

your scheme working 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 assets that are intended to match the liability, 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

offers both Defined Benefit (DB) and Defined Contributions (DC) Sections (DB is where pension is based on a member's salary and service and DC is where the member receives a pension based on the contributions made and the investment return that they have produced). Life Assurance is provided under both the DB and DC Sections. With effect from 1 April 2012, the Open Fund consisted of four 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.
- the 'DC Section', which was introduced on 1 April 2012.

The benefits received by members are determined by the Scheme Section elections made by their Employers.

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Chairman's Statement



Year under review

The past year has again been a very eventful and challenging one for the ITB Funds and your Trustees where we have operated against a setting of testing economic conditions and uncertainty. Doubts over the impact of a faltering Eurozone and how this would impact the world economy generally pre-occupied governments and central banks and prompted attempts to stabilise the situation. Yet, despite that backdrop, the Open Fund assets stood at their highest ever level at the Scheme year end, the result of a well thought through investment strategy.

While it is satisfying to report an increase in the value of Scheme assets, we must contrast this with the increased valuation of pension liabilities resulting from lower Government bond yields being driven down by quantitative easing and the lower interest rates generally prevailing. Inevitably, difficult market conditions, increasing longevity and the ever increasing amount of regulation have put defined benefit schemes, like the ITB Funds, under unprecedented pressure. Although we have fared better than many peer schemes, the Open Fund is not immune to this. Our job as Trustees is to manage effectively against this challenging background.

Scheme changes

While we have over previous years taken considerable steps in restructuring the Defined Benefit (DB) sections of the Open Fund, we remain mindful that we operate in an environment where most Employers have closed their DB scheme to new employees in order to reduce the risk of volatility in the value of pension liabilities. Generally, those companies instead offer an alternative of a Defined Contribution (DC) scheme. This is because DC offers Employers transparency of costs and no surprises in calls for additional financial resources to fund deficits or ageing membership profile.

It was this uncertainty of cost in continuing to operate DB arrangements in a changing pension

landscape, where Employers are essentially required to underwrite the key risks of volatile investment markets and increased longevity, which was the driver for Participating Employers requesting that we operate a DC scheme that they could utilise for member pension provision. In having to acknowledge these financial stresses we reached agreement with Participating Employers collectively on achieving a way forward on DC and introduced a DC Section to the ITB Funds for new starters from 1 April 2012.

We settled on a DC design based on the core principles that the overall cost of a DC Section should be broadly similar to that of the 2007 DB Section. Moreover, that it should provide Employers significant flexibility to tailor contribution and lump sum death benefit provision to their needs under a contracted-in arrangement that was capable of meeting future auto-enrolment requirements.

Employers are not obliged to take up the DC Section and may continue to offer DB to new staff. Those Employers that do offer DC are required to pay the standard contribution rate of 9% of Pensionable Salary, of which they may require that their members pay half. Additionally, Employers meet the cost of providing member life assurance cover at a minimum level of twice basic salary.

Our decision to introduce DC was not made lightly or hastily, but only after careful consideration and discussion during which we took account of the legal and actuarial implications for the Fund overall. We also had a view to the impending introduction of automatic enrolment and NEST (the National Employment Savings Trust), which will involve employers in new processes. These new processes come into effect from 1 October 2012, but the introduction will be gradual and is not scheduled to begin to affect the Open Fund's Participating Employers until later in 2013.

As a Board, we are responsible to members for the protection of benefits and for delivering sustainability over the long term through effective management and good governance. However, in reality this sustainability has a price. If Employers

have real difficulty in meeting the continuing increasing costs of operating DB arrangements then we must consider how best to reduce the volatility in their pension liability. We believe that the leaner risk profile of the Scheme with DC included is one of the elements that will form a solid foundation for enhancing both Employer and overall Scheme stability in the future.

The process of integrating DC into the Scheme Rules and our operations was completed on 1 April 2012, which represented the achievement of a very demanding target.

Open Fund Valuation and Deficit Recovery Plan

I reported to you last year that the 2010 Actuarial Valuation of the Open Fund revealed an expected deficit and in order to address this situation we needed to agree a deficit recovery plan with our sponsoring Employers. The multi-employer nature of the ITB Funds meant that agreeing a deficit recovery plan acceptable to all of the Employers proved a complex challenge, but after some difficult negotiations an agreement was reached with all the Employers on this final part of the valuation process during the year.

While the 2010 valuation set out details of the funding level and future contribution rate requirements for each of the Scheme Sections, the deficit recovery plan identified the amount of deficit contribution funding from each Employer which is intended to eliminate the shortfall of assets over liabilities within the Trustees' 7 to 10 year guidelines. Where a recovery plan longer than 7 years was required by some Employers the Scheme's security has been bolstered by other measures with the Employer concerned, such as escrow arrangements or charges over assets.

Employer Covenant

Central to the valuation assumptions and the deficit recovery plan is the monitoring of each Employer's covenant as it underpins the whole Scheme funding process. However, assessing what the Employer can reasonably afford is not without its difficulties.

This assessment of the financial strength and other relevant developments affecting the Participating Employers' fundamental ability to support the Fund is part of the normal process regularly undertaken by our independent professional covenant assessors who specialise in this area. Their reports enable us to be vigilant for any change that might affect an Employer's ability to support the Scheme, which could impact on the longer term funding of the Scheme and our investment strategy. Certainly, the Pensions Regulator expects scheme trustees to approach employer covenant monitoring on a risk-based and proportionate manner. It is somewhat reassuring to note that based on the last review, most of our Participating Employers appeared to be performing in line with expectations.

Closed Fund

Last year I reported to you that following the review of our investment strategy in the wake of the 2009 actuarial valuation we asked our investment advisers to explore ways of increasing the stability of the Closed Fund's funding level. As a result of attractive short-term pricing in the insurance market a buy-in with an insurance company was considered the most favourable investment option for the Closed Fund, as an investment of this nature significantly reduces interest rate, inflation and longevity risks associated with the Scheme's liabilities. The buy-in was concluded with the chosen provider Pension Insurance Corporation ('PIC') on 27 April 2011.

Our move to buy-in the Closed Fund liabilities with PIC was undeniably one of the more noteworthy events for the Closed Fund and your Trustees during the year. It involved a lengthy and detailed process and your Trustees as a whole decided to proceed with the investment only after careful consideration and following consultation and advice from our legal, actuarial and investment advisers, in the belief that it was in the best interests of all the stakeholders in the Closed Fund.

The buy-in terms that had been agreed with PIC had been secured during a relatively narrow window of

Chairman's Statement

opportunity and represented an attractive deal for the Closed Fund and, as a consequence, the Fund was more secure as risk had been significantly reduced.

Under the arrangement Closed Fund pensioners and deferred members continue to have their pensions administered by the Funds' Office, as has always been the case.

Interim Financial Assessments

The interim assessment is essentially a 'snapshot' of a scheme's funding position carried out by the actuary at a point in time between mandatory triennial valuations. It provides some insight into how close the current funding position is to the previous formal valuation and therefore provides an indication of the scale of the potential increases/decreases in contributions required at the next valuation.

Open Fund: The latest interim assessment of the Open Fund as at 31 March 2011 revealed that the funding level had improved from 92% at 31 March 2010 to 98% at 31 March 2011 and the Fund's deficit had decreased from £51 million to £16 million. Whilst liabilities were less, there had been higher than expected investment returns in the period and also the termination payments made by Skillfast-UK and JTL following their withdrawal from Scheme participation and the deficit contributions paid by Employers since January 2011, had all contributed to the improvement. However, it is important to note that the funding position is likely to have deteriorated as market movements in the period since then have been detrimental to pension scheme funding levels.

The next valuation of the Open Fund will be as at 31 March 2013.

Closed Fund: The latest interim assessment of the Closed Fund as at 31 March 2011, which was before the buy-in with PIC discussed above, revealed that the funding level had improved from 113% at 31 March 2010 to 120% at 31 March 2011 and the Fund's surplus had increased from £24 million to £36 million. The increase in surplus between

March 2010 and March 2011 was principally due to a change in the inflation index used to increase pensions and higher than expected investment returns on the Scheme's assets.

The next valuation of the Closed Fund is as at 31 March 2012 and the results are expected to be revealed at the end of the year/early 2013.

Statement of Investment Principles (SIPs)

The Scheme SIP is a written statement of the principles governing decisions about investment for an occupational pension scheme which the Trustees are required to prepare and maintain through regular monitoring, particularly following an actuarial valuation or where there has been a change in policy. The Trustees must have regard to advice from a suitably qualified person and consult with the Employers.

The SIP must set out the basis on which the Trustees plan to invest the scheme assets. There are detailed regulations for the contents of a SIP and a pension scheme's sponsoring employers have a right to be consulted on the contents of the SIP and any revisions the Trustees periodically make, but they may not dictate the Scheme's investment policy.

The ITB Trustees' SIP embodies our investment approach and the current SIP can be found on the ITB Pension Funds' website at www.itb-online.co.uk. Your Trustees regularly review the SIPs and consult with the Participating Employers before changing the SIP and adopting any new investment strategy.

Governance

Effective high-standard governance is a key priority for your Trustees. It ensures that we fulfil our obligations and act in a timely manner, that we are alert to conflict and risk and that we have processes in place to ensure effective decision making.

In the current uncertain economic environment, management of risk remains a key focus for your Trustees.

The management and administration of the ITB Funds is considered and questioned both internally

"Effective high-standard governance is a key priority for your Trustees. It ensures that we fulfil our obligations and act in a timely manner, that we are alert to conflict and risk and that we have processes in place to ensure effective decision making.

In the current uncertain economic environment, management of risk remains a key focus for your Trustees."

by the Funds' Office, the Trustees' Management Panel and Trustee Board and in the case of investment and asset liability modelling, by the Trustees' Investment Committee, the Trustees' external investment consultants and finally by the full Trustee Board. Moreover, all Trustees have a frequent opportunity to raise questions at our regular quarterly meetings which are attended by the Funds' Actuary and the Funds' legal advisers. Our overall risk management processes seek to enable the early identification, evaluation and effective management of the key risks facing the Funds at an operational level and to operate internal controls to mitigate those risks. In addition, the Scheme's auditors undertake regular independent reviews of the Funds' risk processes.

Conflict: Procedures to deal with Trustees' conflicts of interest

In accordance with increasing regulatory requirements, we have procedures in place to deal with situations where a Trustee has a potential conflict of interest. As part of this process we endeavour to consider each situation separately on its particular facts and how it may conflict with the duties of the Trustee. Actions taken to attempt to eliminate actual or potential conflict are recorded in the Trustees' minutes. Our procedures to deal with Trustees' conflicts of interest are regularly

reviewed by the Funds' Office, Management Panel, full Trustee Board and external legal advisers.

Communication

As part of our information flow to supplement our written communications is the Funds' website "itb-online" and the pension modeling facilities of "MyITB", with the latter providing a link for new DC members to the website of the DC provider, Legal & General Insurance Company, where further information on investment funds and a DC benefit calculator are available.

The internet has fundamentally changed the way we consume information and with 24 hour access the ITB websites are equipped to resolve many enquiries and provide both general and personal benefit information in a quick and convenient way. These facilities extend to active, deferred members and pensioners, as well as a bespoke website dedicated to support Employers.

Trustees

We, as a Trustee Board, believe in robust discussion on the critical issues that affect the Funds and I have been fortunate to have worked with fellow Trustees with extensive experience. It is clear that this breadth of experience and skills represented on the Board is an important factor in our effectiveness. The open and inclusive discussions we enjoy ensure a positive decision making environment and that consideration is given to all points of view.

Collectively we are ever mindful of our duty to protect members' interests, but we must also remain aware of what Employers are able to afford in funding the Scheme. While the Funds' assets are protected under trust and are therefore separate to those of the Participating Employers, the fortunes of both are nevertheless inextricably linked.

Outlook

It continues to be a very testing time both economically and financially and we remain alert to the impact this will inevitably have on investment risks. The challenges of tomorrow that

Chairman's Statement

are certain to come will in turn frame the way we must manage the Funds and the issues we face. We have maintained a relatively resilient investment portfolio throughout the period to date and we shall strive to ensure that this remains the case. We shall continue to approach both challenges and opportunities with the same fundamental principle of providing valuable and lasting pension provision for members that are sustainable for our Employers to provide.

Stepping down

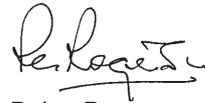
I stepped down as Chairman on 31 March 2012, after having served the maximum two terms, 6 years, as Chairman. This will therefore be my last statement to you.

During these years I have been greatly gratified and impressed by the tremendous efforts made by the Funds' Office staff who, under the guidance of Vincent Gordon and skillfully assisted by Dennis

Matthews and Dave Faulkner, have not flinched from the demands put upon them throughout some extremely challenging periods for the Funds and the Trustees.

It has been an honour to serve as your Chairman of the Trustees and I am confident that the Funds will be well served under the leadership of your new Chairman, Jonathan Swift.

Although I am stepping down as Chairman I shall be remaining on the Board as Deputy Chairman (Employers) and look forward to continuing to work with Jonathan and my other Trustee colleagues, whose support and forbearance I have greatly appreciated.



Peter Rogerson OBE

Retiring Chairman of Trustees - 6 July 2012

Jonathan Swift, Chairman

Peter Rogerson OBE has wholeheartedly given his unstinting efforts and experienced counsel on behalf of the Trustees and the Funds and I pay tribute and thank him for the way in which he has distinguished himself throughout the catalogue of the Funds' events of the past 6 years. I am pleased that Peter has decided to stay on the Board and I greatly look forward to working with him during my tenure as Chairman.

Taking on the Chairmanship of the ITB Funds' is a considerable task, particularly at this time of worldwide economic uncertainty and political argument about whether austerity or growth are the right measures to take countries out of recession. Still, it is a task I shall approach with

a high degree of energy and determination. It is therefore reassuring that I shall be working with a strong and committed Board of Trustee colleagues where, together with the drive and experience of Vincent and the Funds' Office staff with our professional advisers, we shall be vigilant of the challenges that will inevitably face us. No doubt there will be difficulties and throughout all I recognise the necessity and importance for the Trustees to have open channels of communication with Employers.

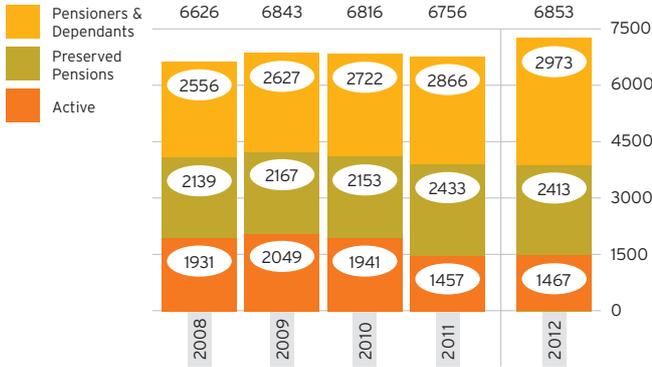


Jonathan Swift

Chairman of Trustees - 6 July 2012

Five Year Summary

Open Fund - Membership



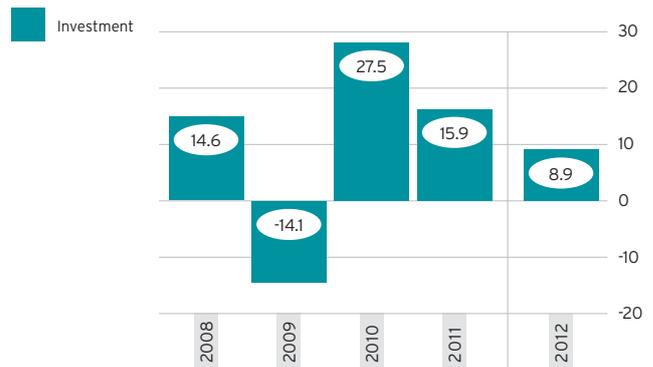
Closed Fund - Membership



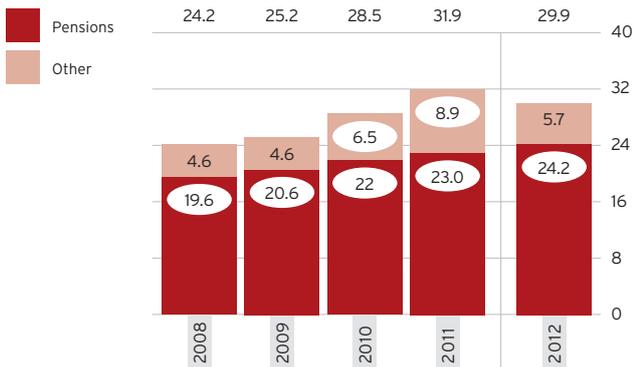
Open Fund - Income (£M)



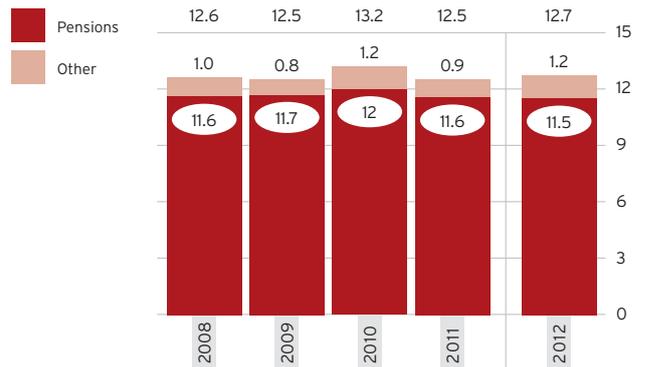
Closed Fund - Income (£M)



Open Fund - Expenditure (£M)



Closed Fund - Expenditure (£M)



Open Fund - Fund Value (£M)



Closed Fund - Fund Value (£M)



Board of Trustees

Employers' Trustees

Peter Rogerson, OBE (Chairman)

Nominated by:
ConstructionSkills*
(Retired 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 of GKN plc)



Tony Pringle

Nominated by:
Cogent SSC Limited
(Director of TPPLAST Ltd)



Simon Tarr

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



Gordon McNeil

Nominated by:
OPITO Limited
Technical Programs Director for OPITO Limited
(Succeeded Jacki Day who retired by rotation
on 31 March 2012)



Newell McGuiness

Nominated by:
Scottish Electrical Charitable
Training Trust (SECTT),
CAPITB Limited
(Managing Director of SELECT)



Terry Lazenby, MBE

Nominated by:
Engineering Construction ITB
(Retired Chairman of ECITB)



*ConstructionSkills is the trading name of Construction ITB

Members' Trustees

Roisin Boyer

Nominated by:
People 1st

HR Manager
(Succeeded Lindsay Campbell
who left service on 20 May 2011)



Susan Smart

Nominated by:
Engineering Construction ITB

Regional Account Manager - Offshore
(Succeeded John Edwards who retired
from service on 31 August 2011)



Chris Hall

Nominated by:
Skills for Logistics, CAPITB
Limited, 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)



Rob Sweeney

Nominated by the Trade
Union 'Unite' for:
ConstructionSkills*

Training Adviser for ConstructionSkills
(Succeeded Mike Harris who retired from
office on 26 June 2012)



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 Senta)



Hugh Edwards

Nominated by:
Closed Fund Pensioners
Previously Road
Transport ITB

(Retired - Formerly Training
Assessment Manager RTITB)



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 then a nomination by majority vote of those Employers will stand. 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 is 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.

All Trustees appointed are normally expected to serve a minimum of three years on the Trustee Board, subject to there being no change in any Employer's status from Large to Small Employer for the purpose of nominating a Trustee at the next 31 December head-count. If so the period of appointment will come to an end as at the following 31 March.

The next member head count date is 31 December 2012.

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

A Trustee may resign 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 the power by resolution to terminate a Trustee's appointment if, in their opinion, the individual concerned has been guilty of misconduct, or is otherwise unfit or unable to carry out his or her duties.

Changes to the Trustees

Members' Trustees

Madge Moore, the Member Trustee for Lantra retired by rotation on 31 March 2012 and, after being renominated by the active membership of Lantra, was reappointed to serve a further term from 1 April 2012.

John Edwards, the Member Trustee for Engineering Construction, retired from service on 31 August 2011. He was succeeded by Susan Smart on 7 October 2011 after she had been nominated by the active membership of Engineering Construction ITB.

Lindsay Campbell, the Member Trustee for People 1st, left the service of People 1st on 20 May 2011. He was succeeded by Roisin Boyer on 7 October 2011 after she had been nominated by the active membership of People 1st.

Pensioner Trustees

The period of office of the Closed Fund Pensioner Trustee, Hugh Edwards, is due to end on 31 March 2014.

The Open Fund Pensioner Trustee, David Barnett, retired by rotation on 30 September 2011 and, after being renominated by a ballot of Open Fund pensioners, was reappointed to serve a further term from 1 October 2011.

Employers' Trustees

Mr Simon Tarr, the Employer Trustee for People 1st, retired by rotation on 6 October 2011 and was reappointed to serve a further term from 7 October 2011.

Tony Pringle, the Employer Trustee for Cogent SSC, retired by rotation on 9 October 2011 and was reappointed to serve a further term from 10 October 2011.

Jacki Day, the Employer Trustee for OPITO, retired by rotation and resigned as a Trustee on 31 March 2012. She was succeeded by Gordon McNeil on 1 April 2012 after he had been nominated by OPITO.

Chairman

Jonathan Swift, the Employers' Trustee for Lantra, was appointed Chairman of the Trustees on 1 April 2012, succeeding Peter Rogerson OBE, who retired from the office of Chairman on 31 March 2012.

The period of office of the Chairman, Jonathan Swift, is due to end on 31 March 2015.

Deputy Chairmen

Jonathan Swift, the Deputy Chairman (Employers), resigned from office on 31 March 2012 and a nomination and ballot process was undertaken to appoint a new Deputy Chairman (Employers). Peter Rogerson OBE and Employers' Trustee for Construction Skills stood unopposed in the process

and was therefore appointed as Deputy Chairman (Employers) with effect from 1 April 2012.

The period of office of Peter Rogerson as Deputy Chairman (Employers) is due to end on 31 March 2015.

The period of office of David Barnett as Deputy Chairman (Members) is due to end on 28 February 2013.

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.

To identify and manage any potential problems related to Trustees conflict of interests, the Funds' Office also maintains a Trustees' 'Register of Interests'. The content of this Register has been updated during the past year and takes account of 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 Funds.

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. 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, is therefore in place and adhered to.

Trusteeship

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 2012 the Investment Committee included five Trustees.

The formal members of the Committee were:

Mr PG Rogerson OBE Chairman

Mr JF Swift Deputy Chairman (Employers)

Mr DC Barnett Deputy Chairman (Members)

Mr SCV Tarr Employers' Trustee

In addition to the formal members of the Investment Committee, an invited Trustee also attends meetings to both contribute and improve their knowledge and understanding.

There was overall 86% 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 to the Trustee board 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 2012 the Management Panel comprised three Trustees. The members were:

Mr PG Rogerson OBE Chairman

Mr JF Swift Deputy Chairman (Employers)

Mr DC Barnett Deputy Chairman (Members)

In addition to the formal members of the Management Panel, an invited Trustee frequently attends meetings to both contribute and improve their knowledge and understanding.

There was overall 89% 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 2012 the members of the Committee were:

Mr PG Rogerson OBE Chairman

Mr JF Swift Deputy Chairman (Employers)

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

Officers and Advisers

Officers

Director

Accountant

Communications & Benefits Manager

Advisers

Actuary

Solicitors

Investment Managers

Vincent Gordon FPMI

Dave Faulkner FCA

Dennis Matthews APMI

Government Actuary

Mayer Brown International LLP

Barings Asset Management

BlackRock Advisors (UK) Limited

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

Fletcher King

BNY Mellon Asset Servicing

Lane Clark & Peacock LLP

BlackRock Advisors (UK) Limited

JP Morgan Chase Bank

Universal Pension Trustees Limited

ITB Pension Trustees (1) Limited

ITB Pension Trustees (2) Limited

Chantrey Vellacott DFK LLP

Property Investment Managers

Investment Performance Monitors

Investment Advisers

Custodians

Auditor

Vincent Gordon FPMI



Dave Faulkner FCA



Dennis Matthews APMI



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 CAPITB plc changed its name to CAPITB Limited.

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:

CAPITB Limited

Cogent SSC Limited

Participating Subsidiary:
Cogent (Telford) Limited

ConstructionSkills*

Engineering Construction ITB

Lantra

OPITO Limited

People 1st

Participating Subsidiary:
National Skills Academy for Hospitality (NSAH)
(Name changed to Hospitality Guild with effect from 18 April 2012)

Science, Engineering and Manufacturing Technologies Alliance

Participating 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

Described below are the most significant developments and initiatives that have influenced the activities of the ITB Pension Funds during the course of the year.

Open Fund Actuarial Valuation

Further to the deficit revealed by the results of the formal triennial valuation of the Open Fund as at 31 March 2010 and announced in the previous Scheme Year, the Trustees attained their priority of reaching agreement with all of the Participating Employers on a deficit recovery plan and schedule of contributions to eliminate the deficit.

Due to the multi-employer nature of the ITB Pension Funds, agreeing a deficit recovery plan acceptable to all Employers was at times challenging given the impact the Scheme's deficit funding requirements can have on the businesses of the Participating Employers.

The deficit recovery plan formulated around Employers' ability to pay is intended to eliminate the deficit over a 7 year period, or 10 years where a suitable form of asset security or legal guarantee was required.

Employer Covenant

The necessary and vital strand of work of monitoring Employers' covenants has enabled the Trustees, with professional advice, to better understand the finances of the Employers' business operations and each Employer's ability to meet the funding requirements of past and future pension accrual. It proved an invaluable tool for the Trustees in reaching an objective and proportionate assessment of what Employers were able to afford so as not to damage the prospects of an otherwise viable Employer when preparing a recovery plan intended to redress the deficit arising out of the 2010 Actuarial Valuation.

The requirement for scheme trustees to monitor the employer covenant has been expanded upon by guidance from the Pensions Regulator, viewing the Employer's ability to meet their legal obligations to the pension scheme as a crucial element in protecting members' benefits.

This ongoing process involves regular assessment of the financial strength and other relevant developments affecting the Participating Employers and their ability to support the Fund, with clear & consistent procedures for monitoring, updating & implementing appropriate controls to manage the risks identified, for example; the strength of Employers' covenants is a key determinant in the Trustees' investment strategy.

Scheme changes

The increasing cost and uncertainty of funding a Defined Benefit (DB) pension under the Old, New and 2007 Sections was the catalyst for a number of ITB Employers looking for ways to reduce their pension liability risk exposure.

Employers had indicated to the Trustees that their priority was not further cost savings but greater certainty of cost of pension provision. The Trustees recognised that the increased cost of providing DB pensions may be a significant problem for some Participating Employers' businesses. Consequently, after a great deal of careful thought, advice and debate about an alternative strategy which may help reduce the pension pressure on the Employers, the Trustees agreed to the Employers' request to introduce a Defined Contribution (DC) Section for new members into the ITB Pension Funds' available range of benefit options.

Effective 1 April 2012, those Employers who take up the DC option for their new eligible employees are required to pay the standard contribution rate of 9% of Pensionable Salary, of which they may require that their members pay half. There is also the flexibility for Employers and members to pay contributions above this minimum level. Additionally, Employers meet the cost of providing member life assurance cover at a minimum level of twice basic salary. Employers are not obliged to take up the DC Section and may continue to offer the DB Section to new staff.

A significant amount of work was undertaken by the Trustees, their advisers and the Funds' Office staff in order to meet the challenging target date of

Review of Principal Activities (cont.)

the introduction of the DC Section on 1 April 2012. This work included establishing the design of a DC Section that would meet legal requirements and that would also assist Employers in meeting the challenges posed by the introduction of auto-enrolment, as well as deciding on a DC provider responsible for administering member benefits and undertaking investments of member and Employer contributions in a number of alternative funds on offer.

Following a selection process of potential DC providers undertaken by the Trustees' Investment Committee and the Trustees' Investment Consultants, which included a review of the financial strength, administration, communications, investment fund range and charges of those providers, Legal & General Assurance Society (L&G) was chosen as the DC provider for the ITB Pension Funds.

DC members may access their DC Accounts through the link to the L&G website on the MyITB website www.myitb.com or on www.myitb.com/dc@l&g

New Trust Deed and Rules

The new Trust Deed and Rules for the Scheme, which was approved by the Trustees and subsequently by the Employers, included the following main changes:

DC Section: The enabling provisions for the introduction of the DC Section and also auto-enrolment.

Share of surplus/deficit: After taking legal and actuarial advice following agreement on the introduction of the DC Section the Trustees agreed a new equitable formula with Employers for the sharing of deficit/surplus in the Open Fund.

40 years' maximum: Participating Employers also sought agreement from the Trustees to agree a change to the Rules to cap service to 40 years in the New and 2007 DB Sections to effectively make maximum Pensionable Service accrual consistent with the existing Old Section service cap, which has always had a maximum 40 year service limit.

Closed Fund

Following the reduction in the funding level identified by the 2009 actuarial valuation of the Closed Fund to 104% (121% at the 2006 valuation), and although the funding level had increased to around 113% by the time of the interim actuarial assessment carried out as at 31 March 2010, the Trustees decided to take action to investigate the feasibility of a buy-in in order to reduce the risk exposure of the Closed Fund with a comprehensive risk management solution.

The work which had commenced last year to identify and appoint a suitable insurer in the market culminated in the selection of Pension Insurance Corporation (PIC). Throughout the sometimes complex process the Trustees had the backing of a strong team of investment, legal and actuarial advisers. Both during that time and since, the Funds' Office has worked closely with PIC on administering the ongoing benefit payments to ensure the transition was seamless.

The buy-in covers Closed Fund members' benefits in an investment policy that becomes an asset of the Scheme that broadly matches the liabilities of the insured members. The Closed Fund receives a regular payment from the insurer PIC that covers the sum of the payments the Scheme pays to its members via the Funds' Office.

The buy-in terms agreed with PIC had been secured during a relatively narrow window of opportunity and represented an attractive deal for the Closed Fund. As a result the Fund was more secure as risk had been significantly reduced. Furthermore, the Trustees' policy of maintaining reserve assets provides even greater reassurance that in the unlikely event of PIC not being able to fulfil its commitments and having to resort to the Financial Services Compensation Scheme, those reserve assets can be used to make good any shortfall.

The results of the formal triennial valuation of the Closed Fund, which is due to be carried out as at 31 March 2012, are expected to be announced in the latter part of the current Scheme Year/early 2013.

Internal Controls

The Trustees are alive to risk identification in the Funds' operations and have methods of mitigation in place for ensuring that their approach to dealing with individual risk is robust and timely. This disciplined approach is underpinned by the Funds' Office core processes, in staff sharing core competencies and in striving for operational excellence.

Determining principal risks and setting the overall policies for risk evaluation and management is a continuous process which is embedded in the Funds' Office operations and one which is actively managed. The operational effectiveness of the related controls, which are regularly reviewed and assessed by Chantrey Vellacott DFK LLP, are, as a minimum, reviewed annually by the Trustees as part of the risk management process and its implementation

Auto-Enrolment (AE)

As part of the Government's initiative to encourage people to save towards their retirement, the introduction of AE and NEST (the National Employment Savings Trust) by Government is set to become effective on 1 October 2012, with staging dates (start dates) based on the number of persons in the Employer's PAYE scheme.

NEST, is the new trust-based occupational pension scheme set up by Government to help employers to comply with their auto-enrolment obligations. An eligible worker is an employee aged between 22 and state pension age and earning more than £8,105 per annum (2012/13). Contributions become payable on earnings over the National Insurance primary threshold of £7,605 per annum (2012/13).

The largest of the ITB Participating Employer's staging date is due to take place in the latter half of 2013 and other Employers will follow with various staging dates ranging through to 2017. The various changes introduced to the ITB Trust Deed and Rules were designed to accommodate the AE requirements and the Participating Employers will be able to utilise the Scheme's DB and DC Sections to meet their auto-enrolment obligations for eligible employees.

Investment

Pension Fund investment is long term to meet the long term liabilities of the Funds. The Trustees' objectives as applicable to the Open Fund and the reserve assets of the Closed Fund include; the acquisition of suitable assets of appropriate liquidity to generate income and capital growth that, together with ongoing contributions from members and Employers, will meet the cost of current and future benefits and to limit the risk of the assets failing to meet the liabilities over the long term. Bearing this principle in mind a diversification strategy is maintained for both the Open and Closed Funds.

On an ongoing basis Investment Managers performance is monitored against appropriate pre-determined benchmarks and targets, with several formal reviews held throughout the year by the Investment Committee. Should a Manager be found to be underperforming, they will be interviewed to ascertain the reasons and to confirm whether it is felt that the situation is likely to persist and the Trustees need to take remedial action.

The investment strategy of the Open Fund was changed by the Trustees during the year as a result of advice received from the Funds' Investment Advisers, Lane Clark & Peacock. Details of the strategy at the end of the year can be found within the Investment Report on pages 36 & 37. Furthermore, triggers are in place which, when reached, will lead to a movement of assets thus resulting in a further reduction of risk.

The Statements of Investment Principles (SIPs) sets out the policy for the type of investments to be held within both the Open and Closed Funds and the balance between different types of investments. The SIPs are regularly reviewed. The full version 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.

Review of Principal Activities (cont.)

Web

Work is being completed on reforming the itb-online website, which is due to be rolled-out during September 2012. The greater flexibility and functionality provided will future-proof the site's development potential. The reformed website will combine the functionality of the itb-online information site and the 'MyITB' pension modeller through a single entry username and password as well as providing DC members with information and membership booklet and an access point to the DC provider's (L&G) website.

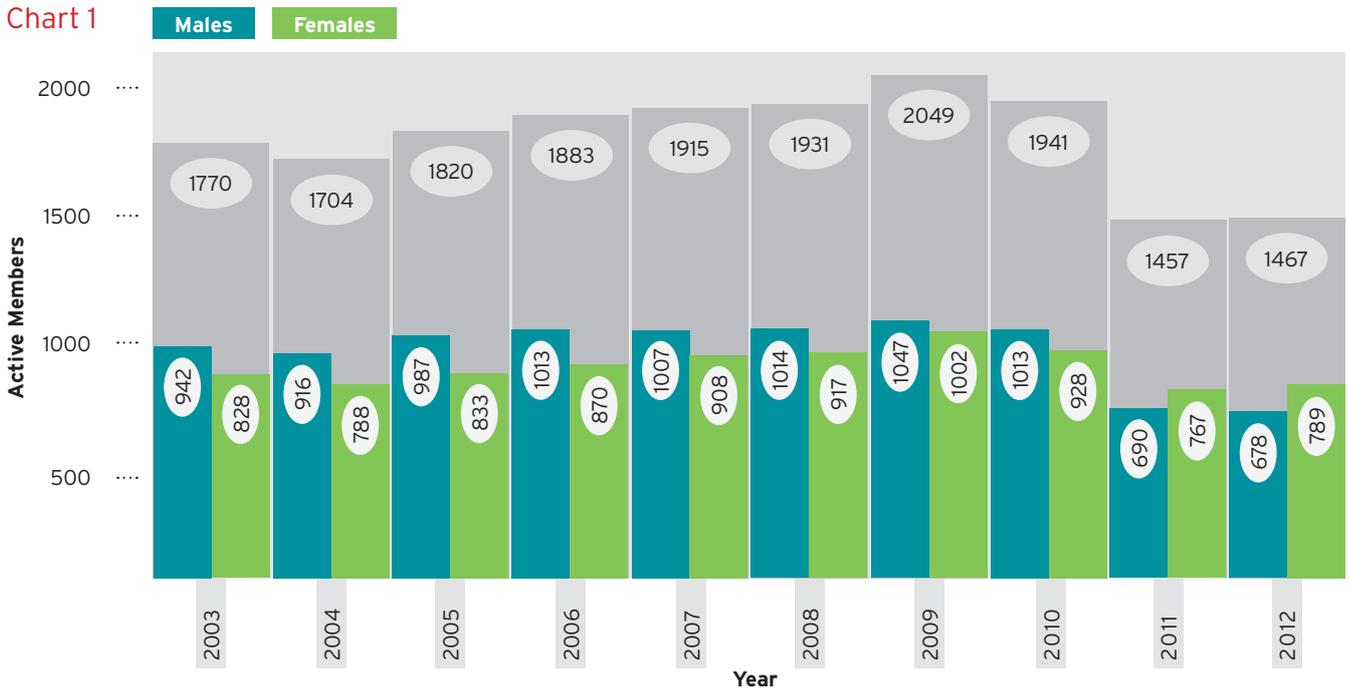
Membership

The ITB Pension Funds consists of two separate Funds, the Open Fund and the Closed Fund.

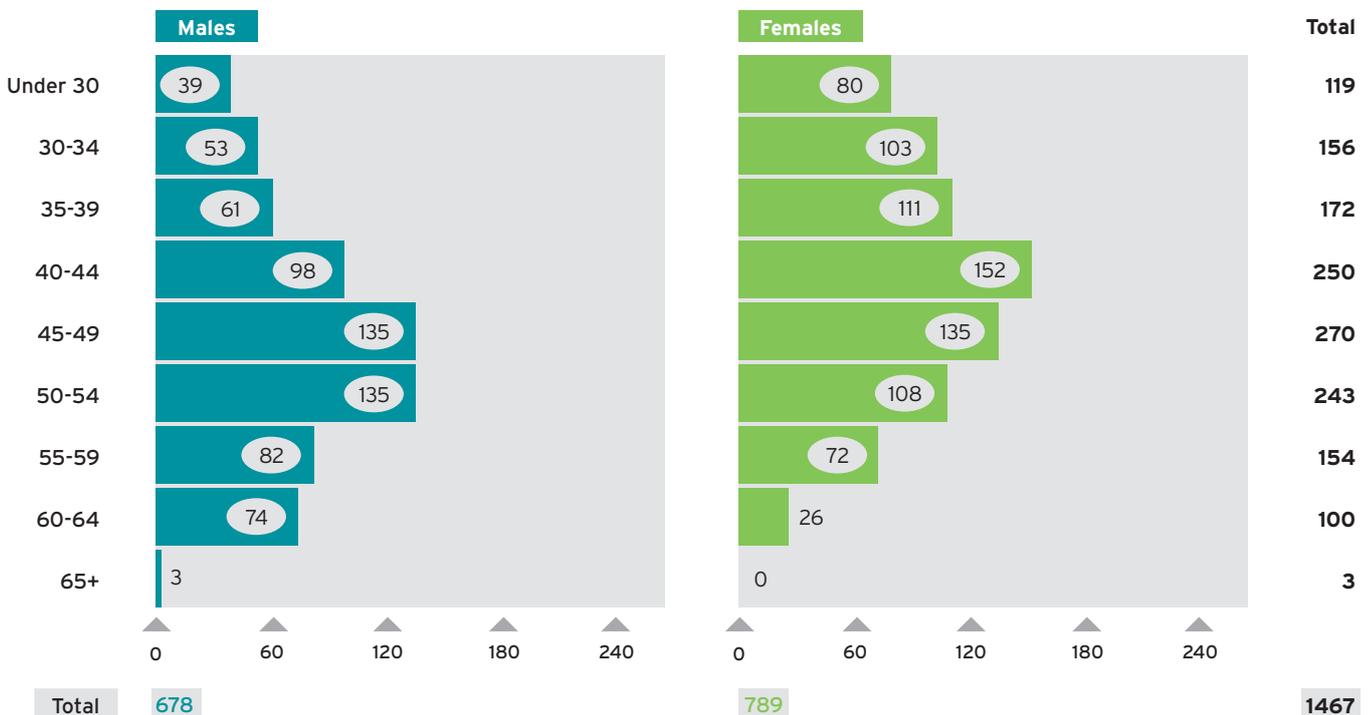
Active Members - Open Fund

As at 31 March 2012 all active members are either in the "Old", "New" or "2007" Sections of the Open Fund, with the majority of the active members now being in the 2007 Section. Overall, there was relatively little movement in active membership between this year and last.

Chart 1



The age structure of the contributing members at 31 March 2012 was as follows:



Pensioners - Open Fund

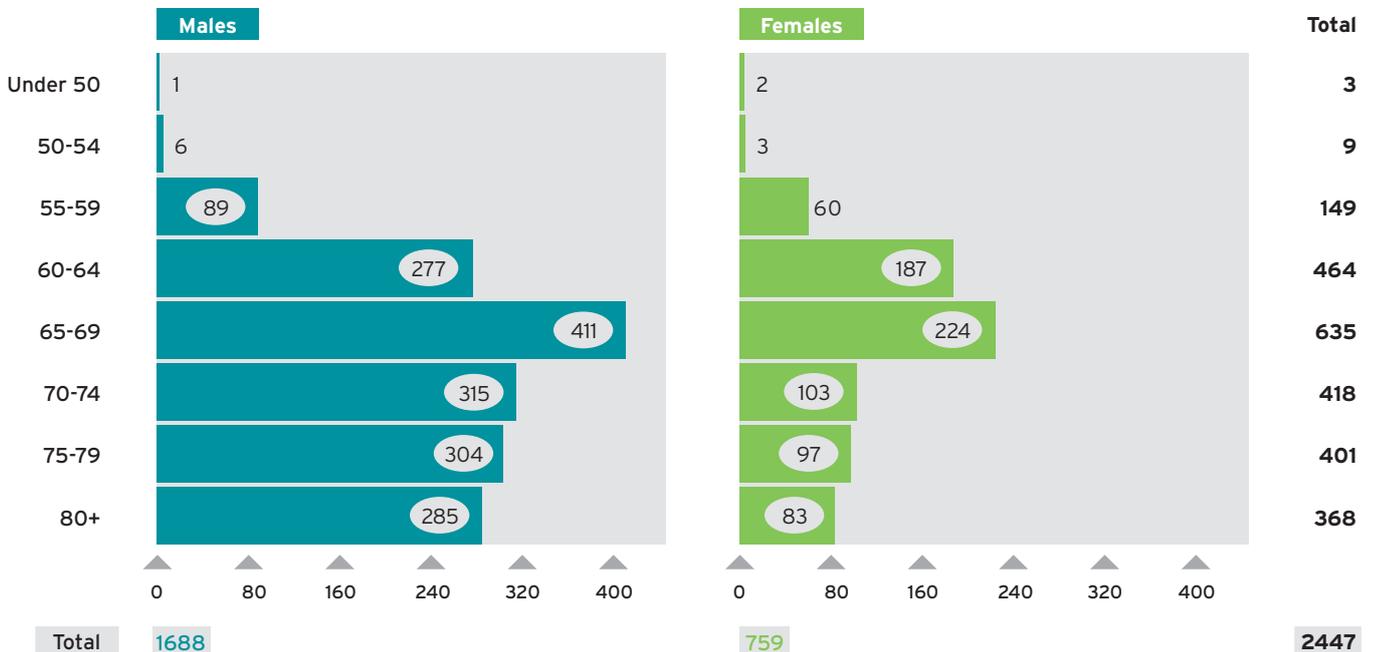
Continuing the trend from previous years the Open Fund has seen a steady increase in the number of pensioners. Pensioners are either members or dependants and the number in each category is shown below.

Chart 2

Members **Dependants**



The age structure of pensioners in the Open Fund as at 31 March 2012 is shown below. The benefits paid to the pensioners cover early, normal, late retirement, compulsory and disability retirement.



Preserved - Open Fund

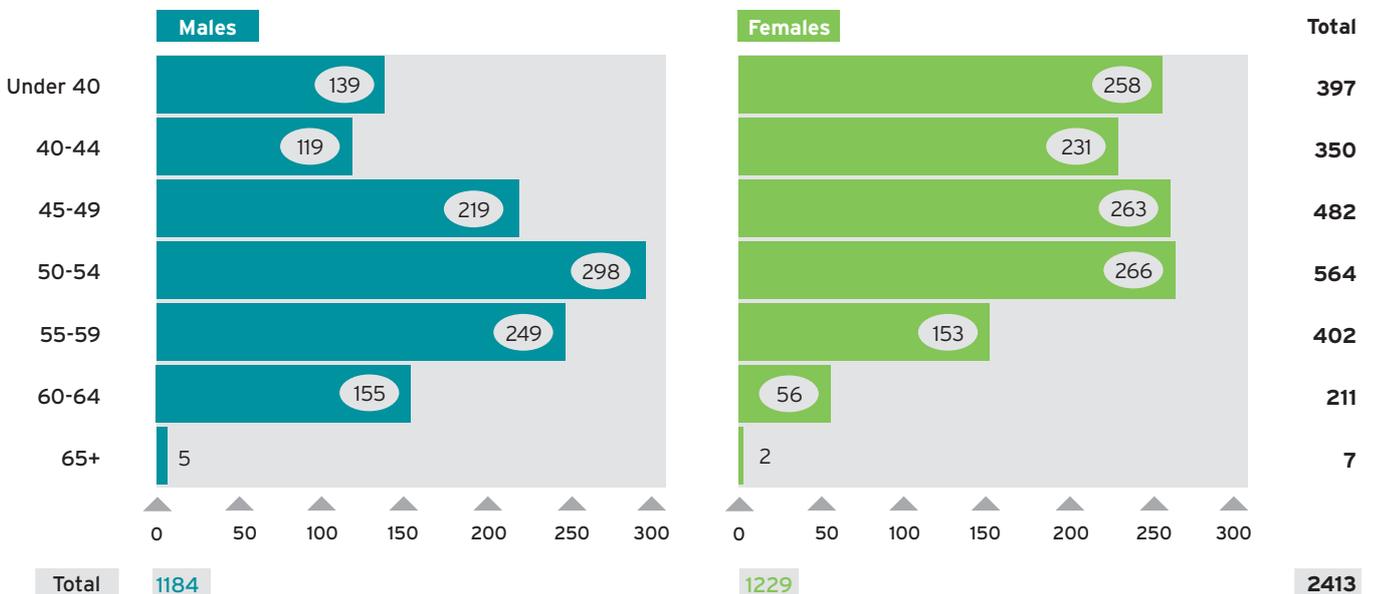
The number of preserved pensioners in the Open Fund as at 31 March 2012 is shown below. Preserved pensioners (also sometimes referred to as deferred pensioners) are members who have left service, but still hold a benefit within the Open Fund which will become payable on their retirement date or death. The Open Fund has seen a small reduction in its number of preserved pensioners over the past year.

Chart 3

Males Females



The age structure of preserved pensioners in the Open Fund as at 31 March 2012 is as follows:



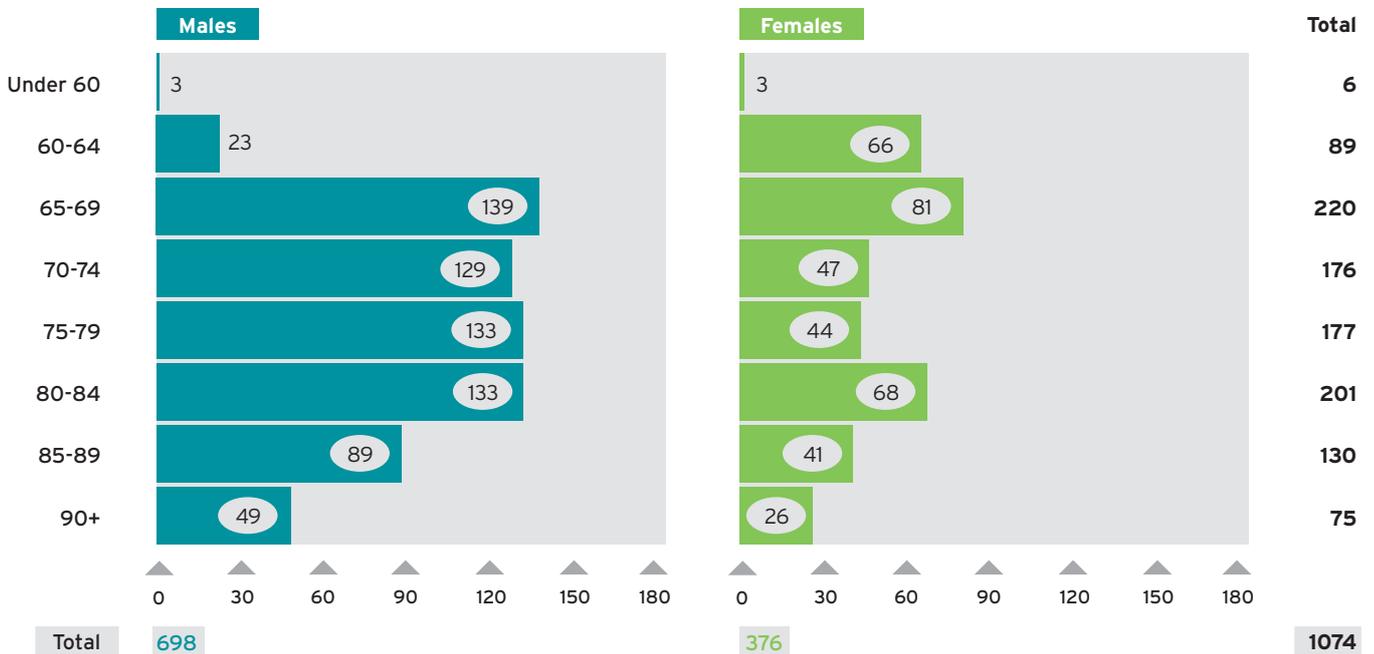
Pensioners - Closed Fund

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. The Closed Fund membership has remained fairly static.

Chart 2 Members Dependants



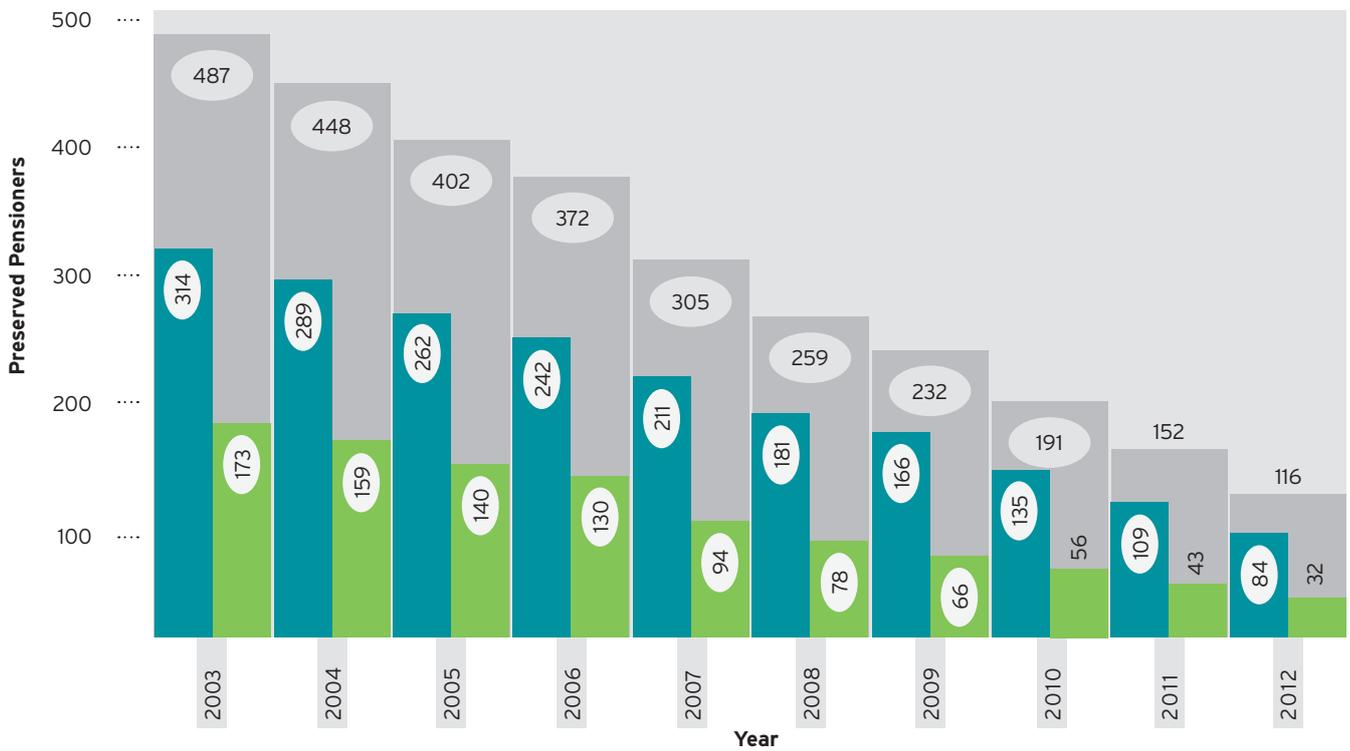
The age structure of pensioners in the Closed Fund as at 31 March 2012 is shown below:



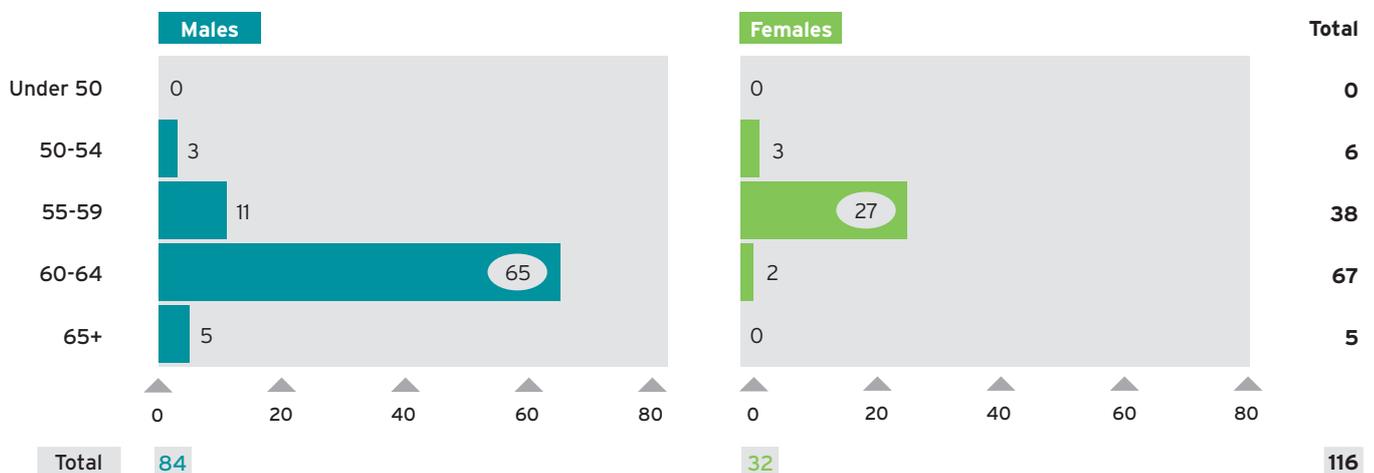
Preserved - Closed Fund

The number of preserved pensioners in the Closed Fund as at 31 March 2012 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 3 Males Females



The age structure of preserved pensioners in the Closed Fund as at 31 March 2012 is as follows:



Increases in Pensions

Open Fund (Old Section) and Closed Fund

The Rules require pensions to be increased as if they were 'official pensions' to which the Pensions (Increase) Act 1971 applied (since incorporated into s59 Social Security Pensions Act 1975).

The increases are made in accordance with up-rating orders issued by the Government each year, stating the percentage rate of increase for that year, based on the rise in the "general level of prices". The legislation leaves it to the Secretary of State to decide what the appropriate inflation measure is for this purpose from time to time.

The level of increase is currently determined by reference to the annual rise in the CPI at the end of September each year, with any increase being applied from the first Monday following the beginning of the new tax year.

This year the increase is 5.2% and is payable from 9 April 2012.

10 year pension increase history

Date of Increase	Increase %
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
11 April 2011	3.1
9 April 2012	5.2

Open Fund New and 2007 Sections

Under the Rules of the Open Fund, New and 2007 Sections pensions are increased in line with the annual increase in the Retail Price Index (RPI), subject to a maximum increase cap as described for the New and 2007 Sections in the table below. Increases commence on the first Monday after 6 April each year.

Pensions in Payment - Increase Methods (All ITB Schemes):

	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:	In line with annual up-rating orders issued by the government	*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:	In line with annual up-rating orders issued by the government	*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
The **GMP is increased as follows:			
6 April 1978 to 5 April 1988 by	Nil	Nil	In line with annual up-rating orders issued by the government
6 April 1988 to 5 April 1997 by:	Lesser of 3% and the annual up-rating orders issued by the government	Lesser of 3% and the annual up-rating orders issued by the government	Excess of the annual up-rating orders issued by the government

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

Preserved Pensions - Increase Methods (All ITB Scheme Sections)

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:	In line with annual up-rating orders issued by the government	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:	In line with annual up-rating orders issued by the government	Increased in line with the lower of the accumulated rise in the RPI and 2.5% pa compound

Contracting out

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).

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 known as 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.

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

Actuarial Certificates (cont.)

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 could have been expected on 31 March 2010 to be met by the end of the period specified in the recovery plan dated 7 October 2011 (revised for Skills for Logistics on 11 January 2012).
2. I also certify that the 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 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 8 October 2010*.

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 FIA
Government Actuary's Department
Finlaison House
15-17 Furnival Street
London EC4A 1AB
13 January 2012

The Schedule of Contributions referred to in this certificate is that dated 7 October 2011 for all employers apart from Skills for Logistics, and the revised Schedule of Contributions dated 11 January 2012 in respect of Skills for Logistics.

*In coming to this view, account was taken of the Assumptions section in the Schedule of Contributions. Note that, as decided by the Trustees at their meeting on 8 October 2010 and agreed with the employers, the discount rate used to calculate future service standard contribution rates is higher than that used for the calculation of the technical provisions.

Summary Funding Statements

The ITB Pension Funds (Open Fund): Summary Funding Statement for Period ending 31 March 2011.

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 Open Fund showed that on 31 March 2010 the funding position was as follows:

Assets	£620.2 million
Liabilities	£671.5 million
Funding level	92%

The estimated amount as at 31 March 2010 needed to ensure that all members' benefits could have been paid in full if the Scheme had started winding up (full solvency) was £874.9 million. Therefore, the Scheme was 71% funded on a full solvency basis as at 31 March 2010. Inclusion of this information is a standard requirement and is not related to any consideration of the Trustees to wind up the scheme.

Change in funding position:

The Scheme Actuary carried out an interim review of the Open Fund as at 31 March 2011. The purpose of that review was to assess how the Scheme's funding position has changed over the previous year.

This interim review showed that the funding level increased from 92% to 98% between 31 March 2010 and 31 March 2011. The increase in funding level reflects higher than expected investment returns on the Scheme's assets, the payments made by Skillfast-UK and JTL in respect of their withdrawals from the Scheme during 2010 and the deficit contributions paid by Participating Employers since January 2011.

Actions to return the Scheme to full funding:

The Participating Employers have agreed to pay additional contributions to the Scheme to restore the Scheme to full funding. Additional contributions will be paid for between 7 and 10 years from January 2011. Where such contributions extend beyond 7 years, Employers have agreed to provide additional security to the Scheme.

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.

Summary Funding Statements (cont.)

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	28%
Bonds/LDI mandate	30%
Alternative Investments	26%
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 Recovery Plan: This shows the agreed actions to restore the Scheme to full funding.
- 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 2012.
- The report on the interim Actuarial Review of the Scheme as at 31 March 2011.

- The full Actuarial Valuation report follows the Actuary's check of the Scheme's situation as at 31 March 2010.
- The ITB Open Fund '2007 Section', 'New Section' and 'Old Section' Member Booklets (members should have been provided with a copy of the booklet relevant to their Scheme Section when they 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 2011.

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 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 is a standard requirement and is not related to any consideration of the Trustees to wind up the scheme.

Change in funding position

The Scheme Actuary carried out an interim review of the Closed Fund as at 31 March 2011. The purpose of that review was to assess how the Scheme's funding position has changed over the previous year.

The interim review showed that the funding level increased from 113% to 120% between 31 March 2010 and 31 March 2011. The increase in surplus between March 2010 and March 2011 was principally due to a change in the inflation index used to increase pensions, and higher than expected investment returns on the Scheme's assets.

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?

At 31 March 2011, the Trustees' policy was to invest the majority of the Scheme's assets in index-linked gilts to match the liabilities of the Scheme as they come due. Cash was held to pay the most imminent liabilities. More recently, the Trustees have insured the Scheme's benefits with an insurance company.

The reserve funds are invested in a broad range of assets, the majority of which are expected to be equities.

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

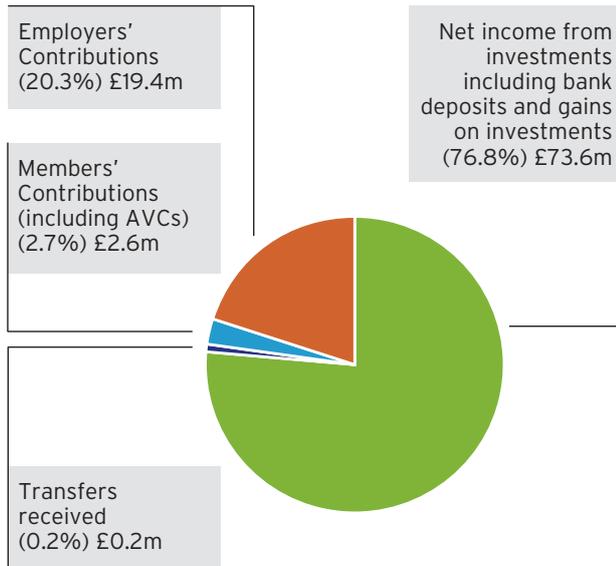
- Members of the Scheme can also use the Funds' secure modelling website 'MyITB' (www.myitb.com) to estimate their own benefits.
- Additional documents available on request or in some cases on the Funds' website www.itb-online.co.uk
- The Statement of Investment Principles: This explains how the Trustees 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 2012.
- The full report on the Actuarial Valuation following the Actuary's check of the Scheme's situation as at 31 March 2009.
- The report on the Interim Actuarial Review of the Scheme as at 31 March 2011.
- 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 2011/2012

Chart 6 Open Fund



Open Fund

The way in which the income of the Open Fund of £95.8m was made up is shown in Chart 6. The total net investment income consists mainly of income from bonds and index linked securities, property rentals and bank interest after adding the profits on foreign exchange and deducting Investment Managers' fees.

However, also included in the net income from investments shown above is an amount of £42.0m which represents realised profit on the sale of investments, including profits on foreign currency transactions.

Chart 7 Closed Fund

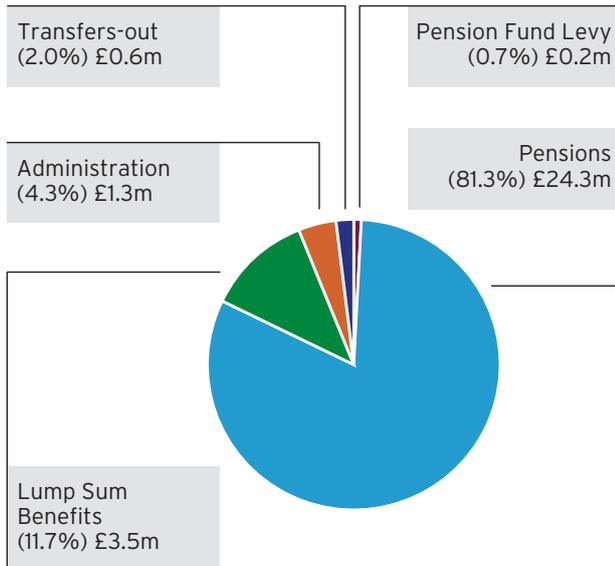
Net Loss on Investments	(£2.9m)
Net Income from Investments	£11.8m
Total Income	£8.9m

Closed Fund

The net investment income consists of income from index linked gilts, alternative investments and bank interest.

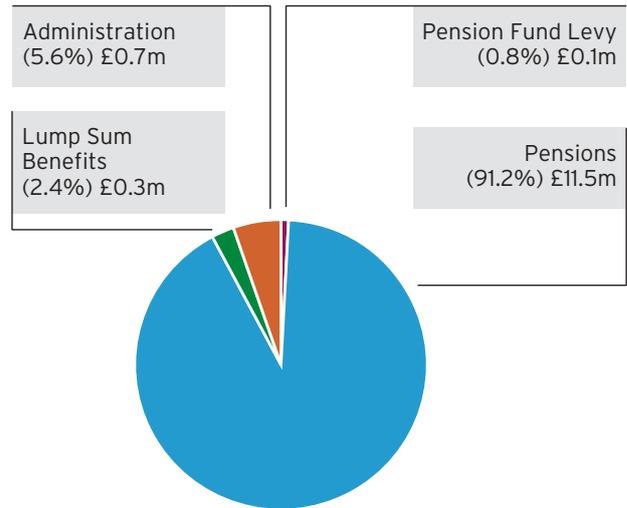
Allocation of Expenditure 2011/2012

Chart 8 Open Fund



The way in which the total Open Fund expenditure of £29.9m was made up is shown in Chart 8.

Chart 9 Closed Fund



The way in which the total Closed Fund expenditure of £12.6m 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 mostly compliant with 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 historically been adopted whereby the liabilities have been broadly matched by an underlying portfolio of index-linked gilts. During the Scheme year the majority of the Closed Fund's liabilities were bought-in with PIC and therefore, a

reduced number of index linked gilts were held at the year end. In addition to these residual index linked gilts, 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 of the Open Fund in August 2011, 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 a new investment strategy was set with the objective of achieving the Trustees' desired long term return of 2.3% 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.

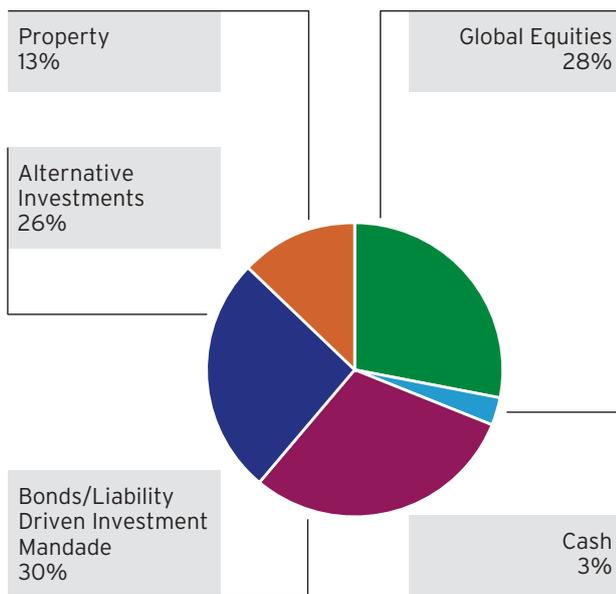
The strategy to achieve the investment objectives involves the Funds' assets being invested across a range of asset classes and geographical areas.

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, Universal Pension Trustees Limited, ITB Pension Trustees(1) Limited and ITB Pension Trustees(2) 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.

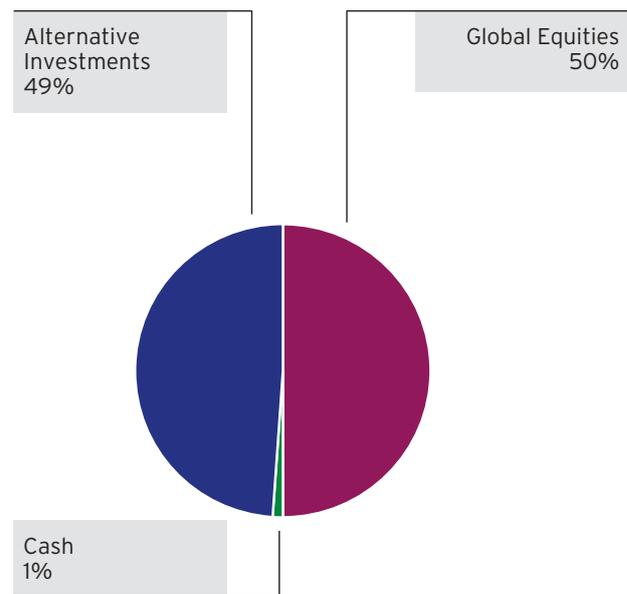
The Closed Fund's portfolio of index-linked gilts is under the control of the Trustees. The return seeking assets are managed by a number of external managers detailed on page 44.

The target asset allocation existing at 31 March 2012 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 2012 for the reserve assets of the Closed Fund not invested in index-linked gilts, was as follows:



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

Financial Review

The member payments made by the Closed Fund are financed by amounts received from PIC. The administration expenses of the fund are essentially financed by the interest received on the holding of index linked gilts.

The ongoing 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, employers' buy-out contributions and employers' deficit contributions.

Investment Background

UK Equities

For the 12-month period as a whole the FTSE All-Share index rose 1.4% in sterling, total return terms. The major news over the period from a UK perspective was economic data which showed that the economy has returned to recession. With considerable uncertainty remaining as to the outlook for the UK, however, the Bank of England extended its asset purchase programme to £325bn and left interest rates unchanged at the historically low level of 0.5%. This decision was supported by inflation levels, with CPI inflation easing to 3.4% towards the end of the period as high street retailers continued to cut prices and energy providers started to pass on the benefit of lower commodity prices to consumers.

UK equity markets suffered a correction in the middle of 2011 as concerns over the strength of the global economy as well as the European debt crisis created a risk-averse environment. However, markets generated positive returns for the period as a whole, with low interest rates and a strengthening recovery in the US helping to support UK asset prices. From a sector perspective, more cyclical stocks such as industrials and financials were generally poor performers, as were growth-sensitive sectors such as mining. In contrast, more defensive areas of the market such as healthcare and consumer staples were generally the strongest performers.

Europe ex UK equities

For the 12-month period as a whole the FTSE World Europe ex UK index fell 11.4% in sterling, total return terms. European markets were volatile over the period and underperformed global markets with headlines being dominated by continued concerns over the level of sovereign debt in several southern European countries. Economic data readings in the euro region continued to point to recessionary conditions and the European Central Bank (ECB) cut interest rates twice in response in the second half of

the period. In addition, the ECB committed to loan unlimited amounts of money to European banks at low interest rates and another bailout package was agreed for Greece in return for stringent austerity measures in the country.

Global Equities

For the 12-month period as a whole the MSCI World index rose 1.5% in sterling, total return terms. Economic data pointed to divergent trends over the period, with US growth accelerating while growth in the UK and mainland Europe decelerated. Employment data in the US in particular gave cause for optimism, with more private jobs being added than expected and the overall unemployment rate falling to 8.3%. In Asia, government policymakers continued their change in focus away from countering inflationary pressures and towards stoking domestic growth. As a result, of this varied economic backdrop, US equities outperformed over the period, while European and emerging market equities generally underperformed.

Bonds

During the first half of 2011, inflation concerns were widespread and speculation mounted about the timing of the first rate hikes in the major economies. As the period progressed and the eurozone crisis worsened, investors fled risk assets to focus on traditional safe havens, such as highly-rated corporates, UK gilts, German bunds and US treasuries. Britain's economic data remained weak throughout 2011. Inflation, however, remained stubbornly high, mostly due to higher oil prices, though it did show signs of easing towards the end of the year. The Bank of England (BOE) kept interest rates at 0.5% and gave clear signs that they would not rise at any time soon. The BOE also announced further increases to its quantitative easing programme, taking it up to £325bn.

The combination of safe haven status and quantitative easing pushed down gilt yields to record lows by the end of 2011, making them one of the year's best performers. By comparison, corporate bonds underperformed, with spreads rising sharply in the second half of the year as risk aversion took hold. However, during the first quarter of 2012, this position reversed itself. The European Central Bank intervened to lend just over €1 trillion to European banks, which the market took as a strong, positive signal that a banking crisis would be averted. The corporate bond market then enjoyed a strong rally, and during the first two months of the New Year spreads narrowed back significantly, more than making up for ground they had only recently lost.

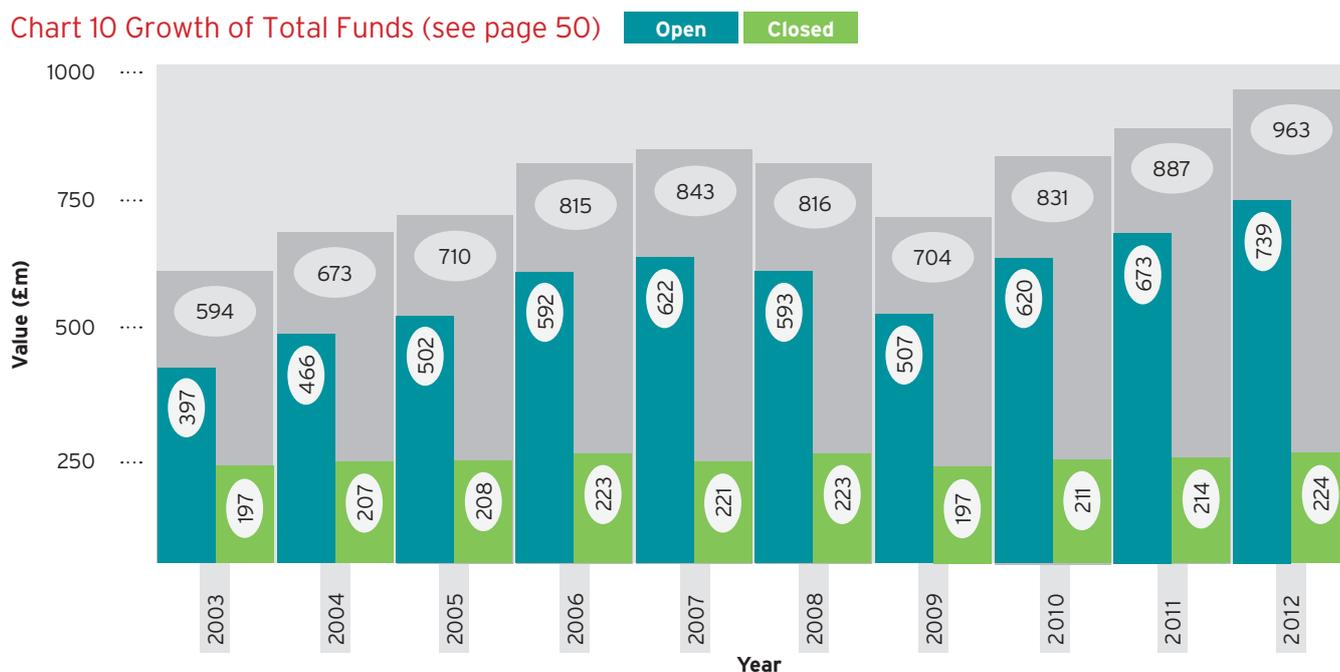
Property

Over the 12 months to the end of March 2012 commercial property in the UK provided an annual total return of 6.6%, as measured by the IPD UK Monthly Property index. While all sectors of the UK commercial property market delivered consistent, positive returns over the period, there was some divergence in sector performance. Offices delivered the strongest returns, followed by industrial property, while retail property was weakest as weak retail sales continued to weigh on the sector.

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 50)



Asset Allocation (see page 57)

At the end of March 2012, the Funds' investments were allocated between the following categories:

Open Fund	Market Value £000's	Proportion of Market Value %
UK Equities	55,083	7.5
Overseas Equities	132,692	18.0
Fixed Interest:		
UK & Overseas	59,743	8.1
Index Linked	193,275	26.3
Derivatives	22,855	3.1
Property	72,896	9.9
Alternatives (e.g. Hedge Funds)	117,138	15.9
Cash	82,174	11.2
Total	735,856	

Closed Fund	Market Value £000's	Proportion of Market Value %
Insurance Policy	147,600	70.2
UK Equities	7,439	3.5
Overseas Equities	10,121	4.8
Fixed Interest:		
Index Linked	25,227	12.0
Alternatives	16,331	7.8
Cash	3,564	1.7
Total	210,282	

The overseas equities for both Funds consists of holdings in Europe, North America, Japan, South East Asia and emerging markets. The changes in asset allocation made since 2010 are shown in Charts 11 and 12.

Chart 11
Asset Allocation - Open Fund (%)

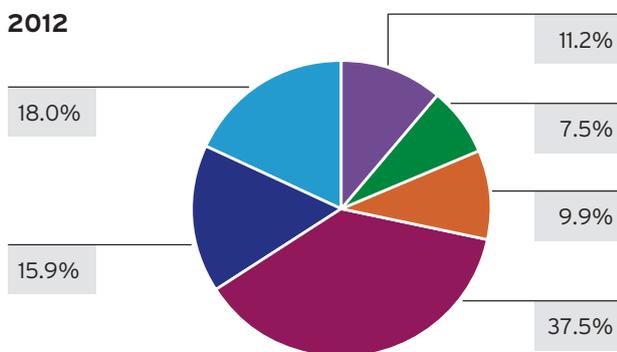
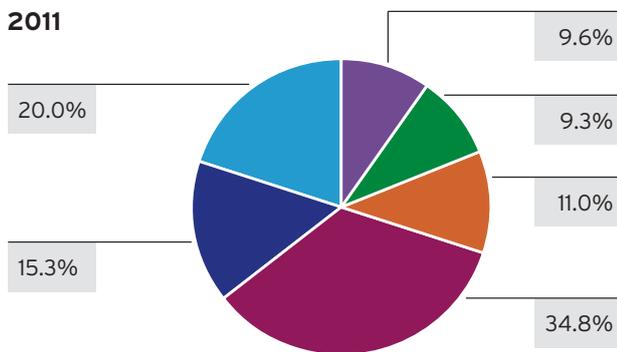
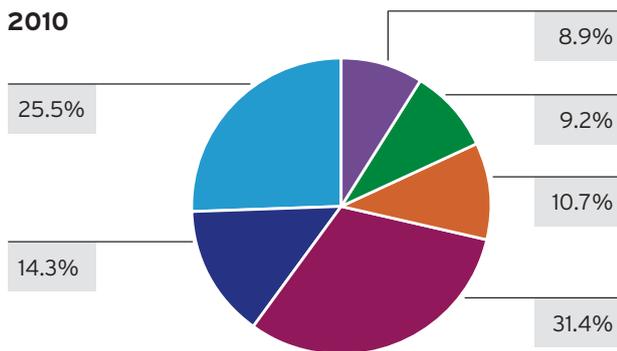
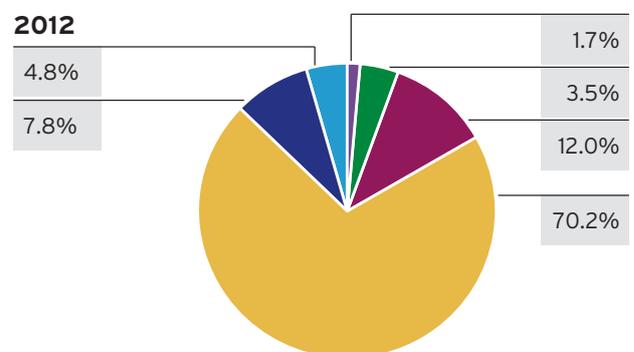
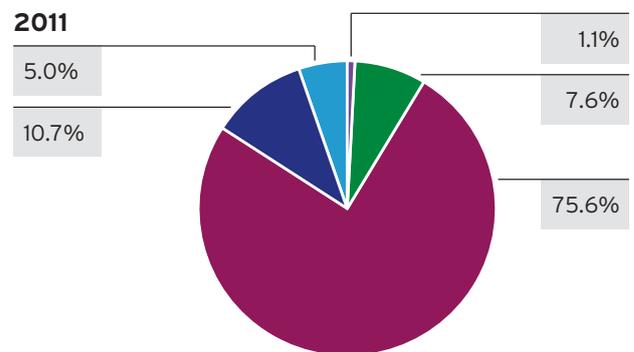
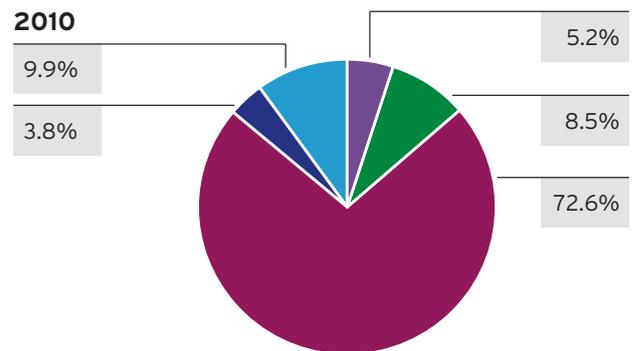


Chart 12
Asset Allocation - Closed Fund (%)



Cash
 UK Equities
 Property
 Alternatives
 Fixed Interest, Index Linked and Derivatives
 Overseas Equities
 Insurance Policy

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

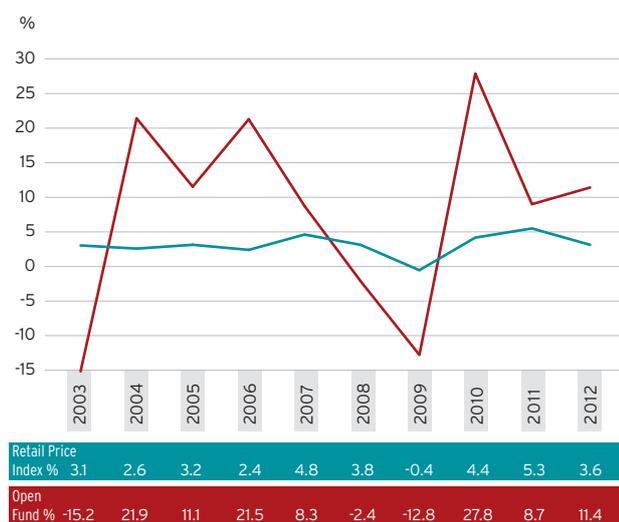
Total Fund

The investment performance of both the Closed and Open Funds was monitored by BNY Mellon Asset Servicing, an independent investment performance monitoring service. 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 2012. In addition, BNY Mellon Asset Servicing also provide an overview for each Fund and present year-end reports at an annual 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 6.0%, whereas the Fund achieved a return higher than this of 11.4%.

The reserve assets of the Closed Fund achieved a return of 6.8% against the relevant benchmark of 8.1%. These Closed Fund's returns exclude the return achieved on the movement of the Pensions

Insurance Corporation's insurance policy as any gains or losses made on this investment cannot be realised by the Closed Fund.

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) (12% 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 (3% 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 marginally underperformed their benchmark and their objective.

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. Over the year Insight underperformed their benchmark.

The fees for this portfolio are market value based.

Fixed Interest (including index-linked gilts and derivatives) (43% of total fund)

Insight Investment (35% 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 matched its benchmark.

**BlackRock Advisers (UK) Limited
(8% of total fund)**

Index linked gilts are held in this portfolio to support the liabilities of former participating employers'. The funds are passively managed and the fees are market value based.

Global Equities (18% of total fund)

**BlackRock Advisers (UK) Limited
(10% 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 benchmarks.

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.

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 underperformed its benchmark.

Investec Asset Management (4% 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 (10% of total fund)

Fletcher King (8% 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 underperformed their benchmark.

**Schroder Investment Management (UK) Limited
(2% of total fund)**

The total investment committed for this European Property Fund will be paid in increments over a period up to and including 2012. 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 (15% 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 underperformed its benchmark and its objective.

**BlackRock Advisers (UK) Limited
(3% of total fund) Global Tactical Asset
Allocation Fund (GTAA)**

The objective of this part of the alternatives portfolio is to outperform three-month LIBOR

Investment Performance Review (cont.)

(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 underperformed its LIBOR benchmark.

Liongate Capital Management (2% of total fund) - Fund of Hedge Funds

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. Over the year, the portfolio underperformed both its benchmark and its objective.

Stenham Asset Management (2% of total fund) - Fund of Hedge Funds

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 were paid during the year. Over the year, the portfolio underperformed the benchmark.

Ruffer LLP (5% of total fund) - Diversified Growth Fund

The objective of this portfolio is to outperform three month LIBOR after fees. The fees for this fund are market value based. No performance fees are payable. Over the year, the portfolio outperformed its objective.

Barings Asset Management (1% of total fund) - Diversified Growth Fund

Barings were appointed in the early part of 2012 and will receive funds on a quarterly basis up to the December 2012 quarter. The approximate total investment will be in the region of £30 million. The objective of this part of the alternative portfolio is to out perform three month LIBOR by 4% pa after fees. The fees for this fund are market value based. No performance fees are payable.

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 and to avoid realising assets at short notice.

Managers' Mandates and Performance - Closed Fund

UK Equities (3% of total fund)

BlackRock Advisers (UK) Limited (3% 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, the portfolio matched its benchmark.

Global Equities (5% of total fund)

BlackRock Advisers (UK) Limited (5% 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.

Alternatives (7% of total fund)

BlackRock Advisers (UK) Limited (2% 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 underperformed its benchmark.

Ruffer LLP (5% of total fund)

Ruffer is an absolute return investment manager which aims to preserve capital and generate consistent returns and thus is necessarily unbenchmarkd 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. Over the year, the portfolio outperformed its benchmark.

Buy-in Insurance Policy (72% of total fund)

Pensions Insurance Corporation (72% of total fund) Insurance buy-in policy

This buy-in investment was purchased in April 2011 to finance the pension liabilities of the Closed Fund. No fees are payable on this investment and the policy cannot be redeemed or sold.

Trustees (13% of total fund)

Index-linked securities and cash which are under the control of the Trustees.

Statement of Trustees' Responsibilities

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, 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 the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and
- contain the information specified in the Schedule to The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements have been prepared in accordance with the Statement of Recommended Practice 'Financial Reports of Pension Schemes'.

The Trustees have supervised the preparation of the financial statements and have agreed suitable accounting policies, to be applied consistently, making any estimates and 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 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. 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 also have a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

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:

	2012 £'000	2011 £'000
Contributions payable under the Schedule of Contributions		
Employers' normal contributions	4,151	6,382
Employers' deficit contributions	7,158	-
Members' normal contributions	2,603	3,147
Total contributions payable under the Schedule	13,912	9,529
Other contributions		
Employers' augmentation costs	60	4,026
Employers' buy-out contributions	40	15,024
Employers' deficit contributions	8,000	3,937
Members' additional voluntary contributions	18	28
Transfers from money purchase AVC schemes	170	289
Total payable to the Scheme	22,200	32,833

The Trustees Report was approved by the Trustees on 6 July 2012.



P Rogerson
Trustee



J Swift
Trustee

Financial Statements

for the year ended 31 March 2012

Independent Auditor's Report to the Trustees of the ITB Pension Funds

We have audited the financial statements of the ITB Pension Funds for the year ended 31 March 2012 which comprise the fund accounts, the net assets statements and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Trustees, as a body, in accordance with The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme and the Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Trustees and the Auditors

As explained more fully in the Statement of Trustees Responsibilities set out on page 45, the Scheme's Trustees are responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

This includes an assessment of: whether the accounting policies are appropriate to the scheme's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report & Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 March 2012, 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;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3 of, and the Schedule to, the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

CHANTREY VELLACOTT DFK LLP

Chartered Accountants and Statutory Auditor
LONDON

26 November 2012

Independent Auditor's Statement 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 2012 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 Auditor

As explained more fully in the Statement of Trustees' Responsibilities, the Scheme's Trustees are responsible for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing 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 active members 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.

Scope of work on Statement about Contributions

Our examination involves obtaining evidence sufficient 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 Schedule of Contributions. This includes an 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.

Statement about contributions payable under the Schedule of Contributions

In our opinion contributions for the scheme year ended 31 March 2012 as reported in the Summary of Contributions and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedules of Contributions certified by the Scheme Actuary on 10 March 2008 and 13 January 2012.

CHANTREY VELLACOTT DFK LLP
Chartered Accountants and Statutory Auditor
LONDON

26 November 2012

Fund accounts

for the year ended 31 March 2012

	Notes	Closed Fund 2012 £'000	Open Fund 2012 £'000	Combined Fund 2012 £'000	Combined Fund 2011 £'000
Income					
Employers' contributions	3c	-	4,151	4,151	6,382
Employers' augmentation costs	3c	-	60	60	4,026
Employers' deficit funding	3c	-	15,158	15,158	3,937
Employers' buy-out contributions	3c	-	40	40	15,024
<hr/>					
Total employers' contributions		-	19,409	19,409	29,369
Members' contributions	3c, 15	-	2,621	2,621	3,175
Transfers from other schemes	3g, 5	-	170	170	289
<hr/>					
		-	22,200	22,200	32,833
<hr/>					
Expenditure					
Retirement and death benefits	6	11,820	27,705	39,525	41,119
Payments to and on account of leavers:					
Contribution refunds		-	49	49	223
Transfers to other schemes		-	581	581	1,138
Other payments:					
Administration costs	7	706	1,340	2,046	1,777
Pension fund levy		92	208	300	146
<hr/>					
		12,618	29,883	42,501	44,403
<hr/>					
Net withdrawals from dealings with members		(12,618)	(7,683)	(20,301)	(11,570)
<hr/>					
Returns on investments					
Investment income	8	11,892	11,781	23,673	12,880
Change in market value of investments	11	(2,950)	63,576	60,626	57,112
Investment manager fees	9	(40)	(1,771)	(1,811)	(1,715)
<hr/>					
Net returns on investments		8,902	73,586	82,488	68,277
<hr/>					
Net (decrease)/increase in the funds during the year		(3,716)	65,903	62,187	56,707
<hr/>					
Net assets as at 31 March 2011		214,282	673,550	887,832	831,125
<hr/>					
Net assets as at 31 March 2012		£210,566	£739,453	£950,019	£887,832

The notes on pages 52 to 63 form part of these financial statements.

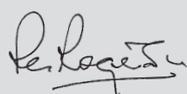
Net assets statements

31 March 2012

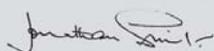
	Notes	Closed Fund 2012 £'000	Open Fund 2012 £'000	Combined Fund 2012 £'000	Combined Fund 2011 £'000
Investments					
Assets	11	210,282	793,916	1,004,198	912,582
Liabilities	11	-	(58,060)	(58,060)	(29,809)
Net investments		210,282	735,856	946,138	882,773
Fixed assets	12	-	124	124	140
		210,282	735,980	946,262	882,913
Current assets					
External	13	561	6,654	7,215	8,904
Inter-fund balance	13	-	55	55	71
		561	6,709	7,270	8,975
Current liabilities					
External	14	222	3,236	3,458	3,985
Inter-fund balance	14	55	-	55	71
		277	3,236	3,513	4,056
Net current assets		284	3,473	3,757	4,919
Net assets as at 31 March 2012		£210,566	£739,453	£950,019	£887,832

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 6 July 2012.



P Rogerson
Trustee



J Swift
Trustee

The notes on pages 52 to 63 form part of these financial statements.

Notes to the Financial Statements

for the year ended 31 March 2012

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 2010. The valuation report on the Open Fund resulted in a recovery plan, which was formally implemented during the 2011/2012 scheme 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

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 the year end.

- 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 2012, 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 the year end.
- 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.
- viii) The insurance policy held by the Closed Fund has been valued on an actuarial basis.

c) Contribution income

Contributions relating to wages and salaries earned up to the year end have been included in these financial statements.

Augmentation costs represent amounts paid by employers to improve the benefits of certain members and these are due to the Open Fund from the relevant Participating Employers.

Deficit funding contributions have been paid to the scheme in accordance with an agreed Schedule of Contributions. These are recognised when received.

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 received 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 the year end. 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 the year end. 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 the year end 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

Normal contributions receivable by the Scheme during the year, including amounts outstanding at the year end (see note 13), were paid in accordance with the Scheme Rules (and the recommendation of the Actuary).

Following the formal agreement of a revised Schedule of Contributions to deal with the deficit arising in the Open Fund valuation as at 31 March 2010, appropriate Employers continued to pay deficit repair contributions and these have been included in the financial statements on the basis of amounts received.

In addition to these contributions the following section 75 debt was received in respect of a former employer. 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. £40,000 (2011 - £671,301) was received during the year and it is unlikely that further money will be recovered.

Notes to the Financial Statements

5 Transfers in

	2012 £'000	2011 £'000
Individual transfers from money purchase AVC schemes (see note 16)	170	289

6 Retirement and death benefits

	Closed Fund 2012 £'000	Open Fund 2012 £'000	Combined Fund 2012 £'000	Combined Fund 2011 £'000
Retirement benefits				
Lump sums	298	3,122	3,420	6,150
Members' pensions	8,140	21,573	29,713	28,859
Total retirement benefits	8,438	24,695	33,133	35,009
Death benefits				
Lump sums	2	346	348	307
Dependants' pensions	3,380	2,664	6,044	5,803
Total death benefits	3,382	3,010	6,392	6,110
	£11,820	£27,705	£39,525	£41,119
2011	£11,912	£29,207		

7 Administration costs

	Closed Fund 2012 £'000	Open Fund 2012 £'000	Combined Fund 2012 £'000	Combined Fund 2011 £'000
General administration:				
Employment costs	237	385	622	594
Office accommodation	38	62	100	100
General expenses	133	199	332	263
Trustees' honoraria	26	43	69	66
	434	689	1,123	1,023
Professional services:				
Auditor's fees	15	28	43	42
Legal and professional services	96	190	286	162
Investment consultancy	84	139	223	147
Actuarial services	52	231	283	284
Other	25	63	88	119
	£706	£1,340	£2,046	£1,777
2011	£568	£1,209		

8 Investment income

	Closed Fund 2012 £'000	Open Fund 2012 £'000	Combined Fund 2012 £'000	Combined Fund 2011 £'000
Income from fixed interest securities	-	3,256	3,256	3,282
Income from index linked securities	576	1,286	1,862	4,824
Income from pooled investment vehicles	256	2,584	2,840	1,885
Net rents from properties	-	3,194	3,194	3,122
Interest on cash deposits	27	591	618	445
Income from derivatives	-	870	870	(678)
Annuity income	11,033	-	11,033	-
	£11,892	£11,781	£23,673	£12,880
2011	£3,455	£9,425		

Notes to the Financial Statements

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, Henderson Global Investors Limited, Schroder Investment Management Limited, Insight Investment, Baring Asset Management, 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.

The remuneration of these managers 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 2012 £'000	Open Fund valuation 2012 £'000	Combined Fund valuation 2012 £'000	Combined Fund valuation 2011 £'000
Fixed interest securities				
Public sector	-	5,422	5,422	2,085
Other	-	54,321	54,321	49,832
Index-linked securities				
Public sector	25,227	128,279	153,506	273,183
UK other	-	9,315	9,315	6,766
Pooled investment vehicles				
Index linked	-	55,681	55,681	44,703
UK equities	7,439	55,083	62,522	78,393
Overseas equities	10,121	132,692	142,813	144,437
Diversified	16,331	117,138	133,469	125,077
Commercial property	-	17,935	17,935	17,377
Derivative assets	-	80,915	80,915	47,640
Commercial property				
Freehold	-	43,531	43,531	39,137
Long leasehold	-	11,430	11,430	17,263
Insurance policy	147,600	-	147,600	-
Bank deposits & loan notes	3,564	82,174	85,738	66,689
Investment assets	210,282	793,916	1,004,198	912,582
Derivative liabilities	-	(58,060)	(58,060)	(29,809)
Net investments at 31 March 2012	£210,282	£735,856	£946,138	£882,773
31 March 2011:				
Investment assets	213,528	699,054	912,582	
Derivative liabilities	-	(29,809)	(29,809)	
Net investments at 31 March 2011	£213,528	£669,245	£882,773	

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

Notes to the Financial Statements

11 Investments (cont'd)

The movements in investments during the year were:	Closed Fund 2012 £'000	Open Fund 2012 £'000	Combined Fund 2012 £'000	Combined Fund 2011 £'000
Market value at 1 April 2011	213,528	669,245	882,773	826,871
Purchases at cost and derivative payments:				
Fixed interest	-	57,155	57,155	
Index linked	191	159,791	159,982	
Pooled investment vehicles	442	25,814	26,256	
Derivatives	-	688	688	
Insurance policy	152,700	-	152,700	
Bank deposits and loan notes	1,281	21,623	22,904	
	154,614	265,071	419,685	286,144
Sales proceeds and derivative receipts:				
Fixed interest	-	(29,031)	(29,031)	
Index linked	(141,527)	(181,304)	(322,831)	
Pooled investment vehicles	(13,383)	(21,988)	(35,371)	
Derivatives	-	(26,810)	(26,810)	
Bank deposits and loan notes	-	(2,903)	(2,903)	
	(154,910)	(262,036)	(416,946)	(287,354)
Change in market value of investments	(2,950)	63,576	60,626	57,112
Market value at 31 March 2012	£210,282	£735,856	£946,138	£882,773

During the year the Trustees entered into an arrangement with the Pensions Insurance Corporation ("PIC") to acquire a bulk annuity policy (also known as a "buy-in") to secure the benefits of Closed Fund members. As the policy is written in the name of the Trustees and does not fully discharge their liabilities to those members the policy has been included in the Net Assets Statement at a value provided by PIC valued on an actuarial basis. The premium paid for the policy was £152.7m and its value at 31 March 2012 was £147.6m. There is no requirement for the Trustees to make further premiums under the policy. The year end value represents 70% of the value of the Closed Fund and 16% of the total combined assets of the Funds.

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

11 Investments (cont'd)

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.

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 2012 the open arrangements may be summarised as follows:

a) Swaps

Type	Base	Settlement	Asset value £	Liability value £
Asset	ASSW	2020 - 2050	3,824,652	19,241,654
Interest rate	IRSW	2012 - 2042	46,565,995	34,256,439
Retail price index ("RPI")	UK RPI	2012 - 2062	11,144,570	3,358,071
Liability driven	UK LPI	2012 - 2058	19,195,922	-
Credit default	CDSW	2016 - 2016	86,784	-

The counterparties for all the swaps are banks. At 31 March 2012 the Funds held collateral of £23,628,037 in a mixture of cash and UK gilts.

b) Futures

Type	Expiration	Underlying Investment	Economic Exposure £	Market value £
Assets - Fixed income	June 2012	Govt Gilts	35,117,440	(1,198,800)
Liabilities - Fixed income	June 2012	Govt Gilts	(3,946,873)	62,346

The initial and variation margin amounts at 31 March 2012 were £4,552,494 and (£1,136,454) respectively, and are included in bank deposits above.

c) Foreign exchange contracts

Settlement	Buy	Sell	Asset value £	Liability value £
April 2012	£1,651,234	\$2,638,000	27,045	-
April 2012	£7,556,510	EUR9,064,793	4,476	60
April 2012	EUR412,000	£343,436	123	828

Notes to the Financial Statements

12 Fixed assets

	Cost £'000	Depreciation £'000
Balance at 1 April 2011	741	601
Additions	47	-
Depreciation charge	-	63
Balance at 31 March 2012	788	664
Net book value: 31 March 2012	£124	
31 March 2011	£140	

13 Current assets

	Closed Fund 2012 £'000	Open Fund 2012 £'000	Combined Fund 2012 £'000	Combined Fund 2011 £'000
Bank balances	419	1,036	1,455	2,886
Debtors:				
Amounts due from employers				
Employers' contributions	-	655	655	682
Members' contributions	-	207	207	214
Amounts due from brokers	-	2,187	2,187	1,807
Investment revenue receivable	119	2,184	2,303	3,168
Income tax receivable	23	185	208	53
Sundry debtors	-	200	200	94
External current assets	561	6,654	£7,215	£8,904
Inter-fund balance	-	55		
Individual Funds' current assets 2012	£561	£6,709		
31 March 2011:				
External current assets	1,018	7,886		£8,904
Inter-fund balance	-	71		
Individual Funds' current assets 2011	£1,018	£7,957		

Amounts due from employers in respect of contributions, which relate to March 2012, were paid in full to the Scheme within the timescale required by the Schedule of Contributions currently in force.

Notes to the Financial Statements

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 2012 £'000	Scottish Life 2012 £'000	Prudential 2011 £'000	Scottish Life 2011 £'000
Funds as at 1 April 2011	1,080	281	1,124	395
Members' AVC contributions	142	5	128	10
Interest credited by SLAC	-	13	-	15
Interest and bonuses credited by PAC	31	-	7	-
Change in market value of units	41	-	50	-
	1,294	299	1,309	420
Transfers out (including to main Fund)	(48)	(41)	(229)	(139)
Funds at 31 March 2012	£1,246	£258	£1,080	£281

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 Post balance sheet event

On 1 April 2012 the Open Fund introduced a defined contribution section so as to give Employers maximum flexibility in arranging pension provision for their new employees while having greater control over their future pension liabilities.

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 OBJ.

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 Pension Scheme Tax Reference No. 00329981RF).

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/I1012A

Closed Fund Reference: 073/I1012

Contact

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

Telephone: 01923 226 264

E-mail: pensions@itbpen.com

Website: www.itb-online.co.uk



The ITB Pension Funds

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