



**DRAFT
FINANCIAL STATEMENTS**

1 APRIL 2010 TO 31 MARCH 2011

**ABERDEEN CITY COUNCIL, ADMINISTERING
AUTHORITY FOR THE NORTH EAST
SCOTLAND PENSION FUND**

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THE NORTH EAST SCOTLAND PENSION FUND ACCOUNTS

Explanatory Foreword

FUND STRUCTURE

The North East Scotland Pension Fund (The Main Fund) and the Transport Fund are administered by Aberdeen City Council within the Local Government Pension Scheme regulations.

The Scheme was established under the Superannuation Fund Act 1972, it is a statutory scheme and is contracted out of the Second State Pension. The scheme is open to all employees of the scheduled bodies, except for those whose employment entitles them to belong to another statutory pension scheme (e.g. Police, Fire and Teachers).

Employees of admitted bodies can join the scheme subject to their individual admission criteria which are out with the control of Aberdeen City Council.

There are 13 scheduled bodies:

Aberdeen City Council	Aberdeenshire Council	The Moray Council
Grampian Fire and Rescue (Non Uniform)	Grampian Joint Police Board (Non Uniform)	
Scottish Water	SPSA	Visit Scotland
Aberdeen College	Banff and Buchan College	Moray College
Northern Community Justice Authority	Grampian Valuation Joint Board	

The Transport Fund was created in October 1986 for employees of the former passenger Transport Undertaking who transferred to the limited company now known as First Aberdeen, which was created at that time.

A list of the admitted bodies is available from the office of the Head of Finance, Aberdeen City Council, The Town House, Broad Street, Aberdeen, AB10 1AH and is also contained with in the Annual Pension Fund Report.

The Funds are built up from contributions from both employees and employing bodies, together with interest, dividends and rent from investments, out of which pensions and other benefits are paid.

Transfer of pensions into and out of the Fund's are reflected in the accounts on a cash basis.

The Main Fund Accounts do not take account of liabilities to pay future pensions and benefits but rather summarises the transactions and net assets of the scheme.

THE NORTH EAST SCOTLAND PENSION FUND ACCOUNTS

Orphan liabilities will be managed under the termination policy of the Fund as set out by the Scheme Actuary.

Employee contributions are fixed by statute, with employer contributions being assessed every three years by an independent Actuary to determine the level of contributions necessary by employing bodies to ensure that the fund is able to meet all future benefits.

With effect from 1 April 2009, employee contributions are based on a tiered rate as detailed below.

Band	Range	Contribution Rate
1	On earnings up to and including £18,000	5.5%
2	On earnings above £18,000 and up to £22,000	7.25%
3	On earnings above £22,000 and up to £30,000	8.5%
4	On earnings above £30,000 and up to £40,000	9.5%
5	On earnings above £40,000	12%

MEMBERSHIP

The Main Fund:

The active membership of the Main Fund decreased from 24,419 employees at 31 March 2010 to 21,268 as at 31 March 2011 and the number of pensioner and deferred members increased from 26,418 at 31 March 2010 to 28,710 as at 31 March 2011.

The Transport Fund:

The contributing employees of the Transport Fund decreased from 136 as at 31 March 2010 to 120 as at 31 March 2011 and the number of pensioner and deferred members increased from 530 at 31 March 2010 to 535 as at 31 March 2011.

INVESTMENTS

The monies belonging to the Main Fund and the Transport Fund are entirely managed by appointed Investment Fund Managers and are held separate from any of the employing bodies, which participate in the Main Fund, with the exception of a small investment in the Aberdeen City Council's Loan Fund, which varies year on year and represents surplus cash from contributions not yet transferred to the Fund Managers.

After meeting the cost of current benefits, all surplus cash is invested and the increasing value of investment is then available to meet further liabilities to employees within the fund. In addition to a contingent liability to meet future pension benefits payable to existing employees, the funds must also provide for the future payment of deferred pension benefits which have been preserved by former employees in respect of service prior to their leaving.

THE NORTH EAST SCOTLAND PENSION FUND ACCOUNTS

The funds have been invested in accordance with the investment controls laid down in the Local Government Pension Scheme (Management and Investment of Funds) (Scotland) Regulations 2010, and quoted investments of the fund have been revalued to market value at 31 March 2011 with the gain/loss on revaluation being credited to the fund.

Valuation of Investments

All investments are valued at their market value at 31 March 2011 determined as follows:

All stocks within the FTSE 100 are valued on the basis of the last traded price recorded on SETS (the Stock Exchange Electronic Trading Service), while all other listed securities are valued on the basis of the market conventions where primarily traded which is either last traded or bid market price.

Investments held in foreign currency have been valued on the above basis and translated into sterling at the rate ruling at the balance sheet date.

Managed funds including unit trusts are stated at the bid price of the latest prices quoted or the latest valuation by the Fund custodian.

Private equity assets are independently valued by the appointed fund manager and general partners. Fair value is calculated by applying Private Equity and Venture Capital Valuation Guidelines.

Unlisted investments are valued using one of the following methodologies:

1. Earning Multiple (based on comparable quoted multiples and significant third party transactions)
2. Price of Recent Investment
3. Net Assets
4. Discounted Cash Flows or Earnings from Underlying Business

When applying as Earning Multiple the Fund Manager/General Partner will use the best estimate of maintainable earnings. In accordance with guidelines, discounts have been applied for size, quality of earnings, gearing and dependency on one customer where appropriate. A Marketability Discount will also have been applied to reflect liquidity.

Direct property investments are valued by an external valuer, in accordance of the Valuation Standards issued by The Royal Institution of Chartered Surveyors.

THE NORTH EAST SCOTLAND PENSION FUND ACCOUNTS

The valuer's opinion of Market Value was primarily derived using:

Comparable recent market transactions on arm's length terms.

A full copy of the valuer's report including all general assumptions and definitions, is available on request from the Head of Finance, Aberdeen City Council, The Town House, Board Street, Aberdeen, AB10 1AH.

Quoted Investments are valued at the bid price at the reporting date less a Marketability Discount to reflect the size of the holding and any formal restriction on trading in the relevant securities.

Further information on the Main Fund and Transport Fund investments and other details are available in the annual report, which is available on request from the Head of Finance.

RISK

A key element to risk management is the structured delegation of powers from the Council to the Pensions Panel and then to senior officers. To complement the delegation to senior managers, there is an extensive and detailed accountability back to committee on how these delegations have been exercised. Full details of the structure of delegated powers are contained in the **Pension Fund Governance Statement**.

Investment risk is recognised as falling into distinct areas: market risk (beta) and manager skill (alpha). The structure of the investment strategy reflects this and is designed with the support of external expert advice. Details are contained in the **Statement of Investment Principles** and the **Funding Strategy Statement**.

The operational management of investment risk forms the basis of quarterly reporting to the Pensions Panel and the Joint Investment Advisory Committee.

The Fund's approach to risk is dynamic, and can be revised in response to short term market events such as the credit crunch.

Benefits risk is recognised as falling into distinct areas: operational risk (regulation compliance and staffing) and IT risks. The risks associated with the operational payment of benefits and recording of pensioner records produces a complex set of risks, which are mitigated with the use of a dedicated Pension Fund administration system that is thoroughly and regularly tested, combined with the technical hierarchy checking of output by pension staff.

It is recognised that all Fund services are very dependent upon third party contracts ranging from IT through to investment managers. All are subject to regular review and monitoring.

THE NORTH EAST SCOTLAND PENSION FUND ACCOUNTS

ACTUARIAL VALUATION

Detailed in the notes to the accounts, is the outcome of the 2008 Actuarial Valuation reflecting the future employer contribution rates required to meet the Main Fund and Transport Fund future liabilities.

All employers with the effect from 31 March 2009 have the same employer contribution rate unless specified in the 2008 Actuarial Valuation or have been admitted to the Scheme after the 2008 Actuarial Valuation.

RESTATEMENT OF THE 2009/2010 ACCOUNTS

The Main Fund and the Transport Fund accounts have both been restated due to the inclusion of the Strain on the Fund income accrual.

Barry Jenkins CPFA, Head of Finance 29 June 2011

THE NORTH EAST SCOTLAND PENSION FUND ACCOUNTS

THE MAIN FUND ACCOUNTS

Contributions Receivable	Notes	2009/2010 £'000	2010/2011 £'000
Employee's Contributions	2	26,515	26,417
Employer's Contributions	2	92,955	98,144
Transfer Values	3	6,335	4,243
Other Income		157	42
		<u>125,962</u>	<u>128,846</u>
Benefits Payable			
Retirement Pensions	2	63,649	67,636
Retirement Allowances	2	18,250	24,550
Death Gratuities	2	2,023	3,064
Contributions Refunded		430	604
Transfer Values	3	4,471	4,502
Fund Administration		1,745	1,593
		<u>90,568</u>	<u>101,949</u>
Net additions from dealings with members		<u>35,394</u>	<u>26,897</u>
Return on Investment			
Investment Income	4	32,532	42,574
Change in market value of investments		512,556	165,476
Investment management expenses		(4,629)	(8,853)
Net return on investments		<u>540,459</u>	<u>199,197</u>
Net increase in the Fund during the year		575,853	226,094
Opening net assets of the Fund		<u>1,416,061</u>	<u>1,991,914</u>
Net assets of the Fund at the end of the year		<u>1,991,914</u>	<u>2,218,008</u>
NET ASSETS STATEMENT			
Investment Assets			
Fixed Interest, Public Sector		43,962	40,670
Fixed Interest, Corporate		15,421	17,085
Fixed Interest, Overseas		103,422	106,459
Equities, UK		481,882	546,147
Equities, Overseas		423,703	483,590
Pooled Vehicle		656,619	720,918
Property, Unit Trusts		600	392
Property, Direct		119,890	123,080
Unit Trust, Other		6,032	9,085
Derivative Contracts (including, Futures, Options,6 Forward Foreign Exchange Contracts and Swaps)		(77)	(1,826)
Other, Private Equity		80,806	97,332
Funds held by Investment Managers		41,499	57,462
Net Investment Assets	5	<u>1,973,759</u>	<u>2,200,394</u>
Current assets	7	28,491	28,374
Current Liabilities	7	(10,336)	(10,760)
Net assets of the Fund at the end of year		<u>1,991,914</u>	<u>2,218,008</u>

Barry Jenkins CPFA, Head of Finance, 29 June 2011

THE NORTH EAST SCOTLAND PENSION FUND ACCOUNTS

THE TRANSPORT FUND ACCOUNTS

Contributions Receivable	Notes	2009/2010 £'000	2010/2011 £'000
Employee's Contributions	2	284	265
Employer's Contributions	2	2,629	3,271
Transfer Values	3	0	0
Other Income		259	250
		<u>3,172</u>	<u>3,786</u>
Benefits Payable			
Retirement Pensions	2	2,121	2,254
Retirement Allowances	2	972	653
Death Gratuities	2	0	0
Transfer Values	3	86	73
Fund Administration		6	64
		<u>3,239</u>	<u>3,044</u>
Net additions from dealings with members		<u>(67)</u>	<u>742</u>
Return on Investment			
Investment Income	4	1,380	1,566
Change in market value of investments		15,321	4,830
Investment management expenses		17	22
Net return on investments		<u>16,718</u>	<u>6,418</u>
Net increase in the Fund during the year		16,651	7,160
Opening net assets of the Fund		<u>44,085</u>	<u>60,736</u>
Net assets of the Fund at the end of the year		<u>60,736</u>	<u>67,896</u>
NET ASSETS STATEMENT			
Investment Assets			
Fixed Interest, Public Sector		8,665	11,732
Fixed Interest, Overseas		1,858	1,944
Equities, UK		16,682	21,167
Equities, Overseas		6,186	5,578
Pooled Vehicle		19,953	22,611
Property, Unit Trusts		47	51
Indexed Linked Securities		2,191	1,915
Funds held by Investment Managers		4,232	1,816
Net Investment Assets	5	<u>59,814</u>	<u>66,814</u>
Current assets	7	1,139	1,226
Current Liabilities	7	(217)	(144)
Net assets of the Fund at the end of year		<u>60,736</u>	<u>67,896</u>

Barry Jenkins CPFA, Head of Finance, 29 June 2011

**THE NORTH EAST SCOTLAND PENSION FUND
NOTES TO THE ACCOUNTS**

Note 1. ACTUARIAL VALUATION REPORTS

Actuarial reports for both the North East Scotland Pension Fund and the Transport Fund were provided as at 31 March 2008.

Information from the 2008 Actuarial valuation is detailed below:

	Main Fund	Transport Fund
Market value of assets at valuation	£1,769,900,000	£53,100,000
Liabilities	£2,142,200,000	£71,500,000
Deficit	£ 372,300,000	£18,400,000

Employee's contributions to 31 March 2011 are based on a tiered rate detailed in the explanatory notes to the accounts.

Common Employer contribution rates as a percentage of pensionable payroll from 1 April 2009.

1 April 2009 to 31 March 2010	19.1%	24%
1 April 2010 to 31 March 2011	19.2%	24%
1 April 2011 to 31 March 2012	19.3%	24%

Employer specific rates are detailed in the 2008 actuarial valuation reports, in addition to regular contributions, First Aberdeen are required to make annual individual adjustments.

Valuation Assumptions

Pension Increase	3.3% p.a	3.6% p.a
Discount Rate	6.2% p.a	5.9% p.a
Salary Increase	5.1% p.a	5.1% p.a
Price Inflation	3.6% p.a	3.6% p.a

The Projected Unit method was used for the valuation of the Main Fund. The Transport Fund used the Attained Age method for the employing body First Aberdeen, to reflect that this scheme was closed to new entrants from 31 March 1994.

The level of funding in terms of the percentage of assets available to meet liabilities was;

Funding Level:	83%	74%
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The Administering Authority's long term funding target is to achieve and then maintain assets equal to 100% of projected accrued liabilities, assessed on an ongoing basis.

THE NORTH EAST SCOTLAND PENSION FUND NOTES TO THE ACCOUNTS

The Administering Authority has adopted the following objectives to achieve the funding target:

1. A Stepped increase over 3 years for employers in the Main Fund.
2. A deficit recovery period of 25 years for the Main Fund.

In determining the deficit recovery period the Administering Authority has had regard to:

1. The responses made to the consultation with employers on the Funding Strategy Statement (FSS).
2. The need to balance a desire to attain the target as soon as possible against the short term cash requirements which a shorter period would impose, and
3. The Administering Authority's views on the strength of the participating employers covenants in achieving the objective.

The full Actuarial Report for both Funds are available from the office of the Head of Finance, Aberdeen City Council, The Town House, Board Street, Aberdeen, AB20 1AH.

**THE NORTH EAST SCOTLAND PENSION FUND
NOTES TO THE ACCOUNTS**

Note 2. Contributions Receivable and Benefits Payable.

	2009/2010	2010/2011	2009/2010	2010/2011
	Conts £'000	Conts £'000	Benefits £'000	Benefits £'000
Main Fund:				
Administering Authority	35,853	40,473	35,531	39,980
Scheduled Bodies	70,623	71,526	38,788	45,224
Admitted Bodies	12,994	12,562	9,603	10,046
Total	119,470	124,561	83,922	95,250
Transport Fund	2,913	3,536	3,093	2,907

Main Fund:

Employers

Normal	80,319	79,376
Special	12,636	18,768
Additional	0	0

Members

Normal	26,515	26,417
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Total	119,470	124,561
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Transport Fund:

Employers

Normal	979	902
Special	1,650	2,369
Additional	0	0

Members

Normal	284	265
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Total	2,913	3,536
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**THE NORTH EAST SCOTLAND PENSION FUND
NOTES TO THE ACCOUNTS**

Note 3. Transfer Values

	Main Fund		Transport Fund	
	2009/2010 £'000	2010/2011 £'000	2009/2010 £'000	2010/2011 £'000
Transfer Values Received				
Individual	6,335	4,243	0	0
Transfer Values Paid				
Individual	4,471	4,502	86	73

Note 4. Investment Income Breakdown

	Main Fund		Transport Fund	
	2009/2010 £'000	2010/2011 £'000	2009/2010 £'000	2010/2011 £'000
Fixed Interest	6,184	9,221	461	693
Equity Dividends	21,121	21,501	994	860
Property, Unit Trust	42	4	0	0
Rent	8,621	8,119	0	0
Cash Deposit Interest	477	219	12	19
Other (including P/L from Currency and Derivatives)	(2,214)	5,322	6	80
	34,231	44,387	1,473	1,652
Non Recoverable Tax	(1,699)	(1,812)	(93)	(86)
Total	32,532	42,574	1,380	1,566

**THE NORTH EAST SCOTLAND PENSION FUND
NOTES TO THE ACCOUNTS**

Note 5. Investment Assets

Market Value of assets for the Main Fund and the Transport Fund, the value and proportion which are under the management of each Fund Manager.

The Main Fund				
31 March 2010	%	Investment Assets	31 March 2011	%
£'000			£'000	
656,620	32.9	State Street Global Advisors	713,589	32.2
399,040	20.1	Baillie Gifford	474,547	21.4
341,102	17.2	Blackrock Asset Management	381,184	17.2
182,142	9.2	AAM Global Ex UK	198,494	8.9
164,399	8.2	Baring Asset Managers	172,636	7.8
137,275	6.9	Aberdeen Property Investors	130,880	5.9
38,798	1.8	HarbourVest	45,536	2.1
36,993	1.9	Standard Life	52,743	2.4
7,436	0.4	Global Custodian	24,953	1.1
7,434	0.4	ACCPF	5,440	0.2
2,187	0.1	AAM Segregated Fund	0	0.0
600	0.0	RREEF	392	0.0
264	0.0	Capital International	0	0.0
(531)	0.0	Rogge	0	0.0
1,973,759	99.1		2,200,394	99.2
Net Current Assets				
0	0.0	ACC Loan Fund Deposit	8,370	0.4
10,169	0.5	Bank Account	(317)	0.0
7,986	0.4	Sundry Debtors less Creditors	9,561	0.4
1,991,914	100.0		2,218,008	100.0

**THE NORTH EAST SCOTLAND PENSION FUND
NOTES TO THE ACCOUNTS**

Transport Fund

31 March 2010 £'000	%	Investment Assets	31 March 2011 £'000	%
59,814	98.4	Aberdeen Asset Managers	66,814	98.4
Net Current Assets				
889	1.5	ACC Loan Fund Deposit	644	1.0
2	0.0	Bank Account	2	0.0
31	0.1	Sundry Debtors less Creditors	436	0.6
60,736	100.0		67,896	100.0

Investments – Market Value Movement Analysis

The change in the value of investments during 2010/2011 is set out below:

The Main Fund					
	Value at 31 March 2010 £'000	Purchases £'000	Sales £'000	Change in Market Value £'000	Value at 31 March 2011 £'000
Fixed Interest	162,805	90,834	(83,621)	(5,804)	164,214
UK Equities	481,882	126,479	(115,343)	53,129	546,147
Overseas Equities	423,703	74,187	(65,108)	50,808	483,590
Pooled Vehicles	663,251	359,237	(352,851)	60,758	730,395
Property	119,890	8,702	(3,200)	(2,312)	123,080
Private Equity	80,806	18,381	(12,501)	10,646	97,332
FX Contracts	(77)			(1,749)	(1,826)
	1,932,260	677,820	(632,624)	165,476	2,142,932
Cash	41,499				57,462
	1,973,759				2,200,394

**THE NORTH EAST SCOTLAND PENSION FUND
NOTES TO THE ACCOUNTS**

The Transport Fund

	Value at 31 March 2010 £'000	Purchases £'000	Sales £'000	Change in Market Value £'000	Value at 31 March 2011 £'000
Fixed Interest	12,714	10,203	(7,402)	76	15,591
UK Equities	16,682	5,337	(2,859)	2,007	21,167
Overseas Equities	6,186	1,454	(2,464)	402	5,578
Pooled Vehicles	20,000	3,935	(3,618)	2,345	22,662
	55,582	20,929	(16,343)	4,830	64,998
Cash	4,232				1,816
	59,814				66,814

Details of the investment assets between UK and Foreign, and Listed and Unlisted.

	Main Fund		Transport Fund	
	2009/2010 £'000	2010/2011 £'000	2009/2010 £'000	2010/2011 £'000
UK Listed	874,261	969,387	28,938	45,443
UK Unlisted	125,558	126,544	0	0
Foreign Listed	857,380	961,542	26,644	19,555
Foreign Unlisted	75,139	87,285	0	0
Other, Cash	41,421	55,636	4,232	1,816
	1,973,759	2,200,394	59,814	66,814

Note 6. Derivative Contracts (including Futures, Options, Forward Foreign Exchange Contracts and Swaps).

	Main Fund		Transport Fund	
	2009/2010 £'000	2010/2011 £'000	2009/2010 £'000	2010/2011 £'000
Derivative Contracts	0	0	0	0
Futures	0	0	0	0
Options	0	0	0	0
FX Contracts	(77)	(1,826)	0	0
Swaps	0	0	0	0
Total	(77)	(1,826)	0	0

**THE NORTH EAST SCOTLAND PENSION FUND
NOTES TO THE ACCOUNTS**

The Fund has used Forward Foreign Exchange Contracts to hedge the currency exposure on certain overseas investments and take strategic foreign currency positions.

Note 7. Breakdown of Sundry Debtors and Creditors.

Sundry Debtors	Main Fund		Transport Fund	
	2009/2010	2010/2011	2009/2010	2010/2011
	£'000	£'000	£'000	£'000
Contributions	8,842	8,638	29	24
Fund Manager Income	3,625	6,236	104	291
Temp Loan Interest	17	20	1	1
Debtors	3,881	2,818	11	95
Vat	0	0	1	0
Bank	10,169	(317)	2	2
Deposits with Council Loan Fund	0	8,370	889	644
Strain on the Fund	1,957	2,609	102	169
Total	28,491	28,374	1,139	1,226
Sundry Creditors				
Prepaid Rent	2,814	2,462	0	0
Custody Fees	32	6	0	0
Fund Manager Fees	1,076	2,928	0	0
Creditors	1,400	752	127	60
Vat	1,250	901	0	0
Tax, Refund	11	20	0	0
Tax, Payroll	0	987	0	0
Lump Sum	762	0	0	0
Retirement Benefits	2,710	2,670	90	84
Other	281	34	0	0
Total	10,336	10,760	217	144

Note 8. Purchases and Sales 2010 /2011.

	Main Fund	Transport Fund
	£'000	£'000
Purchases	677,820	20,929
Sales	632,624	16,343

**THE NORTH EAST SCOTLAND PENSION FUND
NOTES TO THE ACCOUNTS**

Note 9. Stock Lending Arrangements.

	Main Fund £'000	Collateral Percentage	Transport Fund £'000	Collateral Percentage
Stock on Loan				
Equities	51,100		421	
Fixed Interest	25,288		1,319	
Total Exposure	76,388		1,740	
Total Collateral	80,450	105.32	1,802	103.56

Stock Lending is the lending of stock from one investor to another that entitles the lender to continue to receive income generated by the stock plus an additional payment by the borrower.

Collateral is held at a minimum of 102% in respect of each borrower, consisting of UK and Overseas Gilts, UK Equities, Certificates of Deposit and Letters of Credit.

Note 10. Fund Manager Transaction Costs.

	Main Fund		Transport Fund	
	2009/2010 £'000	2010/2011 £'000	2009/2010 £'000	2010/2011 £'000
Fee/Tax	802	546	16	26
Commission	748	450	9	10
Total	1,550	996	25	36

Note 11. Related Party Transactions.

Aberdeen City Council provides administration services for the Pension Fund, the costs of which are reimbursed by the Fund.

The costs of the services for the Main Fund amounted to £1,063,242 (2010 - £1,058,754) and for the Transport Fund £32,883 (2010 - £37,398).

Prior to the remittance of excess cash to the Investment Fund Managers, surplus cash is invested as a temporary loan with the Council. At the year end this amounted to £8,370,000 (2010 - £0m) and for the Transport Fund £644,000 (2010 - £889,000).

Interest was received from the Council of £48,426 (2010 - £51,823) for the Main Fund and for the Transport Fund, £1,114 (2010 - £2,563).

**THE NORTH EAST SCOTLAND PENSION FUND
NOTES TO THE ACCOUNTS**

Note 12. Private Equity – Outstanding Commitments as 31 March 2011.

As at 31 March 2011 the Main Fund had outstanding commitments in respect of Private Equity:

	£
HarbourVest	14,644,873
Standard Life	32,180,760
NESPF	1,566,213
Total	48,391,846

Note 13. Additional Voluntary Contributions (AVC).

Additional voluntary contributions are not included in the Pension Fund Accounts in accordance with regulation 5(2)(c) of the Pension Scheme (Management and Investment of Funds) Regulations 2010

The amount of additional voluntary contributions paid by members during the year is shown as income in the tables below. The closing net assets values represent the value of the separately invested additional voluntary contributions. These closing values are subject to revaluation and are not a calculation of the opening value together with the total income and expenditure.

Standard Life – Financial statement for the period 6th April 2010 to 5 April 2011.

	£
Opening Net Asset Value	2,700,277
Total Income	104,687
Total Expenditure	372,166
Closing Net Asset Value	2,628,383

Prudential – Financial statement for the period 1 April 2010 to 31 March 2011.

	£
Opening Net Asset Value	17,673,527
Total Income	2,779,123
Total Expenditure	2,395,432
Closing Net Asset Value	18,153,190

THE NORTH EAST SCOTLAND PENSION FUND NOTES TO THE ACCOUNTS

Note 14. Compliance with the Code.

The North East Scotland Pension Fund Accounts have been prepared in accordance with proper accounting practices set out in the *Code of practice on local authority accounting in the UK* (the Code).

Note 15. Investment Principles.

A Summary of the Statement of Investment Principles is available on the Pension Fund Website www.nespf.org.uk. A full version of the Statement of Investment Principles is available on request from Head of Finance, Aberdeen City Council, The Town House, Board Street, Aberdeen, AB10 1AH.

The Statement of Investment Principles is reviewed on an annual basis by the Pensions Panel and in the light of any change to the investment strategy of the Pension Fund.

Note 16. Post Balance Sheet Date Events

There have been no material events that have occurred since the balance sheet date that require to be included in the statements.