension Funds – The Closed Fund

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 March 2009 to continue to be met for the period for which the schedule is to be in force.
2. I also certify that any rates of contributions forming part of this schedule which the scheme requires me to determine are not lower than I would have provided for had I had responsibility for preparing or revising the schedule, the statement of funding principles and any recovery plan.

Adherence to Statement of Funding Principles

3. I hereby certify that, in my opinion, this schedule of contributions is consistent with the statement of funding principles dated 9 October 2009.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the scheme's liabilities by the purchase of annuities, if the scheme were to be wound up.

Trevor Llanwarne (Fellow of the Institute of Actuaries)
Government Actuary's Department
Finlaison House
15-17 Furnival Street
London EC4A 1AB

12 February 2010

Open Fund

Actuarial Certificate - Schedule of Contributions

Name of Scheme:

The ITB Pension Funds – The Open Fund

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions* are such that the Statutory Funding Objective can be expected to continue to be met for the period for which the schedule is to be in force.
2. I also certify that the rates of contributions shown in this schedule are not lower than I would have provided for had I had the responsibility of preparing or revising the schedule, the Statement of Funding Principles and any recovery plan.

Adherence to Statement of Funding Principles

3. I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated 12 October 2007.

The certification of the adequacy of the rates of contributions for the purpose of securing that the Statutory Funding Objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Scheme's liabilities by the purchase of annuities, if the Scheme were to be wound up.

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

10 March 2008

**The Schedule of Contributions referred to in this certificate is available on request.*

Summary Funding Statements

The ITB Pension Funds (Open Fund): Summary Funding Statement for Period ending 31 March 2009

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. This statement is based on the latest annual actuarial report, which sets out how the Scheme's funding position has changed since the last full actuarial valuation. It is essentially a snapshot of the financial position of the Fund that is based on the actuarial values of the Fund's assets and liabilities as at the date of the report.

The last ongoing funding valuation

The most recent funding valuation of the Open Fund showed that on 31 March 2007 the funding position was as follows:

Assets	£621.9 million
Liabilities	£576.1 million
Funding level	108%

The estimated amount as at 31 March 2007 needed to ensure that all members' benefits could have been paid in full if the Scheme had started winding up (full solvency) was £738.3 million. Therefore, the Scheme was 84% funded on a full solvency basis as at 31 March 2007. Inclusion of this information does not imply that the Participating Employers are thinking of winding-up the Scheme.

Change in funding position

The Scheme Actuary carried out an interim review of the Open Fund as at 31 March 2009. The purpose of that review was to assess how the Scheme's funding position has changed since the last full actuarial valuation.

This interim review showed that the funding level decreased from 92% to 77% between 31 March 2008 and 31 March 2009. The decrease in funding level was largely due to investment losses on the Fund's assets.

Payment to the Participating Employers

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

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 its 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 Scheme relies on the Participating Employers continuing to support the Scheme because:

- the Participating Employers meet the administrative expenses of running the Scheme
- the funding level can fluctuate, and when there is a funding shortfall, the Participating Employers will usually need to put in more money
- 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 targets as follows:

Global equities	37%
Bonds/LDI mandate	30%
Alternative Investments	17%
Property	13%
Cash	3%

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' information website 'ITB Online' (www.itb-online.co.uk).

Members of the Scheme can also use the Funds' secure modelling website 'MyITB' (www.myitb.com) to estimate their own benefits.

Additional documents available on request or in some cases 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 2010.

The full report on the Actuarial Valuation following the Actuary's check of the Scheme's situation as at 31 March 2007.

The report on the Interim Actuarial Review of the Scheme as at 31 March 2009.

The ITB Open Fund '2007 Section', 'New Section' and 'Old Section' Member Booklets (you should have been given a copy of the booklet relevant to the Section you are in 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, or visit www.myitb.com to view online benefits statements and model your pension.

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

The ITB Pension Funds (Closed Fund): Summary Funding Statement for Period ending 31 March 2009

The ITB Pension Funds (Closed Fund): Summary Funding Statement for Period ending 31 March 2009.

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. This statement is based on the latest actuarial valuation. It is essentially a snapshot of the financial position of the Fund that is based on the actuarial values of the Fund's assets and liabilities as at the date of the valuation.

The last ongoing funding valuation

The most recent funding valuation of the Closed Fund showed that on 31 March 2009 the funding position was as follows:

Assets	£196.7 million
Liabilities	£189.1 million
Funding level	104%

As a result, no further contributions were required, although the funding level was less than the Trustees' target level of 110%.

The Scheme Actuary assessed that, as at 31 March 2009, the assets of the Scheme were very likely to be sufficient to pay for the liabilities in full if the Scheme had started to wind up at that date. (The Scheme was 113% funded on a full solvency basis as at 31 March 2009.) Inclusion of this information does not imply that the Participating Employers are thinking of winding up the Scheme.

Change in funding position

The funding level decreased from 119% to 104% between 31 March 2008 and 31 March 2009. The decrease in surplus between March 2008 and March 2009 was principally due to investment losses on the Scheme's assets and revisions to the valuation assumptions.

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 its 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 Scheme's assets in index-linked gilts to match the liabilities of the Scheme 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' information website 'ITB Online' www.itb-online.co.uk

Members of the Scheme can also use the Funds' secure modelling website 'MyITB' (www.myitb.com) to estimate their own benefits.

Additional documents available on request or in some cases 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 Annual Report and Accounts of the ITB Pension Fund, which shows the Scheme's income and expenditure in the year up to 31 March 2010.

The full report on the Actuarial Valuation following the Actuary's check of the Scheme's situation as at 31 March 2009.

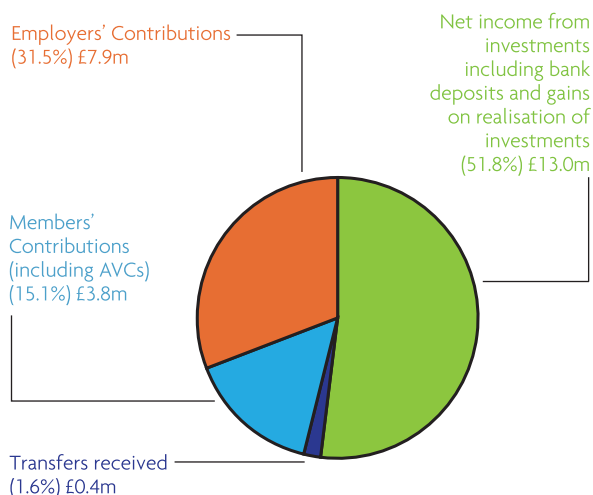
An Annual Benefit Statement. If you are not getting a pension from the Scheme you can ask for a statement that provides an illustration of your likely pension, or visit www.myitb.com to view online benefit statements and model your pension.

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

Fund Accounts

Source of Income 2009/2010

Chart 6 Open Fund

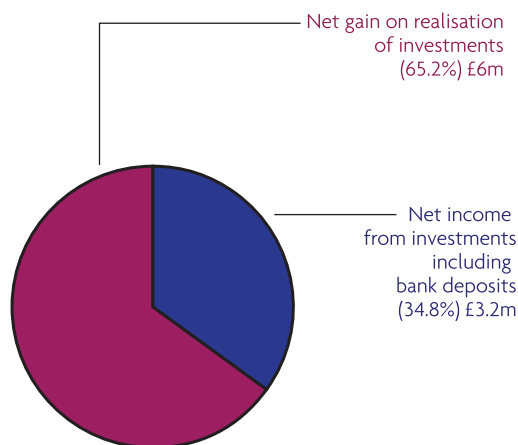


The way in which the income of the Open Fund of £25.1m was made up is shown in Chart 6. The total net investment income consists mainly of income from dividends and bank interest after deducting the losses on foreign exchange and Investment Managers' fees.

However, also included in the income shown above is an amount of £3.1m which represents realised profit on the sale of investments, less losses on foreign currency transactions.

During the year contributions of £1.3m 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 17 of the Financial Statements.

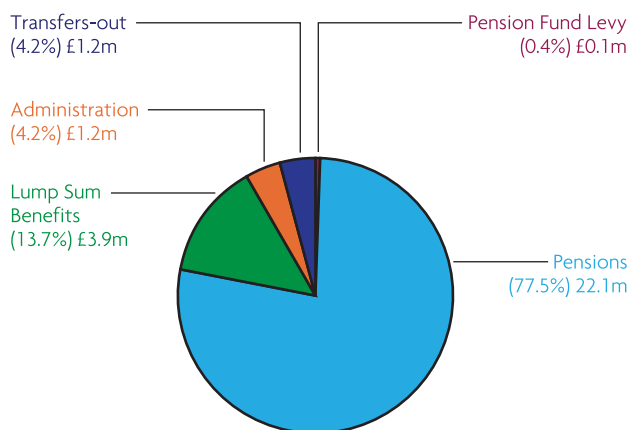
Chart 7 Closed Fund



The way in which the income of the Closed Fund, of £9.2m 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.

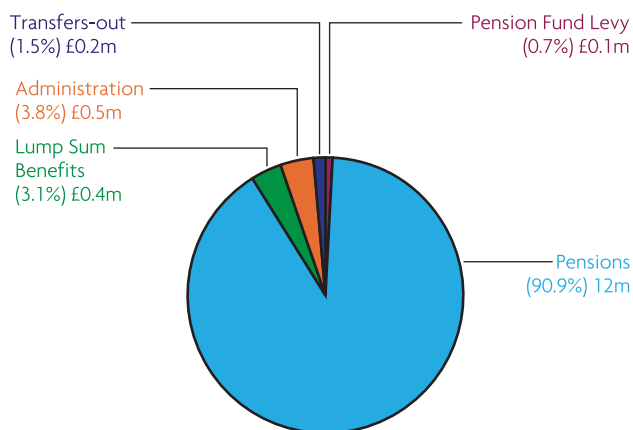
Allocation of Expenditure 2009/2010

Chart 8 Open Fund



The way in which the total Open Fund expenditure of £28.5m was made up is shown in Chart 8.

Chart 9 Closed Fund



The way in which the total Closed Fund expenditure of £13.2m 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. While 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 the 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 regularly reviewed. 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 portfolio 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 42-44.

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 (with a few relevant areas where the Trustees are working towards becoming fully compliant) and have taken steps, where appropriate, to integrate the recommendations into working practices and procedures.

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. In addition to the matched portfolio, the Closed Fund also has a portfolio invested in a range of return seeking assets such as UK and Overseas Equities, Global Tactical Asset Allocation and Diversified Growth Fund Strategies.

Open Fund

Following a review of the investment strategy the Open Fund in June 2009, the Trustees along with their investment advisers gave detailed consideration to a report on the asset liability study carried out by the Fund's investment advisers, Lane Clark & Peacock LLP. With the benefit of this report the current investment strategy was set with the objective of achieving the Trustees' desired long term return of 2.2% in excess of gilts, while reducing the expected level of investment risk.

The current asset allocation of the Open Fund is shown on pages 40-41.

Investment Management

The Trustees employ external investment managers who have discretion to invest the assets of the Funds within the Trustees' prescribed guidelines.

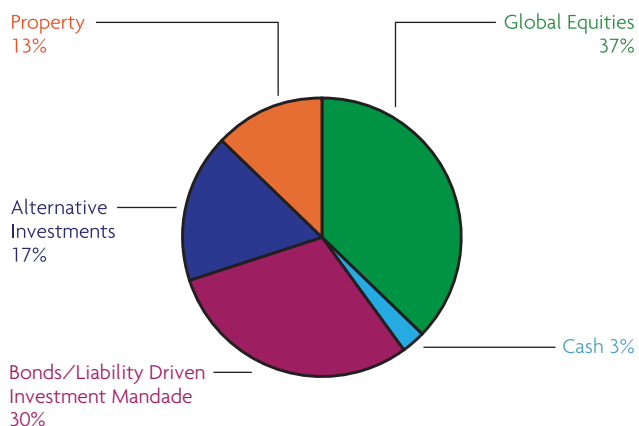
The strategy to achieve the investment objectives involves the Funds' assets being invested across a range of asset classes and geographical areas.

Although the Trustees have delegated day-to-day management of the Funds' investments to external managers, the custody (safe-keeping) of segregated assets is carried out independently of the managers through custodians JP Morgan Chase Bank, BlackRock Advisors (UK) Ltd and Universal Pension Trustees Limited.

Details of and the performance of the individual managers looking after Open Fund assets is shown within the Investment Performance Review on pages 42-44.

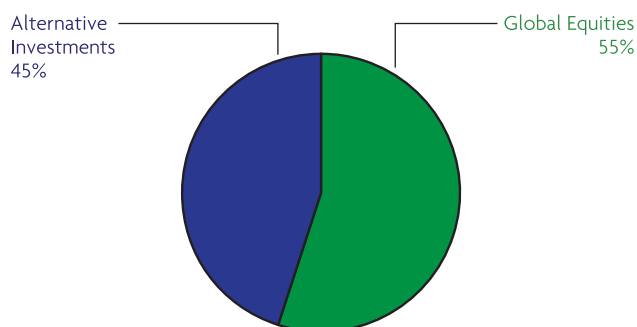
The Closed Fund's portfolio of index-linked gilts, the investment of which is entirely passive and advised by the Actuary, is under the control of the Trustees. The return seeking assets are managed by a number of external managers detailed on page 44.

The target asset allocation existing at 31 March 2010 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 2010 for the portion (22%) of the Closed Fund not invested in index-linked gilts and cash, was as follows:



Details of the Open and Closed Funds' total asset allocation, individual manager's allocation, mandates and investment performance at the Funds' year-end are shown on pages 40-44.

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 and the selling of appropriate investments. This was expected and will continue whilst Employers' and members' contributions are maintained at their current levels.

Investment Background

UK Equities

The FTSE All-Share returned 52.3% in Sterling, total return terms for the 12 months to March 2010. UK stock markets staged one of the strongest rallies in its history, as investor confidence and risk appetite returned on improving hopes for the global economy and better-than-expected corporate results following what had been one of the most severe recessions the UK economy had seen. Specifically mining and oil stocks performed well as global demand for raw materials to fuel the recovery helped UK-based commodity stocks.

The economy officially exited recession in Q4 2009; domestic growth was however slow with the majority of growth coming via overseas earnings, primarily from emerging markets. Growth continued to recover in the first quarter of 2010, albeit at a worryingly slow pace. To aid and maintain economic recovery, the Bank of England continued its policy of accommodative monetary policy by keeping interest rates at 0.5%, the lowest level in the Bank's 315-year history accompanied by "quantitative easing" including a £200 billion bond buy back package. An announcement was made at the beginning of 2010 that quantitative easing would be gradually withdrawn from the market; interest rates remained unchanged as inflation worries appeared premature.

The start of 2010 saw UK markets begin the year positively as bullish momentum from late 2009 continued, however from the second week of the year, share prices experienced their first major correction since the summer of 2009. Fears of increased regulation from the US, coupled with Indian and Chinese governments increasing reserve requirements for financial institutions to curb excessive lending and ultimately growth, led to falls in both financial and commodity-based stocks. Such events further highlighted the fragility of the recovery.

Europe ex UK equities

European markets clearly benefited from a return of investors to all risk assets during the period under review. Cyclically sensitive stocks, which had been among the worst performers during the market's decline, performed especially well, with mining and retailers outperforming in the summer of 2009 and financials also making significant gains. Economic data continued to improve across the board and the rally continued as retail sales also


beat expectations. Early in the period industrial goods orders rose for the first time in over a year and continued to rise for the remainder of the period. After having cut rates to 1% the European Central Bank maintained these historically low levels for the rest of the period, with Jean-Claude Trichet, President of the European Central Bank, signalling that rate rises were unlikely for some time to come. Strong earnings continued to support stock markets and the final weeks of the year saw a further surge for local equity prices, as investors bet on an improved outlook for the region in 2010. Following a setback in January from concerns over increased banking regulation, markets continued upwards for the remainder of the period. The FTSE Europe Ex UK Index rose 48.8% over the 12 months in sterling, total return terms.

Global Equities

The period under review saw an unprecedented level of government intervention in financial markets. The world's major central banks cut interest rates to record low levels and continued to pump liquidity into the global economy through programmes of quantitative easing, buying a range of government and corporate bonds. Interest rates remained at these low levels throughout the year as central banks were reluctant to be too hawkish too soon, for fear of choking off a fragile recovery. Global equity markets, including the UK, responded well to the monetary stimulus over the year as a whole. Share prices staged one of their strongest rallies in history as risk appetite returned on improving hopes for the global economy and better-than-expected corporate results. Following a setback in January over concerns about increased banking regulation, the final two months of the period saw a further surge for equity prices as investors bet on economic recovery continuing. The MSCI World Index returned 44.8% over the period in sterling, total return terms. The strong gains in developed market equities were outperformed by emerging markets, however, as investors bought into the higher growth rates on offer in Asia, Emerging Europe and Latin America.

Bonds

The world's major economies continued to recover from recession, albeit some showed signs of a faster recovery than others. In the US, GDP for the fourth quarter of 2009 was much stronger than



expected at 5.7%. This was the fastest growth rate in over six years and followed on from a revised 2.2% expansion in the third quarter. The UK economy officially exited recession with a positive Q4 GDP figure, the first positive quarter in more than a year. However, with growth at only +0.4% during the fourth quarter, the overall drop in GDP for 2009 was still the worst on record. In the eurozone, the recovery stalled, registering an expansion of just 0.1% in the fourth quarter of 2009, less than the previous quarter, principally due to stagnation in Germany.

Against this background, central banks kept interest rates on hold: the Federal Reserve at 0-0.25%, the European Central Bank at 1% and the Bank of England at 0.5%. Quantitative easing by central banks was the central theme over 2009, but these programmes expired during the first quarter of 2010. Governments continued to issue record amounts of new bonds, including the US, which had issued more than \$2 trillion of treasuries by the end of 2009, more than double 2008's level. Government bonds underperformed corporate bonds over the period. With corporate activity proving resilient and the environment for sovereign increasingly negative, corporate credit risk declined while sovereign risk increased.

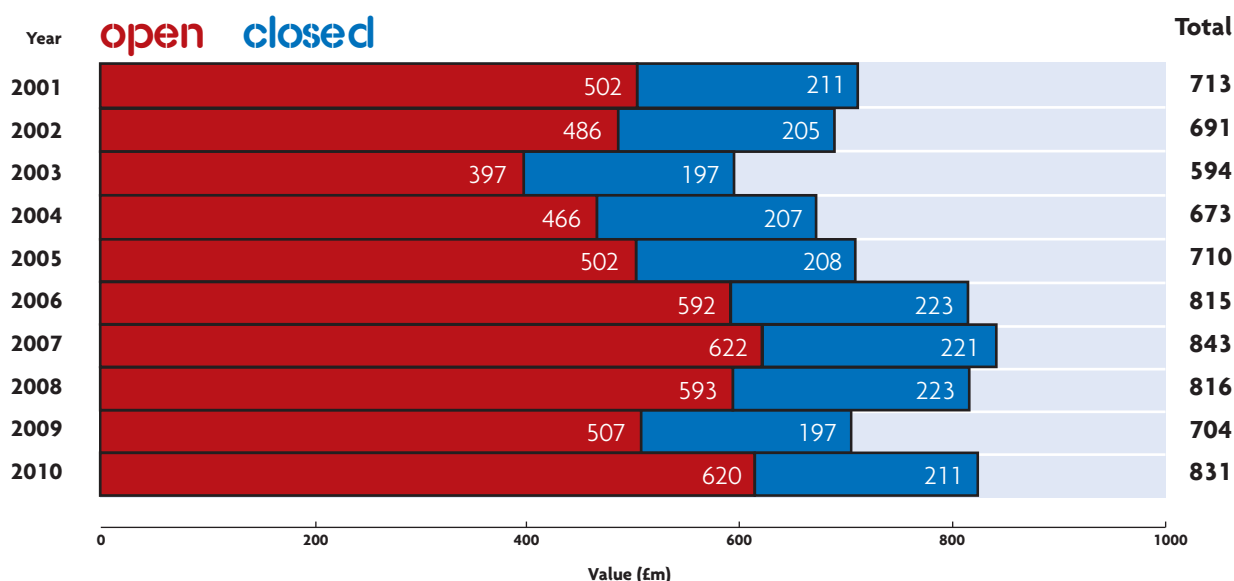
Property

Over the 12 months to the end of March 2010 commercial property in the UK provided an annual total return of 16.3%, underpinned by eight consecutive months of positive growth in capital values since the end of July 2009. Values have now risen by 13.1% since July 2009 when sentiment first began to turn. However, the imbalance in supply of properties available for sale and investor demand continues to drive values up, whilst property fundamentals and the occupier markets remain weak.

Investment Report

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

Chart 10 Growth of Total Funds (see page 51)



Asset Allocation (see page 58)

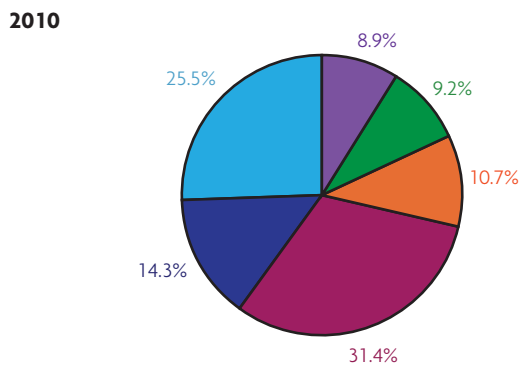
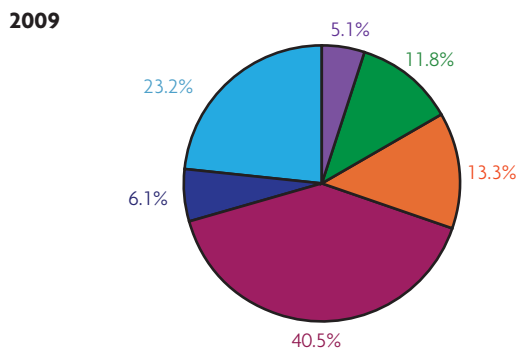
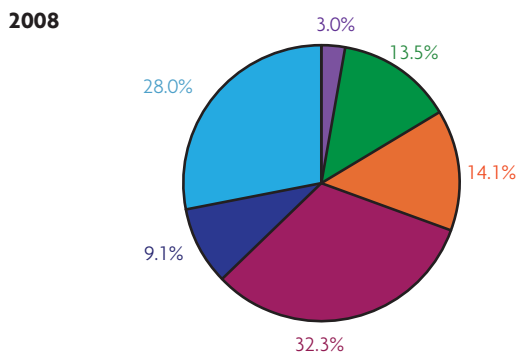
At the end of March 2010, the Funds' investments were allocated between the following categories:

Open Fund	Market Value £000's	Proportion of Market Value %
UK Equities	57,006	9.2
Overseas Equities	157,439	25.5
Fixed Interest:		
UK & Overseas	57,555	9.3
Index Linked	133,232	21.6
Derivatives	2,818	0.5
Property	66,166	10.7
Alternatives (e.g. Hedge Funds)	87,888	14.3
Cash	54,594	8.9
Total	616,698	

Closed Fund	Market Value £000's	Proportion of Market Value %
UK Equities	17,884	8.5
Overseas Equities	20,740	9.9
Fixed Interest:		
UK & Overseas	-	-
Index Linked	152,538	72.6
Alternatives	7,934	3.8
Cash	11,077	5.2
Total	210,173	

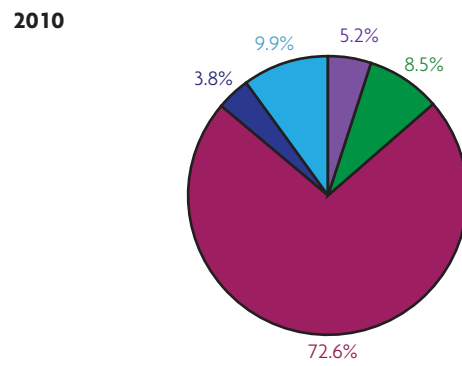
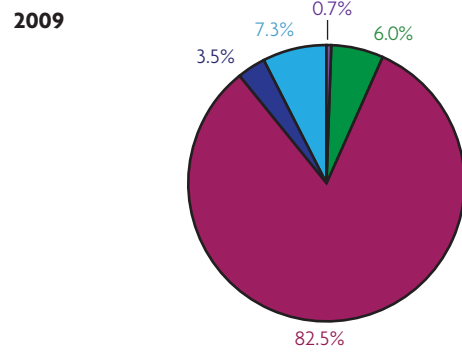
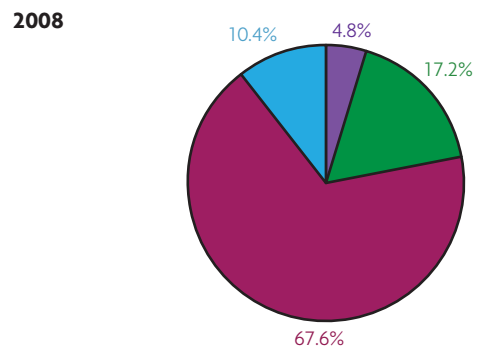
The overseas equities for both Funds consists of holdings in Europe, North America, Japan and South East Asia, while the Open Fund also has holdings in Emerging Market investments. The latter, however, represents less than 2% of the net assets of the Open Fund. The changes in asset allocation made since 2008 are shown in Charts 11 and 12.

Chart 11
Asset Allocation - Open Fund (%)



Cash
 UK Equities
 Property
 Fixed Interest, Index Linked and Derivatives

Chart 12
Asset Allocation - Closed Fund (%)



Alternatives
 Overseas Equities

The ITB Pension Funds' assets are invested in accordance with the Occupational Pension Schemes (Investment) Regulations 1996. The Funds do not invest in any of the Participating Employers' businesses. No investment represents more than 3% of share capital of the company concerned.

Investment Performance Review

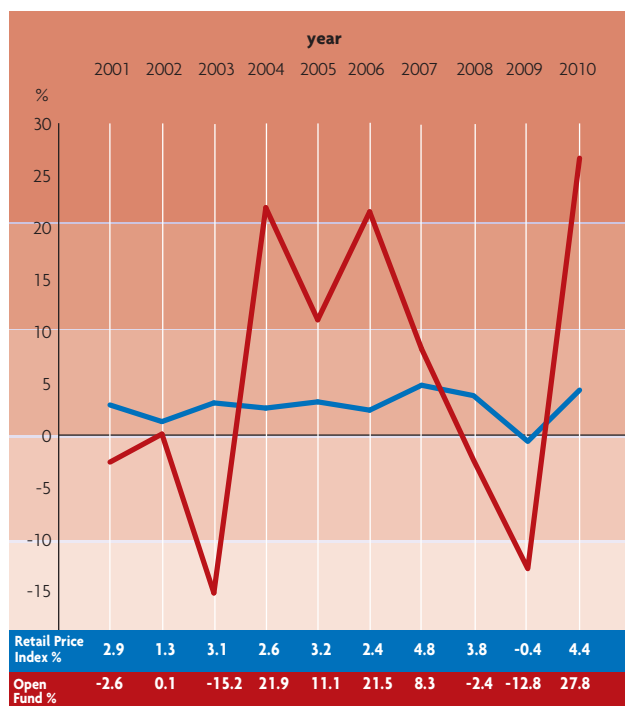
Total Fund

The investment performance of both the Closed and Open Funds continues to be monitored by BNY Mellon Asset Servicing, an independent investment performance monitoring service which monitors the performance of over 1,500 pension fund portfolios and over 270 UK pension funds with a total market value in excess of £139 billion. 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 2010. In addition, BNY Mellon Asset Servicing also provide an overview for each Fund and present all the year-end reports at a meeting of the Trustees' Investment Committee while they also attend and present at quarterly review meetings.

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.

Chart 13 Rates of Return



The relevant benchmark return for the Open Fund this year was 23.2%, whereas the Fund achieved a return higher than this of 27.8%.

The Closed Fund achieved a return of 15.3% against the relevant benchmark of 14.3%. 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

All figures include cash held with the investment manager.

The charts shown on page 41 have cash shown separately.

UK Equities (including index-tracking equities) (14% of total fund)

BlackRock Advisors (UK) Limited (4% of total fund)

This part of the UK equity portfolio has the objective to match the UK FTSE All Share Index. BlackRock's fees are market value based. Over the year BlackRock marginally outperformed their benchmark.

Henderson Global Investors Limited (5% of total fund)

This part of the UK equity portfolio has the objective to outperform the UK FTSE All Share Index by 0.75% pa gross of base fees. Henderson's fees are market value based with a performance-related element. Over the year, Henderson outperformed their benchmark and their objective.

BNP Paribas

The investment with BNP Paribas was redeemed on the 18th June 2009. The contractual requirement was to provide a return which was 4.7% above that achieved by the UK FTSE100 Total Return Index. This was achieved.

Insight Investment (5% of total fund)

This part of the UK equity portfolio has the objective to achieve an ongoing economic exposure broadly equivalent to the total return of the UK FTSE100 Index. A cap on performance has been put in place such that no additional gains will be made when the index reaches an agreed level. A premium was received by the Fund for selling this cap on performance and as at 31 March 2010 the cap had not been reached. If this cap is not reached there will be an expected outperformance of the UK FTSE100 index of

approximately 3% representing the premium received. The fees for this portfolio are market value based.

Fixed Interest (including index-linked gilts and derivatives) (32% of total fund)

Insight Investment (30% of total fund)

The objective of the main fixed interest portfolio is to outperform a composite benchmark by 0.75% pa, net of base fees, over rolling three-year periods. The fees for this portfolio are market value-based with a performance related element. Over the year this portfolio outperformed both its benchmark and objective.

The objective of the LDI (Liability Driven Investments) SWAP portfolio is to reduce the Scheme's exposure to interest rate and inflation risk by constructing and managing a portfolio with the objective of matching a specially calculated benchmark which is linked to the Fund's liabilities. The fees for this portfolio are market value-based with a performance-related element. Over the year this portfolio outperformed its benchmark.

BlackRock Advisers (UK) Limited (2% of total fund)

Index linked gilts are held in this portfolio to support certain ex training boards' liabilities. The funds are passively managed and the fees are market value based.

Global Equities (25% of total fund)

BlackRock Advisers (UK) Limited (6% of total fund)

Part of this overseas equity portfolio is managed to track index benchmarks. The fees for these funds are market value based. Over the year, these funds closely matched their benchmark.

BlackRock also operates a currency hedging fund which is managed on a passive basis. The passive fund is operated to greatly reduce the effect of currency fluctuations within the total overseas equity portfolio. Fees for the currency fund are market value-based.

AXA Rosenberg (5% of total fund)

The objective of this part of the global equity portfolio was to outperform the MSCI World Gross Total Return Index by 4% pa before fees over rolling three-year periods. The fees for this portfolio were market value-based. Over the year, the portfolio underperformed its benchmark and since the year end the mandate with AXA has been terminated.

Wegelin & Co (5% of total fund)

The Wegelin mandate includes both developed and emerging market equities which are held as separate funds. The objective of the developed portfolio is to outperform the MSCI World Net Total Return Index (developed markets) by 5% pa net of fees, while the emerging markets portfolio objective is to

outperform the MSCI Emerging Markets Free Net Total Return Index by 5% pa net of fees. Both of the objectives are measured over a five-year rolling cycle. The fees for these portfolios are market value-based with a performance-related element. Over the year, both portfolios marginally underperformed their benchmarks.

Longview Partners LP (4% of total fund)

The objective of this part of the global equity portfolio is to achieve a positive absolute return of between 8% and 10% pa after fees. The fees for this portfolio are market value-based. No performance fees are payable. Over the year, the portfolio outperformed its benchmark.

Investec Asset Management (5% of total fund)

The objective of this part of the global equity portfolio is to outperform the MSCI World Gross Total Return Index by 3% to 5% gross of fees over rolling three-year periods. The fees for this portfolio are market value-based. No performance fees are payable. Over the year, the portfolio outperformed its benchmark.

Property (11% of total fund)

Fletcher King (10% of total fund)

The objective of this portfolio is to match 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 marginally underperformed their benchmark.

Schroder Investment Management (UK) Limited (1% of total fund)

The total investment committed for this European Property Fund will be paid in increments over a period up to and including 2011. The total commitment is approximately £19 million. The objective of this fund is to achieve an absolute return of between 8% and 10% pa net of fees over the 12-year life of the fund. The fees for this portfolio are market value-based. No performance fees are payable. Over the year, the portfolio underperformed its objective.

Alternatives (16% of total fund)

Schroder Investment Management (UK) Limited Diversified Fund of Hedge Funds (1% of total fund)

The mandate of Schroders was terminated during the 2009 Scheme Year due to concerns over the management of the fund. The investment is being liquidated over a period of time.

**BNY Mellon Asset Management
(1% of total fund) Global Tactical Asset Allocation Fund
(GTAA)**

The objective of this part of the alternatives portfolio is to outperform by 20% pa the CITI Group GBP one month Euro deposit rate gross of fees over rolling three-year periods. The fees for this portfolio are market value-based with a performance-related element. Over the year, the portfolio outperformed its benchmark.

**BlackRock Advisers (UK) Limited (4% of total fund)
Global Tactical Asset Allocation Fund (GTAA)**

The objective of this part of the alternatives portfolio is to outperform three-month LIBOR (London Inter-bank Offer Rate) by 15% pa after fees. The fees for this portfolio are market value-based with a performance-related element. Over the year, the portfolio outperformed its benchmark.

**Liongate Capital Management (3% of total fund) - Fund of
Hedge Funds**

Liongate were appointed as a fund of hedge funds manager in September 2009.

The objective of this part of the alternatives portfolio is to outperform three month LIBOR by 5% per annum after fees. The fees for this fund are market value based with a performance related element. As the manager was appointed part way through the year no annual performance figures are available.

**Stenham Asset Management (3% of total fund) - Fund of
Hedge Funds**

Stenham were appointed as a fund of hedge funds manager in August 2009.

The objective of this part of the alternatives portfolio is to outperform three month LIBOR by 4% per annum after fees. The fees for this fund are market value based. No performance fees are payable. As the manager was appointed part way through the year no annual performance figures are available.

Ruffer LLP (4% of total fund) - Diversified Growth Fund

Ruffer were appointed as a diversified growth fund manager in March 2010. Ruffer is an absolute return investment manager which aims to preserve capital and generate consistent returns and thus is necessarily unbenchmarked in order that it might preserve capital regardless of market conditions. However, the fund has an objective of outperforming three month LIBOR after fees. The fees for this fund are market value based. No performance fees are payable. As the manager was appointed part way through the year no annual performance figures are available.

Cash (2% of total fund)

This part of the portfolio is under the Trustees control and is retained to pay pension benefits and other Funds' expenses.

**Manager Mandates and Performance –
Closed Fund**

UK Equities (9% of total fund)

BlackRock Advisers (UK) Limited (9% of total fund)

The objective of this portfolio is to match the UK FTSE All Share Index. The fees for the fund are market value based. Over the year BlackRock marginally outperformed their benchmark.

Global Equities (9% of total fund)

BlackRock Advisers (UK) Limited (3% of total fund)

This part of the overseas equity portfolio is managed to track index benchmarks. The fees for this part of the fund are market value based. Over the year these funds closely matched their benchmarks.

BlackRock also operate a passive currency fund with the objective of greatly reducing the effect of currency fluctuations within the total overseas equity portfolio. The fees for this part of the fund are market value based.

AXA Rosenberg (3% of total fund)

The objective of this part of the global equity portfolio was to outperform the MSCI World Gross Total Return Index by 4% pa before fees over rolling three year periods. The fees for this fund were market value based with a performance related element. Over the year the fund underperformed its benchmark and since the year end the mandate with AXA has been terminated.

Investec Asset Management (3% of total fund)

The objective of this part of the portfolio is to outperform the MSCI World Gross Total Return Index by 3% to 5% gross over rolling three year periods. The fees for this fund are market value based. No performance fees are payable. Over the year, the portfolio outperformed its benchmark.

Alternatives (4% of total fund)

**BlackRock Advisers (UK) Limited (4% of total fund)
Global Tactical Asset Allocation Fund (GTAA)**

The objective of this portfolio is to outperform three-month LIBOR by 15% pa after fees. The fees for this portfolio are market value-based with a performance related element. Over the year the fund outperformed its benchmark.

The remaining 78% of assets are held in index-linked securities and cash which are under the control of the Trustees.

Statement of Trustees' Responsibilities

The financial statements are the responsibility of the Trustees. 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, in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice),
- 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, including a statement whether the financial statements have been prepared in accordance with the Statement of Recommended Practice 'Financial Reports of Pension Schemes' (Revised May 2007).

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

The Trustees are also responsible for making available certain other information about the Scheme in the form of an Annual Report.

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 any active member of the Scheme and for monitoring whether contributions are made to the Scheme by the Employers in accordance with the Schedule of Contributions. Where breaches of the schedule occur, the Trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and the members.

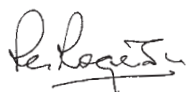
The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Funds' website.

Summary of Contributions payable in the year

During the year, the contributions payable to the Open Fund by the Employers under the Schedule of Contributions were as follows:

	2010	2009
	£'000	£'000
<hr/>		
Contributions payable under the Schedule of Contributions		
Employer normal contributions	7,388	6,830
Employee normal contributions	3,739	3,114
<hr/>		
Total contributions payable under the schedule	11,127	9,944
Other contributions		
Employers' augmentation costs	443	476
Employee additional voluntary contributions	71	94
Transfers from money purchase AVC schemes	434	180
<hr/>		
Total payable to the Scheme	12,075	10,694
<hr/>		

The Trustees' Report was approved by the Trustees on 2 July 2010.



P Rogerson
Trustee



J Swift
Trustee



Financial Statements

for the year ended 31 March 2010

Independent Auditor's Report

to the Trustees of the ITB Pension Funds

We have audited the financial statements for the year ended 31 March 2010 which comprise the fund accounts, the net assets statements and the related notes. 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 Auditor

As described in the Statement of Trustees Responsibilities on page 45, the Scheme's Trustees are responsible for obtaining an annual report, including audited financial statements prepared in accordance with applicable law and United Kingdom 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, in our opinion, we have not received all the information and explanations we require for our audit, or if the information specified by law is not disclosed.

We read the other information contained in the annual report consider 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 incorporating the Actuarial Certificates, Summary Funding Statements and Investment Report and the Supplementary 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 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.

Opinion

In our opinion :

- the financial statements show a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the financial transactions of the Scheme during the year ended 31 March 2010, and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year, and
- the financial statements 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.

CHANTREY VELLACOTT DFK LLP

Chartered Accountants and Statutory Auditor

LONDON

12 July 2010

Independent Auditor's Statement

to the Trustees of the ITB Pension Funds

Independent Auditor's 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 31 March 2010 which is set out in the Trustees' Report on page 46.

This statement 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 45 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 employers and the active members of the Scheme. The Trustees are also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for monitoring whether contributions are made to the Scheme by the employers 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 in all material respects been paid at least 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 payable 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 31 March 2010 as reported in the summary of contributions set out in the Trustees' Report on page 46 have in all material respects been paid at least in accordance with the schedule of contributions certified by the actuary on 10 March 2008.

CHANTREY VELLACOTT DFK LLP

Chartered Accountants and Statutory Auditor
LONDON

12 July 2010

Fund Accounts

for the year ended 31 March 2010

	Notes	Closed fund 2010 £'000	Open fund 2010 £'000	Combined fund 2010 £'000	Combined fund 2009 £'000
Income					
Employers' contributions	3c, 17	-	7,388	7,388	6,830
Employers' augmentation costs	3c, 17	-	443	443	476
Total employers' contributions		-	7,831	7,831	7,306
Members' contributions	3c, 15, 17	-	3,810	3,810	3,208
Transfers from other schemes	3g, 5	-	434	434	180
		-	12,075	12,075	10,694
Expenditure					
Retirement and death benefits	6	12,442	25,899	38,341	35,143
Payments to and on account of leavers:					
Contribution refunds		-	140	140	110
Transfers to other schemes		225	1,187	1,412	523
Other payments:					
Administration costs	7	545	1,193	1,738	1,690
Pension fund levy		29	108	137	135
		13,241	28,527	41,768	37,601
Net withdrawals from dealings with members		(13,241)	(16,452)	(29,693)	(26,907)
Returns on investments					
Investment income	8	3,281	11,683	14,964	18,357
Change in market value of investments	11	24,312	119,198	143,510	(101,370)
Investment managers' fees	9	(116)	(1,831)	(1,947)	(1,602)
Net returns on investments		27,477	129,050	156,527	(84,615)
Net increase / (decrease) in the funds during the year		14,236	112,598	126,834	(111,522)
Net assets as at 31 March 2009		196,650	507,641	704,291	815,813
Net assets as at 31 March 2010		£210,886	£620,239	£831,125	£704,291

The notes on pages 53 to 65 form part of these financial statements.

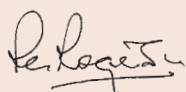
Net Assets Statements

31 March 2010

	Notes	Closed fund 2010 £'000	Open fund 2010 £'000	Combined fund 2010 £'000	Combined fund 2009 £'000
Investments					
Assets	11	210,173	642,122	852,295	721,649
Liabilities	11	-	(25,424)	(25,424)	(35,711)
Net investments		210,173	616,698	826,871	685,938
Fixed assets	12	-	136	136	128
		210,173	616,834	827,007	686,066
Current assets					
External	13	1,012	5,342	6,354	19,762
Inter-fund balance	13	-	90	90	48
		1,012	5,432	6,444	19,810
Current liabilities					
External	14	209	2,027	2,236	1,537
Inter-fund balance	14	90	-	90	48
		299	2,027	2,326	1,585
Net current assets		713	3,405	4,118	18,225
Net assets as at 31 March 2010		£210,886	£620,239	£831,125	£704,291

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 Summary Funding Statements and the certificates by the Actuary and these financial statements should be read in conjunction with them.

The financial statements were approved by the Trustees on 2 July 2010



P Rogerson
Trustee



J Swift
Trustee

The notes on pages 53 to 65 form part of these financial statements.

Notes to the Financial Statements

for the year ended 31 March 2010

1 Organisation of the funds

The financial statements reflect the Actuary's report dated 22 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 1 April 1985.

The Closed Fund relates to former employees of discontinued Industrial Training Boards; all employees of continuing Boards whose service ceased before 31 March 1982; and, certain other employees of those Boards whose service ceased before 31 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 31 March 2009 and on the Open Fund as at 31 March 2007.

The reports on the Closed Fund for 2009 and on the Open Fund for 2007 concluded that the assets in both Funds would be adequate to meet the liabilities on the basis of the assumptions made. Early indications suggest that there will be a deficit on the Open Fund when the valuation is completed later this year.

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 substantially within the guidelines set out in the Statement of Recommended Practice (revised May 2007), Financial Reports of Pension Schemes (the "revised SORP").

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 are valued at their market value determined as follows:

- i) Listed securities are valued at last traded price or bid-market price ruling at the balance sheet date.
- ii) Pooled investment vehicles are stated at the bid-point of the latest prices quoted by the managers prior to 31 March 2010.
- 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 31 March 2010, 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.
- v) Forward contracts are valued at amounts that assume settlement at the spot rates ruling on 31 March 2010.
- vi) Exchange traded derivatives are stated at market values determined using market quoted prices.
- vii) Over the counter derivatives are stated at market value using pricing models and relevant market data as at the year end date.

c) Contribution income

Contributions relating to wages and salaries earned up to 31 March 2010 have been included in these financial statements.

Augmentation 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.

Employer's buy-out contributions, due under section 75 of the Pensions Act 1995 when an employer ceases to be a participating

employer, are accounted for when the debt is discharged or determined by the scheme actuary, whichever is earliest.

d) 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.

e) 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 31 March 2010. All differences are taken to the Fund Accounts.

f) Benefits payable

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

g) Transfers receivable

Transfers receivable represent payments to the Open Fund from the separate money purchase schemes (see note 16). Amounts received into the Fund are paid out as part of a member's lump sum retirement benefit. Transfers are

only taken into account where benefits are payable before 31 March 2010. Transfers from other pension funds are not currently accepted into the scheme.

h) 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 31 March 2010 and who were entitled to a refund of these.

i) 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 31 March 2010, including amounts outstanding at the year end (see note 13), were paid in accordance with the Scheme Rules (and the recommendation of the Actuary).

In addition to these contributions the following section 75 debts arise in respect of former employers:

- a)** PIETT's membership of the Open Fund was terminated on 30 September 2008 when the company went into administration. At that time a section 75 debt of £4,436,000 became due. The Trustees are pursuing the debt with the joint administrators but do not expect to recover the full amount of the liability as PIETT's principal asset is a property, the value of which is uncertain and has declined substantially in the present economic climate in view of its lack of marketability. As the amount that will be recovered and its timing are extremely uncertain no amount in respect of the section 75 debt has been recognised in these financial statements.
- b)** Skillfast-UK Limited ceased to employ active members on 31 March 2010 and subsequently was placed into liquidation. In order to safeguard the position of the Open Fund, the Trustees secured a payment

in February 2010 of £951,725 on account of the estimated section 75 liability. This amount is included in creditors as the actual section 75 liability is still to be formally determined by the actuary and, to the extent that this exceeds the payment already made, the compromise arrangement entered into with Skillfast-UK Limited to secure the payment will require ratification by the Pension Protection Fund.

- c) JT Limited also left the scheme on 31 March 2010. In due course, their section 75 debt will be calculated by the actuary based on these financial statements. The Trustees presently anticipate that JT Limited will settle this liability in full.

5 Transfers in

	2010 £'000	2009 £'000
Individual transfers from money purchase AVC schemes (see note 16)	434	180

6 Retirement and death benefits

	Closed fund 2010 £'000	Open fund 2010 £'000	Combined fund 2010 £'000	Combined fund 2009 £'000
Retirement benefits				
Lump sums	452	3,780	4,232	2,688
Members' pensions	8,597	19,682	28,279	26,969
Total retirement benefits	9,049	23,462	32,511	29,657
Death benefits				
Lump sums	-	129	129	175
Dependants' pensions	3,393	2,308	5,701	5,311
Total death benefits	3,393	2,437	5,830	5,486
	£12,442	£25,899	£38,341	£35,143
2009	£11,879	£23,264		

7 Administration costs

	Closed fund 2010 £'000	Open fund 2010 £'000	Combined fund 2010 £'000	Combined fund 2009 £'000
General administration				
Employment costs	230	372	602	590
Office accommodation	38	62	100	98
General expenses	119	186	305	291
Trustees' honoraria	19	30	49	20
	406	650	1,056	999
Professional services				
Auditor's fees	14	24	38	37
Legal and professional services	33	169	202	233
Investment consultancy	18	104	122	158
Actuarial services	71	200	271	229
Other	3	46	49	34
	£545	£1,193	£1,738	£1,690
2009	£531	£1,159		

During the year £109 (2009 - £14,405) of actuarial fees and £Nil (2009 - £1,678) of legal fees were charged to the employers' surplus pots and are included in augmentation costs in note 17.

8 Investment income

	Closed fund 2010 £'000	Open fund 2010 £'000	Combined fund 2010 £'000	Combined fund 2009 £'000
Income from fixed interest securities	-	4,376	4,376	6,469
Dividends from equities and convertibles	-	-	-	24
Income from index linked securities	3,221	1,405	4,626	4,077
Income from pooled investment vehicles	-	1,172	1,172	1,726
Net rents from properties	-	3,917	3,917	4,317
Interest on cash deposits	60	415	475	1,744
Income from derivatives	-	398	398	-
	£3,281	£11,683	£14,964	£18,357
2009	£3,811	£14,546		

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 the following managers: BlackRock Advisors (UK) Limited, BNP Paribas, Henderson Global Investors Limited, Schroder Investment Management Limited, Insight Investment, AXA Rosenberg, Wegelin & Co., Longview Partners LP, Investec Asset Management, BNY Mellon Asset Management, Liongate Capital Management, Stenham Asset Management and Ruffer LLP all of which are registered in the UK with the exception of Wegelin & Co, which is registered in Switzerland.

The remuneration of these managers, with the exception of BNP Paribas whose remuneration is included within the terms of their agreement, is calculated as a variable percentage of the market value of the assets under management. Performance fees are payable to certain managers if pre-determined performance targets are met. 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 Taxation

The ITB Pension Funds is a Registered Pension Scheme under Chapter 2 of Part IV of the Finance Act 2004.

11 Investments

	Closed fund valuation 2010 £'000	Closed fund cost 2010 £'000	Open fund valuation 2010 £'000
Fixed-interest securities			
Public sector	-	-	2,122
Other	-	-	55,433
Equities			
UK equities	-	144	-
Index-linked securities			
Public sector	152,538	90,353	112,827
UK other	-	-	7,023
Pooled investment vehicles			
Index linked	-	-	13,382
UK equities	17,884	17,548	57,006
Overseas equities	20,740	20,753	157,439
Diversified	7,934	7,089	87,888
Commercial property	-	-	12,589
Derivative assets	-	-	28,242
Commercial property			
Freehold	-	-	41,514
Long leasehold	-	-	12,063
Bank deposits & loan notes	11,077	11,077	54,594
Investment assets	210,173	146,964	642,122
Derivative liabilities	-	-	(25,424)
Net investments at 31 March 2010	£210,173	£146,964	£616,698
31 March 2009:			
Investment assets	194,922	150,030	526,727
Derivative liabilities	-	-	(35,711)
Net investments at 31 March 2009	£194,922	£150,030	£491,016

- 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 2010 £'000	Combined fund valuation 2010 £'000	Combined fund cost 2010 £'000	Combined fund valuation 2009 £'000	Combined fund cost 2009 £'000
2,119	2,122	2,119	44,013	44,682
51,076	55,433	51,076	48,259	56,721
504	-	648	-	648
104,323	265,365	194,676	261,031	199,780
5,855	7,023	5,855	25,967	32,867
13,210	13,382	13,210	-	-
58,169	74,890	75,717	49,092	74,808
150,104	178,179	170,857	128,324	175,834
89,177	95,822	96,266	36,775	50,164
15,949	12,589	15,949	12,390	15,949
(4,233)	28,242	(4,233)	36,518	22,671
39,113	41,514	39,113	37,650	44,672
9,561	12,063	9,561	15,075	9,561
54,190	65,671	65,267	26,555	27,160
589,117	852,295	736,081	721,649	755,517
147	(25,424)	147	(35,711)	(25,844)
£589,264	£826,871	£736,228	£685,938	£729,673
605,487	721,649	755,517		
(25,844)	(35,711)	(25,844)		
£579,643	£685,938	£729,673		

11 Investments (continued)

The movements in investments during the year were:

	Closed fund 2010 £'000	Open fund 2010 £'000	Combined fund 2010 £'000	Combined fund 2009 £'000
Market value at 1 April 2009	194,922	491,016	685,938	811,960
Purchases at cost and derivative payments				
Fixed interest	-	89,630	89,630	
Index linked	-	101,089	101,089	
Pooled investment vehicles	2,087	86,907	88,994	
Derivatives	-	2,889	2,889	
Bank deposits and loan notes	9,784	30,453	40,237	
	11,871	310,968	322,839	513,290
Sales proceeds and derivative receipts				
Fixed interest	-	(133,293)	(133,293)	
Index linked	(18,846)	(124,483)	(143,329)	
Pooled investment vehicles	(2,086)	(27,016)	(29,102)	
Derivatives	-	(15,750)	(15,750)	
Property	-	(2,979)	(2,979)	
Bank deposits and loan notes	-	(963)	(963)	
	(20,932)	(304,484)	(325,416)	(537,942)
Change in market value of investments	24,312	119,198	143,510	(101,370)
Market value at 31 March 2010	£210,173	£616,698	£826,871	£685,938
Change in market value of investments comprises:	£'000	£'000	£'000	£'000
Profit on realisation of investments	5,995	805	6,800	49,546
Profit / (Loss) on foreign currency transactions	-	2,332	2,332	(4,795)
	5,995	3,137	9,132	44,751
Movements in unrealised profits	18,317	116,061	134,378	(146,121)
	£24,312	£119,198	£143,510	£(101,370)
2009	£(17,794)	£(83,576)		

11 Investments (continued)

There are no transaction costs included within the above purchases and sales figures. Costs are borne by the scheme in relation to transactions in pooled investment vehicles. However, such costs are taken into account in calculating the bid/offer spread of these investments and are not therefore separately identifiable.

The ITB Pension Funds' assets are invested in accordance with the Occupational Pension Schemes (Investment) Regulation 1996 and the Statements of Investment Principles adopted by the Trustees for both Funds. The Funds do not invest in any of the Participating Employers' businesses.

At 31 March 2010 there are no investments in which more than 5% of the total value of the net assets of the Funds is invested.

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

Derivatives

The Trustees hold derivatives in accordance with the Statement of Investment Principles for the Open Fund and use them to reduce the effect on the scheme of interest rate, inflation and foreign exchange fluctuations. At 31 March 2010 the open arrangements may be summarised as follows:

a) Swaps

Type	Base	Settlement	Asset value £'000	Liability value £'000
Asset	Gilts / Bonds	2020 – 2049	911,396	2,576,917
Interest rate	3 month LIBOR	2010 – 2058	7,959,978	21,448,948
Retail price index ("RPI")	UK RPI	2010 – 2059	8,765,199	338,433
Liability driven	UK RPI	2009 – 2058	10,221,554	48,769

The counterparties for all the swaps are banks. At 31 March 2010 the Funds held collateral of £1,063,106 in a mixture of cash and UK gilts. The initial and variation margin amounts at 31 March 2010 were £2,439,721 and £407,142 respectively, and are included in bank deposits above.

b) Futures

Type	Market value £'000
Fixed income	98,238

The futures are all exactly matched by future offsets which are included in investment liabilities.

c) Foreign exchange contracts

Settlement	Buy	Sell	Asset value £'000	Liability value £'000
April 2010	\$315,000	£207,690	-	2,477
April / May 2010	£12,982,615	\$19,690,000	125,491	6,369
April 2010	EUR1,943,000	£1,733,415	-	11,671
April / May 2010	£9,731,134	EUR10,908,000	160,537	-

12 Fixed assets

	Cost £'000	Depreciation £'000
Balance at 1 April 2009	603	475
Additions	69	-
Depreciation charge	-	61
Balance at 31 March 2010	672	536
Net book value: 31 March 2010	£136	
31 March 2009	£128	

13 Current assets

	Closed fund 2010 £'000	Open fund 2010 £'000	Combined fund 2010 £'000	Combined fund 2009 £'000
Bank balances	338	1,003	1,341	13,740
Debtors:				
Amounts due from employers				
Employers' contributions	-	740	740	591
Employees' contributions	-	260	260	255
Amounts due from brokers	-	483	483	840
Investment revenue receivable	671	2,788	3,459	4,205
Income tax receivable	-	1	1	1
Sundry debtors	3	67	70	130
External current assets	1,012	5,342	£6,354	£19,762
Inter-fund balance	-	90		
Individual funds' current assets 2010	£1,012	£5,432		

	Closed fund £'000	Open fund £'000	Combined fund £'000
31 March 2009:			
External current assets	1,993	17,769	£19,762
Inter-fund balance	-	48	
Individual funds' current assets 2009	£1,993	£17,817	

Amounts due from employers in respect of contributions, which relate to March 2010, were paid in full to the Scheme within the timescale required by the Schedule of Contributions currently in force.

14 Current liabilities

	Closed fund 2010 £'000	Open fund 2010 £'000	Combined fund 2010 £'000	Combined fund 2009 £'000
Withdrawal benefits:				
Transfers and contribution refunds	-	-	-	33
Amounts due to brokers	-	-	-	348
Sundry creditors	209	2,027	2,236	1,156
External current liabilities	209	2,027	£2,236	£1,537
Inter-fund balance	90	-		
Individual funds' current liabilities 2010	£299	£2,027		

	Closed fund £'000	Open fund £'000	Combined fund £'000
31 March 2009:			
External current liabilities	217	1,320	£1,537
Inter-fund balance	48	-	
Individual funds' current liabilities 2009	£265	£1,320	

15 Member credited service

Additional voluntary contributions (AVCs) made during the financial year to purchase added years under the principal scheme of £70,626 (2009 - £94,044) are shown in the income of the Open Fund and the assets acquired with the AVCs are included in the net assets statement.

16 Money purchase schemes

Additional Voluntary Contributions (AVCs) are receivable for separate investment for the benefit of individual members. The Open Fund's AVC arrangements are operated by Scottish Life Assurance Company (SLAC) and the Prudential Assurance Company (PAC) and include 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 members may use the money purchase investments they may have accumulated under the AVC arrangements to provide a cash lump sum at retirement. This sum would be tax-free under current legislation and subject to certain limits. Such transfers from the AVC arrangements are included in individual transfers from Money Purchase 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.

The amounts involved during the year are as follows:	Prudential 2010 £'000	Scottish Life 2010 £'000	Prudential 2009 £'000	Scottish Life 2009 £'000
Funds as at 1 April 2009	1,028	535	1,123	563
Members' AVC contributions	144	16	156	16
Interest credited by SLAC	-	5	-	7
Interest and bonuses credited by PAC	10	-	16	-
Change in market value of units	215	-	(138)	-
	1,397	556	1,157	586
Transfers out to main fund	(273)	(161)	(129)	(51)
Funds at 31 March 2010	£1,124	£395	£1,028	£535

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

17 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 in earmarked pots. These pots are revalued annually in line with the return on the Fund. The Employers were previously 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:-

	2010 £'000	2009 £'000
Members' contributions	36	51
Employers' contributions	1,246	2,468
Augmentation costs	-	16

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 augmentation costs noted above (see note 7).

The practice of employers reducing their contributions by charging them in whole or in part to their pots has been suspended pending receipt of the 2010 Open Fund valuation.

Supplementary Information

Internal Dispute Resolution

The Pensions Act 1995 (as amended by the Pensions Act 2004) requires that all pension schemes have a formal internal dispute resolution 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 internal dispute resolution procedure is available upon request from: The Director, The ITB Pension Funds, 23 King Street, Watford WD18 0BJ.

The Pensions Advisory Service (TPAS)

The Pensions Advisory Service (TPAS) is an independent non-profit organisation that provides free information, advice and guidance on the whole spectrum of pensions covering State, occupational, personal and stakeholder schemes.

TPAS is commonly used by members and beneficiaries to help resolve a pensions query or any difficulty which they have failed to resolve with the trustees of their pension scheme, which may be before or during an official dispute procedure.

Address: 11 Belgrave Road, London SW1V 1RB

Website: www.pensionsadvisoryservice.org.uk

Telephone: 0845 601 2923

The Pensions Ombudsman

If you are unable to resolve your dispute using the internal dispute resolution procedure, and normally only after having sought the assistance of TPAS, an application can be made to the Pensions Ombudsman for adjudication.

The Pensions Ombudsman's role and powers have been decided by Parliament, and he is appointed by the Secretary of State for Work and Pensions. He is completely independent and is available to investigate and determine any complaint or dispute of fact or law in relation to an occupational pension scheme. He does not charge for his services.

The Pensions Ombudsman's decision is final and binding on all the parties to the complaint or dispute. It can be enforced in the Courts. His decision can only be changed by appealing to the appropriate court on a point of law.

Address: 11 Belgrave Road, London SW1V 1RB

Website: www.pensions-ombudsman.org.uk

The Pensions Regulator

The Pensions Regulator is the UK regulator of work-based pension schemes. Under the Pensions Act 2004, the Pensions Regulator's objectives are to protect the benefits of members, promote good administration and to reduce the risk of situations arising that may lead to claims for compensation from the Pension Protection Fund. The Pensions Regulator can intervene in the running of schemes where trustees, employers or professional advisers have failed in their duties.

Address: Napier House, Trafalgar Place, Brighton BN1 4DW

Website: www.thepensionsregulator.gov.uk

The Pension Protection Fund

The Pension Protection Fund was set up under the provisions of the Pensions Act 2004 in April 2005 and is classified as a public financial corporation. It was established to pay regular compensation to members of eligible defined benefit schemes when there has been a qualifying insolvency event in relation to the employer, and where there are insufficient assets in the pension scheme to cover Pension Protection Fund levels of compensation.

The Pension Protection Fund is also responsible for the Fraud Compensation Fund - a fund that will provide compensation to occupational pension schemes that suffer a loss that can be attributable to dishonesty.

Address: Pension Protection Fund, Knollys House, 17 Addiscombe Road, Croydon, Surrey CR0 6SR

Website: www.pensionprotectionfund.org.uk

Email: information@ppf.gsi.gov.uk

Telephone: 0845 600 2541

Pension Tracing Service

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

Address: Pension Tracing Service, The Pension Service, Tyneview Park, Whitley Road, Newcastle upon Tyne NE98 1BA

Website: www.direct.gov.uk

Telephone: 0845 6002 537

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).

Keeping us Informed

Please ensure that you keep the Trustees of the ITB Pension Funds advised of any change of address. You can do this by writing to the Funds' Office or using the Funds' website **www.myitb.com**.

ITB Pension Funds Tax Office

The Tax Office dealing with the ITB Pension Funds can be contacted via:

Address: West Yorkshire and Craven Area, Taxpayer Service Office, Centenary Court, 1 St. Blaise Way, Bradford, BD1 4YD

Telephone: 0845 3021432

Open Fund Reference: 073/11012A

Closed Fund Reference: 073/11012

Contact

The ITB Pension Funds, 23 King Street, Watford, Herts, WD18 0BJ

Telephone: 01923 226 264

E-mail: pensions@itbpen.com

Websites: www.itb-online.co.uk and www.myitb.com

Exd2010



The ITB Pension Funds

The ITB Pension Funds
23 King Street
Watford
Herts, WD18 0BJ

Telephone: 01923 226 264

Websites:

www.itb-online.co.uk

www.myitb.com

In association with:

