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To the Chairman and Members of the Public Service Pension Fund Board

The Certificate of the Chief Auditor on the Government of Anguilla Public Service Pension Fund: 2007 Accounts

I certify that I have audited the accompanying Financial Statements of the Public Service Pension Fund for the year ended 31 December 2007 in accordance with Section 27 of the Pension (Amendment) Act 2003. These comprise the Income Statement, the Statement of Changes in Equity, Balance Sheet and the Statement of Cash Flows and related notes. The Financial Statements have been prepared in accordance with the accounting policies set out within them.

Respective responsibilities of the Government Pension Fund Board and the Auditor

The Public Service Pension Fund Board is responsible for the preparation and fair presentation of the financial statements in accordance with Section 27 of the Pension (Amendments) Act, 2003, and directions made by the Minister of Finance under the Financial Administration and Audit Act, 2006. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; keeping proper records showing the amount of contributions to the Fund by, or on behalf of, each contributor and all other payments into or out of the Fund, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. Under Section 27 of the Pensions (Amendment) Act 2003, the Fund is responsible for forwarding to the Governor-in-Council the audited accounts, including my certificate and report thereon.

My responsibility is to express an opinion on the financial statements based on my audit, and to report to you.

Basis of opinion

I conducted my audit in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. Those standards require me to comply with ethical requirements and to plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion, except that the evidence available to me was limited because the Board of the Public Service Pension Fund was unable to provide me with sufficient evidence to support the completeness and accuracy of contributions recorded in the Income Statement. The Board had not maintained proper accounting records of the entitlements and contributions made in year for members of the scheme. In addition, there was no formal system for checking the accuracy and completeness of contribution deductions for the Health Authority or the other agencies, on which I could rely. There were no other satisfactory procedures I could adopt to confirm the accuracy and completeness of these contributions.

Qualified opinion arising from limitation in audit scope

Except for any adjustments that might have been found to be necessary had I been able to obtain sufficient evidence to form a view on the completeness and accuracy of contributions, in my opinion the financial statements give a true and fair view, in accordance with the Pensions (Amendment) Act 2003 and directions made by the Minister of Finance under the Financial Administration and Audit Act 2006, of the state of affairs of the Public Service Pension Fund as at 31 December 2007 and its surplus and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report

My report on pages C and D provides further detail on the basis for the qualification of my audit opinion.



M L Daynes
Chief Auditor
11 November 2009

National Audit Office
157-197 Buckingham Palace Road
LONDON
SW1W 9SP

The Report of the Chief Auditor on the Government of Anguilla Public Service Pension Fund: 2007 Accounts

Introduction

Under section 27 (8) of the Pensions Act 2004 I am required to audit the financial statements of the Public Service Pension Fund each financial year and make an annual report for submission to the Minister of Finance. In doing so, I have regard, in particular, to the records of members of the scheme, their entitlements and contributions made in year, and the system of inspection and checking of contributions deductions.

Pension records

In 2007 the Public Service Pension Fund (PSPF) created a database which records pension contributions made by members of the scheme. It is necessary for the PSPF to maintain proper records of members of the scheme so that the Pension Fund can ensure the accuracy and completeness of pension contributions and is adequately positioned to administer pension payments and contribution refunds in future years. The financial information included in the database dates back to the inception of the fund in 2004.

The pensions database is a vital tool to enable accurate calculation of pension entitlements in the future and resolve disputes with members of the scheme on subjects such as the length of service worked and the value of contributions made. It is therefore essential that the financial information included in the database is accurate and complete, the system is protected and that the data cannot be manipulated.

The pensions database was set up using Microsoft Access software. Information on contributions from the Government of Anguilla and the Health Authority has been included in the database: financial information is downloaded on a monthly basis from the respective pay systems of the Government of Anguilla and the Health Authority of Anguilla and input into Access. Information from the other agencies is currently recorded in Excel spreadsheets.

Inspection regime

In 2007 the PSPF employed a part time Pensions Administrator and a part time Inspector. The administrator was responsible for verifying contribution payments that came to the Fund on a monthly basis and the Inspector was responsible for verifying the accuracy and completeness of the historic information included on the pensions database from 2004 to the end of 2007.

Audit Findings

As part of the audit of the 2007 financial statements I compared the financial information included in the pension database to that recorded in the financial statements for each of the financial periods from 2004 to 2007. I found that material differences existed between the two systems for 2004, 2005 and 2007 leading to a net difference of \$95,096.24, with the database recording a higher value of contributions. For 2007 alone, the financial statements showed a value \$63,043.05 higher than the pension database with the Health Authority contributions accounting for \$56,631.30 of the difference. No explanations were provided to resolve these differences..

In addition, I reviewed the work of the Inspector relating to the verification of financial data on the pensions database. I am satisfied that the value of Government of Anguilla contributions received had been correctly recorded on the database. However, the Inspector identified significant errors in the amounts of contributions made by the Health Authority and the other agencies. The major proportion of the differences between the amounts recorded in the financial statements and those recorded in the database stems from amounts relating to the Health Authority and the other agencies for all years from 2004 onwards.

I also bring to the attention of the Minister that there is a security risk over the pension database in its current format. Changes can be made to the contribution records of individuals and no audit trail of adjustments is maintained. The same risk applies to the contributions of the other agencies not recorded on the database but recorded on excel spreadsheets. The PSPF does not perform a yearly reconciliation of contributions recorded on the database back to the financial statements and so unauthorised adjustments to the value or occurrence of historical contributions could go unnoticed.

These findings have led me to conclude that:

- the Board had not maintained proper records of members of the scheme, their entitlements and contributions made in year; and
- there was no formal system of inspection and checking of contribution deductions for the Health Authority or the other agencies to ensure compliance with Fund regulations.

My opinion also recognises that, in accordance with the governing legislation, the financial statements exclude any payments of pension until such time as the Fund has sufficient resources to meet them. In the interim period, payments of pension are chargeable to the Government of Anguilla's Consolidated Fund.



M L DAYNES
Chief Auditor
11 November 2009



The Public Service Pension Fund Financial Statements for the year ended 31 December 2007

FOREWORD

The forecast for 2007 has been realised and as we embark on the 4th year of the existence of the contributory Public Service Pension Fund, we are happy to report that the current value of the Fund as of December 2007 stands at over EC\$10 million which is held in fixed deposits at local banks. Applicable legislation restricts the investment of the general fund to Certificates of Deposits in domestic financial entities until the fund has achieved a sustainable level and upon the advice of the Actuary. The Pension Fund requires an Actuarial review every three years. The first review was at the end of 2004 the next review was due as of the end of 2007. The analysis of this review showed that the scheme was developing satisfactorily both actuarially and operationally with steadily increasing rates of return on investments.

The Fund is administered by a Board appointed by the Governor, which consists of three *ex officio* members namely, Permanent Secretary Public Administration, Permanent Secretary Finance and the Director Social Security along with two members that are representative of the staff associations representing Public Service employees. Contributors to the fund are public servants employed by government departments, employees of the Health Authority of Anguilla, the Public Utilities Commission, the Financial Services Commission and most recently the Anguilla Tourist Board and the Anguilla Development Board. Matching contributions are made by the respective employers. For each of the past three years the Public Service Pension Fund accounts have been audited by the National Audit Office based in London.

It is expected that the substantial and significant steady growth of the Fund, will continue and the Board does not envisage any difficulties in fulfilling its mandate.

Copies of the audited Reports are available for inspection at the Pension Fund Office at the Department of Public Administration.

A large, stylized handwritten signature in black ink, which appears to be 'Aurjul H. Wilson', is written over the printed name and title.

Aurjul H. Wilson Chairman of the Board

24 September 2009



The Public Service Pension Fund

Financial Statements for the year ended 31 December 2007

Income Statement

INCOME	Notes	2007	2006
	1 & 14	EC\$	EC\$
Contributions (net of refunds)	2	3,444,475.75	2,616,923.22
Other Income	2	435,405.53	269,040.29
Total Income		3,879,881.28	2,885,963.51
EXPENDITURE			
Staff Cost	3	97,900.65	55,356.45
Administration Expenditure	4	31,069.25	33,860.10
Overpayment of contributions	5	2,787.58	-
Total Expenditure		131,757.48	89,216.55
Surplus		3,748,123.80	2,796,746.96



The Public Service Pension Fund Financial Statements for the year ended 31 December 2007

Statement of Changes in Equity for the year ended 31 December 2007

	EC\$ General Fund
Balance as of 1 January 2006	3,933,747.37
Surplus for the year (2006)	<u>2,796,746.96</u>
Balance as 31 December 2006	6,730,494.33
Surplus for the year (2007)	<u>3,748,123.80</u>
Balance as of 31 December 2007	<u>10,478,618.13</u>

The General Fund represents the net assets (liabilities) of the Pension Fund which include the surplus (deficit) position resulting from the activities of the Pension Fund.

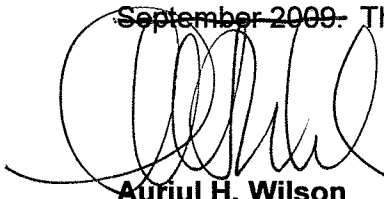
The Public Service Pension Fund Financial Statements for the year ended 31 December 2007

Balance Sheet

	Notes	<u>2007</u> <u>EC\$</u>	<u>2006</u> <u>EC\$</u>
ASSETS			
Non-Current Assets:			
Furniture & Equipment	11/12	11,087.79	-
Investments	6	10,152,370.53	-
Total Non-Current Assets		<u>10,163,458.32</u>	<u>-</u>
Current Assets:			
Investments	6	-	6,369,417.75
Interest Receivable	8	-	-
Contributions Receivable	9	19,917.24	331,390.92
Cash and cash equivalents	7	346,107.57	81,807.66
Total Current Assets		<u>366,024.81</u>	<u>6,782,616.33</u>
Total Assets		<u>10,529,483.13</u>	<u>6,782,616.33</u>
LIABILITIES			
Current Liabilities			
Period Accruals and Provisions	10	(50,865.00)	(52,122.00)
Total Current Liabilities		<u>(50,865.00)</u>	<u>(52,122.00)</u>
Total Liabilities		<u>(50,865.00)</u>	<u>(52,122.00)</u>
NET ASSETS (LIABILITIES)		<u>10,478,618.13</u>	<u>6,730,494.33</u>
Equity:			
General Fund @ 1 January		6,730,494.33	3,933,747.37
Surplus		3,748,123.80	2,796,746.96
TOTAL EQUITY		<u>10,478,618.13</u>	<u>6,730,494.33</u>

11 November 2009

The financial statements were approved on behalf of the board and authorised for issue on ~~24, September 2009~~ 24, September 2009. They were signed on its behalf by:



Arjul H. Wilson Chairman of the Board

24, September 2009



The Public Service Pension Fund

Financial Statements for the year ended 31 December 2007

Cash Flow Statement for the year ended 31 December 2007

	Notes	2007 EC\$	2006 EC\$ Restated
Operating Activities			
Operating surplus		<u>3,748,123.80</u>	<u>2,796,746.96</u>
Adjustments:			
Increase/(Decrease) in trade and other payables		(1,257.00)	-
(Increase)/Decrease in interest receivable		-	-
(Increase)/Decrease in contribution receivables		311,473.68	(291,954.06)
Depreciation		1,111.80	-
Amortisation of current and non current interest earned on investments		(432,952.78)	(268,104.64)
		<hr/>	<hr/>
Net cash inflow from operating activities		<u>3,626,499.50</u>	<u>2,236,688.26</u>
Investing Activities			
Purchase of investment bonds		(3,350,000.00)	(2,160,000.00)
Purchase of Equipment		(12,199.59)	-
Net cash outflow from investing activities		<u>(3,362,199.59)</u>	<u>(2,160,000.00)</u>
Financing Activities			
Net cash (used in) from financing activities		-	-
		<hr/>	<hr/>
Net increase in cash and cash equivalents		<u>264,299.91</u>	<u>76,688.26</u>
Cash and cash equivalents at the beginning of the year		81,807.66	5,119.40
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year	7	<u>346,107.57</u>	<u>81,807.66</u>

The Public Service Pension Fund Financial Statements for the year ended 31 December 2007

Notes to the Accounts

Note 1: Accounting Policies

1.1 Functions of the Pension Fund

The Pension Fund (the Fund) is a fund established by the Pension (Amendment) Act, 2003 (the Act) into which shall be paid:

- All contributions
- All interest, investments or other income derived from the assets of the Fund.
- All sums properly accruing to the Fund under the Act, including the repayment of benefit; and
- Such other sums that may be provided by the Consolidated Fund for the purposes of the Act or as may be received and accepted by the Board on behalf of the Fund with the approval of the Governor.

There shall be paid out of the Fund:

- All benefits
- Refunds of contributions; and
- All expenses properly incurred in the administration of the Act.

Under transitional arrangements provided by the Act all such sums of money, as may from time to time be paid within the next following five years from the appointed date, by way of pension, gratuity, allowance or other refunds in pursuance of the Act, shall be charge on and paid out of the Consolidated Fund. The income and expenditure of the Fund will therefore reflect these transitional arrangements.

1.2 Accounting Conventions

Adoption of international accounting standards

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

1.3 Furniture and Equipment

Furniture and Equipment is stated at historical cost, less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Depreciation is deduced at the rates calculated to write off the historic cost of assets by equal monthly amounts over each asset's estimated useful life. Useful lives for the various types of assets listed are within the following ranges:

Furniture	5-10 years
Equipment and Computers	4-5 years

The Public Service Pension Fund

Financial Statements for the year ended 31 December 2007

1.4 Income

Income is measured at the fair value of the consideration received or receivable.

Income represents contributions receivable, interest earned on investments, other income derived from the assets of the Fund, and all other sums such as fines and penalties properly accruing to the Fund under the Act.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

1.5 Operating Expenditure

Operating expenditure is all the costs and charges associated with the annual running of the functions of the Fund and will include depreciation of assets and financing when appropriate.

1.6 Financial Assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The categories applicable to the Pension Fund are set out below.

1.6(a) Held to Maturity Investments

Held to maturity financial investments are investments made by the Board in term certificates of deposit in domestic financial entities, on terms not less favourable than those provided to institutional investors in Anguilla, according to sound principles of diversification. The money in the Fund shall not be invested by the Board in property, securities or offshore ventures until the Fund is adequately capitalized, based on actuarial advice.

Held-to-maturity investments are recorded at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

1.6(b) Other receivables

Other receivables are non derivative financial assets with fixed or determinable payments that are quoted in an active market.

These represent the amounts due to the Fund, prepayments for goods and services required by the Fund and other receivables at the balance sheet date. Other receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

1.6 (c) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits with the bank and bank overdrafts held at call with banks. In the event there is a bank overdraft, it is included in the balance sheet under the category current liabilities.

The Public Service Pension Fund Financial Statements for the year ended 31 December 2007

1.7 Financial Liabilities

These represent other payables for expenditure incurred but unpaid at year end either as invoiced amounts outstanding or as amounts awaiting invoices from suppliers. Other payables are recognized initially at fair value and subsequently measured at amortised cost using effective interest method.

1.9 Exchange Rates

All amounts are stated in EC Dollars. Where payments have been made in or amounts received in other currency the appropriate exchange rates at the time of the transaction have been applied to convert to EC currency. Any balances in foreign currency held at year end are translated at balance sheet date exchange rates and any gains or losses accounted for appropriately.

1.10 Critical accounting estimates and judgments

There are no critical accounting estimates or judgments relating to these financial statements which impact on the financial position as at the year end.



The Public Service Pension Fund Financial Statements for the year ended 31 December 2007

		2007 EC\$	2006 EC\$
Note 2	INCOME		
	Contributions	3,448,306.55	2,616,923.22
	Less refunds	(3,830.80)	-
	Interest Earned	2,452.75	935.65
	Interest on Investments	432,952.78	268,104.64
	Total Income	3,879,881.28	2,885,963.51
Note 3	STAFF COSTS		
	Salaries	52,938.71	19,850.00
	Board Fees	44,700.00	35,506.45
	Employer Contribution Social Security	261.94	-
	Total Staff Costs	97,900.65	55,356.45
Note 4	ADMINISTRATION EXPENDITURE		
	Depreciation Expense	1,111.80	-
	Administration Cost	1,371.75	7,815.52
	Audit fee	24,004.00	26,044.58
	Gains & Losses	4,581.70	-
	Total Administration Expenditure	31,069.25	33,860.10
Note 5	CONTRIBUTION REPAYMENTS		
	Prior Year Contributions overpaid	2,787.58	-
		2,787.58	-
Note 6	INVESTMENTS		Restated
	<u>Held to maturity investments carried at amortised cost</u>		
	Fixed Deposits	10,152,370.53	6,369,417.75
	Total Investments	10,152,370.53	6,369,417.75
	Analysed as follows		
	Non current	10,152,370.53	-
	Current	-	6,369,417.75

Listed as follows:

Bank	Annual Interest Rate(%)	Maturity Date	Principal Amount EC\$
Caribbean Commercial Bank	6.25	2-Dec-11	5,582,726.17
National Bank of Anguilla	6.25	7-Sep-11	4,480,661.73
			10,063,387.90



The Public Service Pension Fund

Financial Statements for the year ended 31 December 2007

	2007	2006
	EC\$	EC\$
Note 7 CASH AND CASH EQUIVALENTS		
Cash at Bank	346,107.57	81,807.66
Total Cash at Bank	346,107.57	81,807.66
		Restated
Note 8 INTEREST RECEIVABLES		
Interest receivable	-	-
	-	-
Note 9 CONTRIBUTION RECEIVABLES		
Anguilla Development Board	-	93,198.96
Anguilla Tourist Board	6,095.28	-
Government of Anguilla	8,433.16	202,861.16
Health Authority	-	35,330.80
Other Receivables	5,388.80	-
	19,917.24	331,390.92
Note 10 Accounts Payable		
Period Accruals and Provisions		
Board/Staff Fees Payable	800.00	-
Provision For Audit Fees	50,065.00	52,122.00
Total Accruals & Provisions	50,865.00	52,122.00
Note 11 FURNITURE & EQUIPMENT		
Furniture	12,199.59	-
	12,199.59	-
Note 12 ACCUMULATED DEPRECIATION		
Depreciation on Furniture	1,111.80	-

The Public Service Pension Fund Financial Statements for the year ended 31 December 2007

Note 13 Financial instruments

The Fund's financial assets are cash and held to maturity investment bonds. The financial liabilities are the accounts payable.

Credit risks

The Fund's principal financial assets are held to maturity investment bonds, cash at bank, and other receivables. At the balance sheet date the maximum exposure to the credit risk is represented by the carrying value of each financial asset in the balance sheet.

Interest rate risks

Held to maturity investment bonds are fixed term and fixed interest rates. As at the balance sheet date the fund is not exposed to any significant interest rate risks.

Currency risks

The majority of transactions are settled in Eastern Caribbean Dollars. At the balance sheet date the Fund was not exposed to any significant currency risk. The Fund has not entered into any hedging arrangements.

Note 14 Retirement Benefit Obligations

The Government of Anguilla's pension scheme is a defined benefit scheme with two main sections. The pensions in force and the pensions and gratuities awarded within the transitional period as specified in section 2.a of the Pensions (Amendment) Act 2003 will continue to be charged to the Consolidated Fund. After the transitional period pensions and allowances will be charged to the Pension Fund, as well as refunds of contributions. The segment of payments from the Consolidated Fund will be covered by the Government on a current year basis, whereas pension entitlements after the transition period will be charged to the pension fund.

The main retirement benefits to be paid from the fund as set out by the Pension Act

For the purpose of the calculation of benefits paid under the plan the normal retirement age as set out by the pensions Act is 55 years for officers having a pensionable service of 10 years or more and who would have reached 50 years on or before 1 January 2004 or within the next twelve months from 1 January 2004. In the case of all other officers the retirement age is 60 years and for officers who were appointed after 1 January 2004 it is 65 years.

Subject to the provisions of the Act and the Regulations, every contributor holding a pensionable office under the Government of Anguilla, who has been in the service under the Government of Anguilla in a civil capacity for 10 years or more, may be granted on retirement a pension at the annual rate of 1/960th of his pensionable emoluments for each complete month of his pensionable service.

The Public Service Pension Fund Financial Statements for the year ended 31 December 2007

Police Pensions Act

In 2008 the Police Pensions Act came into existence. This Act reforms the law of pensions for police officers and their surviving spouses and children to reflect the risks that police officers face in the discharge of their duties. The terms and conditions of this Police Pension Act are different to the main retirement obligations disclosed above.

Pensions payable to Dependants

In the event of the death of a contributor who has completed 10 years pensionable service his/her dependants will be entitled to benefits as set out by the Act.

Refunds

If a contributor ceases to be employed in the public service and is not entitled to a pension under the Act or dies before becoming entitled to a pension an amount equal to the total of his contributions to the Fund with interest thereon shall be paid to his/her legal personal representative.

Note 15 Actuarial valuation

In accordance with the Pensions (Amendment) Act 2003 an actuarial review of the fund must be undertaken at least once every 3 years. The most recent full actuarial valuation of the Government of the Government's total pension liability was undertaken as at 31 December 2007 by Mr Hernando Perez Montas, the appointed actuary. A liability to the value of EC\$ 97.1 million was determined. This valuation includes the pension liability for all current employees and pensioners at that date and is based upon service entitlement prior to the commencement of the Fund. It is the intention of the Government that the Fund will grow sufficiently over the coming years to meet this liability in full. The actuarial report did not indicate the vested and non-vested benefits.

The last actuarial valuation undertaken to reflect the pension liability as at 31 December 2007 occurred before the Police Pensions Act 2008 came into existence. Police Officers are entitled to Pensions under different terms and conditions to normal Government employees and as such the actuarial valuation of the Pension Liability does not reflect the differences that arise from the Police Pension Act.

Actuarial present values as 31 December 2007

	Consolidated Fund	Pension Fund	Total
	EC\$	EC\$	EC\$
Total projected liability	57,864,987	49,668,000	107,532,987
Net Assets	0	10,478,000	10,478,000
Net projected liability	57,864,987	39,190,000	97,054,987

The Pension Fund is expected to cover the pensions awarded in accordance with the "new rules" for employees aged 60 and over. As noted above the pensions in force and the pensions and gratuities awarded within the transitional period as specified in section 2.a of the Pensions (Amendment) Act 2003 will continue to be charged to the Consolidated Fund.

The Public Service Pension Fund Financial Statements for the year ended 31 December 2007

The net assets of the Pension Fund are primarily made up of fixed deposits as disclosed in Note 6. The Pension Board will consider any further revisions to this investment strategy as discussed in the Foreword to the Accounts.

Changes in the value of the pension fund assets are as follows:

	2007 EC\$	2006 EC\$
As at 1 January	6,730,494.33	3,933,747.37
Return on assets	435,405.53	269,040.29
Contributions from employers	1,722,237.87	1,308,461.61
Contributions from employees	1,722,237.88	1,308,461.61
Repayment of overpaid contributions	(2,787.58)	-
Total expenses	(128,969.90)	(89,216.55)
As at 31 December	10,478,618.13	6,730,494.33

Actuarial assumptions

The principal actuarial assumptions used were as follows:

Discount rate:	6 percent per annum
Expected Long-term rate of return on assets	6 percent per annum
Invalidity rate	1 per 1,000
Pension adjustment (ad hoc)	3 percent per annum
Mortality table	GAM-83

¹⁶ Note 17 Related Party Disclosures

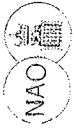
Mr. Timothy Hodge, a member of the Pension Fund Board is also a director of the National Bank of Anguilla. During 2007 the Fund's main current bank account was with the National Bank of Anguilla and all of the Fund's operating transactions were conducted through this account. As at 31 December 2007 the Fund had investments of EC\$4,480,661.73 held in fixed deposits with this bank (see Note 6 for details).

The Chair, the Permanent Secretary Finance and the Administrative Staff are all ordinary members of the scheme.

Although none of the Fund's assets were invested in the Government of Anguilla, the Government of Anguilla holds shares in the National Bank of Anguilla.

During 2007, the Pension Fund accommodation was provided by the Government of Anguilla who paid Social Security Board for the cost of accommodations. In addition, IT services were also provided by the Government of Anguilla by the Department of Information, Technology, and E-commerce Services without charge.

The key management of the Pension Fund Board are disclosed in the Foreword. The compensation paid or payable to key management for employee services is disclosed Note 3.



The Public Service Pension Fund Financial Statements for the year ended 31 December 2007

Note 17 Prior Year Adjustments

The total value of investments held to maturity was classified from Non Current to current. The associated interest accrued to date of EC\$117,677.83, previously reported within Note 8 was combined with the held to maturity investment to approximate a carrying value held at amortised cost. The net cash inflow from operating activities has decreased by EC\$ 119,993.21 over that figure previously recorded with a corresponding decrease in net cash outflow from investments to reflect non cash transactions. There is no change to the overall cash and cash and cash equivalents figure recorded.

Note 18 Post Balance Sheet Events

On the 1st of January 2009 the responsibility for making Pension payments and refunds of contributions passed over to the Pension Fund. An assessment of the value of these refunds will be undertaken and included the 2009 Financial Statements.

Note 19 Authorised for issue

These financial statements are authorised for issue by the Chair of the Public Service Pension Board on *11 NOVEMBER 2009*