

PUBLIC SERVICE PENSION FUND



2009 ANNUAL REPORT AND ACCOUNTS

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: 2009 Accounts

I certify that I have audited the accompanying Financial Statements of the Public Service Pension Fund for the year ended 31 December 2009 in accordance with Section 27 of the Pensions Act 2004, as amended by the Pensions (Amendment) Act 2011. These comprise the Income Statement, the Statement of Changes in Equity, Statement of Financial Position and Cash Flow Statement 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 Pensions Act 2004, 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 Act 2004, 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.

Opinion

In my opinion, the financial statements give a true and fair view, in accordance with Section 27 of the Pensions Act, 2004 as amended by the Pensions (Amendment) Act 2011, 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 Pensions Fund as at 31 December 2009 and its surplus and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report

My report, on pages C and D, contains certain observations on these financial statements.



M L DAYNES
Chief Auditor
14 November 2012

National Audit Office
157-197 Buckingham Palace Rd
London SW1W 9SP

The Report of the Chief Auditor on the Government of Anguilla Public Service Pension Fund: 2009 financial statements

Introduction

Under section 27 (8) of the Pensions Act 2004 I am required to audit the financial statements of the Public Service Pension Fund for each financial year and make an annual report for submission to the Minister of Finance. This report covers my audit of the 2009 financial statements.

I limited the scope of my audit opinion on the 2008 Accounts 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. This report details the progress made on this and certain other issues included in my 2008 report.

Progress on issues raised in my 2008 Report

The Public Service Pensions Fund maintains a database which records pension contributions made by members of the scheme. I limited the scope of my audit opinion on the 2008 financial statements because there were material differences between the contributions recorded on the contributions database and that shown in the financial statements. The differences related mainly to contributions from the Police and Health Authority employees. I also reported my concerns about the security of the database and the risk to the Pension Fund investments as these were all held in two local financial institutions. I describe the progress made by the Board of the Pension Fund in addressing these issues below.

Accuracy and completeness of the contributions database

In 2008, 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.

In response to this, the Administrator and the Board introduced monthly checks which are designed to ensure the completeness and accuracy of the contributions database. Monthly contribution returns from the Government of Anguilla for their employees and the Police, and from other Government Agencies, are checked to bank deposits and against the contributions database. The Administrator reviews the performance of these checks.

My staff re-performed this control and found that it was operating adequately for the 2009 accounts. My staff also received adequate evidence to support the completeness and accuracy of contributions recorded in the Income Statement. I have therefore removed the limitation of scope of my audit opinion in this area.

Security of the database

In my 2008 report I noted there was a risk over the security of the pensions database. Changes could be made to contribution records, with no audit trail of such adjustments being maintained.

The Board introduced changes designed to ensure that a full audit trail of amendments exists. This enables changes to the database to be logged and printed in a report if needed. The Administrator of the Pension Fund also has only "read-only" access to the Government of Anguilla database that holds details of staff and police contributions. This database generates the monthly contribution returns of GOA staff and the police. The Administrator reconciles these returns on a monthly basis to bank deposits and to the Pension Funds own database.

Risk to Investments

The Pension Fund continued to hold all its investments in 2009 with the two indigenous banks, the National Bank of Anguilla and the Caribbean Commercial Bank. I understand this

strategy is driven by the requirements of the Pensions Act 2004 which states: "investments should be held in certificates of deposit in domestic financial entities according to sound principles of diversification and that the money in the Fund shall not be invested by the Board in property, securities or offshore ventures until the fund is adequately capitalised, based on actuarial advice".

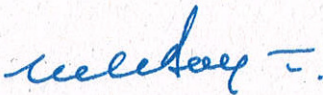
However, there are significant risks in the current economic climate in holding all investments in two local banks. I understand the Board is considering transferring some of the deposits to an international bank which has operations in Anguilla.

Liability for Pensions Expenditure from 1 January 2009

Section 65 (3) of the Pensions Act 2004 included transitional arrangements whereby all pensions and gratuities paid were borne by the consolidated fund until 31st December 2008. The Consolidated Fund is also responsible for the costs of employees who retired before 1 January 2004.

Following discussions with the Pensions Board, an amendment to the Pensions Act was passed which clarified that the Consolidated Fund was also responsible for employees who were in the public service on or before 1 January 2004, had a pensionable service of 10 years or more on or before 1 January 2004 and reached their normal retirement age of 55 years on or before 31 December 2009.

From 1st January 2009 payments for pensions and gratuities relating to all other retirees are a charge on the pension fund. However, payments continued to be made in 2009 out of the Consolidated Fund, on the understanding that the pension fund would reimburse the Government of Anguilla where applicable. This liability is reflected in these financial statements.



M L DAYNES
Chief Auditor

14 November 2012

Table of Contents

Foreword	1
Income Statement	3
Statement of Changes in Equity	4
Statement of Financial Position	5
Cash Flow Statement	6
Notes to the Accounts	
▪ Accounting Policies	7
▪ Other Notes to the Accounts	11

The Public Service Pension Fund

Financial Statements for the year ended 31 December 2009

FOREWORD

Management and Oversight

The Pension Fund is managed by The Public Service Pension Board, which is comprised of five persons. There are three ex officio members, namely the Permanent Secretaries of Finance and Public Administration and the Director Social Security; and two representatives of Public Service staff associations. The Pension Fund Administrator, assisted by one clerical officer, has oversight of the day to day operation of the office.

The Board held regular meetings throughout the year, to examine the current status of the fund and plan for the future.

Fund Performance

The contributory pension scheme for the Anguilla Public Service concluded its sixth year of operation as at 31 December 2009. The Public Service Pension Fund continues to develop steadily, and at year end the fund's assets totalled over \$20 million. These assets are held in fixed deposit accounts at two local banks. Evidence of the effects of the global financial economy posed some challenges, in the form of lower contributions received due to reduced salaries.

During 2009, in line with the transitional arrangements, the Pension Fund took over the responsibility for certain gratuity and pension payments, as explained in note 13. This is reflected in this year's financial statements.

Actuarial Report

Due to the fact that there was an unavailability of precise data showing the arrears of contributions from the government and investment income as at December 31, 2009, an actuarial report for 2009 could not be completed. Extracts from the actuarial report included in these financial statements have been taken from the last full actuarial valuation, completed in 2007. These anomalies will be corrected in due course as the Pensions Act requires that at the end of December 2010 a comprehensive actuarial review is necessary to determine the actuarial funded status and the long-term financial sustainability of the scheme.

Developments

Administratively there were a number of developments during the year, which included the retirement of ex officio member, Permanent Secretary of Finance, Mr. Carl Harrigan and my installation as the new Permanent Secretary of Finance. I was subsequently appointed as Chairman of the Public Service Pension Board on January 1, 2012.

A clerical officer in the person of Miss Sharice Richardson was hired to assist the Administrator.

The Public Service Pension Fund

Financial Statements for the year ended 31 December 2009

In June 2009 the Administrator, along with the Permanent Secretary of Finance, attended a fully funded conference on Pension Reform. The conference was held in St. Kitts.

This year saw the official establishment of an independent Pensions office. The Pension Board entered into a leasehold agreement for office space to facilitate and accommodate its expansion.

The Information Technology Department of the Government of Anguilla assisted with the creation of bi-annual contribution statements for contributors. The Pension fund also embarked on developing a website for use by the contributors. However, both of these projects are still works in progress.

The Pension Board has been contemplating hiring an accountant on a full time basis to ensure that the financial statements and other financial matters are addressed in a timely manner. The board will continue discussion on this matter and a decision will likely be made during the coming year.

The Water Corporation, the latest statutory body, joined the Pension Fund as a contributor bringing the total number of statutory bodies to six in 2009. The ongoing commitment to grow the fund is restricted by the performance of the various markets.

Further developments include taking over the calculations and verification of Pensions and Gratuities from the Ministry of Finance.

I would like to acknowledge and thank everyone involved for helping the Public Service Pension Board to manage the fund.



Kathleen Rogers
Chairman of Public Service Pension Board
5 September 2012

(NAO) National Audit Office

The Public Service Pension Fund
Financial Statements for the year ended 31 December 2009

Income Statement

	Notes	2009 EC\$	2008 EC\$
INCOME			
Contributions (net of refunds)	2	5,196,093	4,460,377
Other Income		929,706	683,586
Total Income		6,125,799	5,143,963
EXPENDITURE			
Pension Payments	3	1,233,206	-
Staff Cost	4	200,003	137,787
Administrative Expenditure	5	61,210	78,142
Total Expenditure		1,494,419	215,929
Surplus/ (Deficit)		4,631,380	4,928,034

The Public Service Pension Fund
Financial Statements for the year ended 31 December 2009

Statement of Changes in Equity

	ECS
	General Fund
Balance as of 1 January 2008	10,478,618
Surplus for the year 2008	<u>4,928,034</u>
Balance as at 31 December 2008	15,406,652
Surplus for the year 2009	<u>4,631,380</u>
Balance as at 31 December 2009	<u>20,038,032</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.

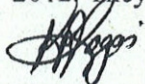
(NAO)  National Audit Office

The Public Service Pension Fund
Financial Statements for the year ended 31 December 2009

Statement of Financial Position

	Notes	2009 EC\$	2008 EC\$
ASSETS			
Non-Current Assets			
Furniture & Equipment	11	11,971	14,022
Investments	6	18,049,122	14,081,309
Total Non-Current Assets		18,061,093	14,095,331
Current Assets			
Cash & Cash Equivalents	7	484,123	1,302,261
Contributions Receivable	8	2,974,920	79,167
Total Current Assets		3,459,043	1,381,428
Total Assets		21,520,136	15,476,759
LIABILITIES			
Current Liabilities			
Payables	9	(1,372,367)	(70,107)
Total Current Liabilities		(1,372,367)	(70,107)
Total Assets less Current Liabilities		20,147,769	15,406,652
Non-Current Liabilities			
Provision for Contributions Payable	10	(109,737)	-
Total Non-Current Liabilities		(109,737)	-
Total ASSETS less LIABILITIES		20,038,032	15,406,652
Equity:			
General Fund @ 1 January 2009		15,406,652	10,478,618
Surplus/ (Deficit)		4,631,380	4,928,034
TOTAL EQUITY		20,038,032	15,406,652

The Financial Statements were approved on behalf of the board and authorized for issue on September 5, 2012. They were signed on its behalf by Chairman of the Public Service Pension Board:



Kathleen Rogers (Mrs.)

(NAO) National Audit Office

The Public Service Pension Fund
Financial Statements for the year ended 31 December 2009

Cash Flow Statement

	Notes	2009 ECS	2008 ECS
Operating Activities			
Operating Surplus		4,631,380	4,928,034
Adjustments:			
Increase/ (Decrease) in trade and other payables, and provisions		1,411,997	19,242
(Increase)/ Decrease in contribution receivables		(2,895,753)	(59,250)
Depreciation		2,051	2,051
Amortisation of non-current interest earned on investments		(923,713)	(678,658)
Net Cash inflow from Operating Activities		2,225,962	4,211,419
Investing Activities			
Purchase of investment bonds		(3,044,100)	(3,250,280)
Purchase of equipment		-	(4,986)
Net Cash outflow from investing activities		(3,044,100)	(3,255,266)
Financing Activities			
Net Cash (used in) financing activities		-	-
Net increase in cash and cash equivalent		(818,138)	956,153
Cash and cash equivalents at the beginning of the year		1,302,261	346,108
Cash and cash equivalents the end of the year	7	484,123	1,302,261

(NAO) National Audit Office

The Public Service Pension Fund

Financial Statements for the year ended 31 December 2009

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 Act, 2004 (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.

The Act provided for arrangements by which the Consolidated Fund is responsible for payments during a transitional period. The income and expenditure of the Consolidated Fund, and not the Pension Fund, reflects these transitional arrangements. The Pension Fund became responsible for the payment of certain amounts from 1 January 2009. These arrangements are explained in more detail in Note 13.

1.2 Accounting Conventions

Adoption of international accounting standards and Interpretations

The financial statements of the Public Service Pension Fund of Anguilla have been prepared in accordance with International Financial Reporting Standards (IFRS). There are no standards and interpretations in issue, but not yet adopted by the Public service Pension fund, that the board anticipates will have a material effect on the reported deficit or net assets of the Pension fund.

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

The Public Service Pension Fund

Financial Statements for the year ended 31 December 2009

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

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.

The Public Service Pension Fund

Financial Statements for the year ended 31 December 2009

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 recognized 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 Statement of Financial Position 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 Statement of Financial Position under the category current liabilities.

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 the effective interest method.

1.8 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

The Public Service Pension Fund

Financial Statements for the year ended 31 December 2009

Statement of Financial Position date exchange rates and any gains or losses accounted for appropriately.

1.9 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.

1.10 Operating Lease

A lease where the lessor retains substantially all the risks and rewards of ownership of the assets is classified as an operating lease. Operating lease payments are recognized as an expense. The Pension Board entered into a lease with the Social Security Board for the rental of the office premises in the James Ronald Webster building, The Valley Anguilla. The lease commenced on the 1 February 2009 and is renewable annually.

The Public Service Pension Fund
Financial Statements for the year ended 31 December 2009

		2009	2008
		ECS	ECS
Note 2	INCOME		
	Contributions less refunds	5,196,093	4,460,377
	Interest Earned	5,993	4,927
	Interest on Investments	923,713	678,659
	Total Income	6,125,799	5,143,963
Note 3	PENSION PAYMENTS		
	Pension	147,143	-
	Gratuities	1,086,063	-
	Total Pension Payments	1,233,206	-
Note 4	STAFF COSTS		
	Salaries	142,606	82,281
	Board Fees	52,800	52,800
	Employer Contribution Social Security	4,597	2,706
	Total Staff Costs	200,003	137,787
Note 5	ADMINISTRATIVE EXPENDITURE		
	Depreciation Expense	2,051	2,051
	Administration Costs	39,089	56,081
	Audit Fee	20,000	20,000
	Bank Charges	70	10
	Total Administration expenditure	61,210	78,142
Note 6	INVESTMENTS		
	Held to maturity investments carried at amortised cost		
	Fixed Deposits	18,049,122	14,081,309
	Total Investments	18,049,122	14,081,309
	Analysed as follows		
	Non Current	18,049,122	14,081,309
	Current	-	-

The Public Service Pension Fund

Financial Statements for the year ended 31 December 2009

Listed as follows

Bank	Annual Interest Rate %	Maturity Date	Principal Amount EC\$	Principal Amount US\$
Caribbean Commercial Bank	6.25	3-Dec-11	5,582,726	
Caribbean Commercial Bank	6.25	1-Jul-11	750,000	
Caribbean Commercial Bank	6.50	13-Feb-12	1,344,100	500,000
Caribbean Commercial Bank	6.50	21-Oct-11	1,075,280	400,000
National Bank of Anguilla	6.25	7-Sept-11	4,480,662	
National Bank of Anguilla	6.25	1-Jul-11	750,000	
National Bank of Anguilla	6.25	8-Feb-11	675,000	
National Bank of Anguilla	6.25	8-Jun-11	1,700,000	
TOTAL INVESTMENTS			16,357,768	900,000

The above table shows the principal amounts which were originally invested with the banks. This is different from the overall investments due to interest which has accrued since the investments were initially made.

	2009	2008
	EC\$	EC\$
Note 7 CASH AND CASH EQUIVALENTS		
Cash at Bank	484,123	1,302,261
Total Cash at Bank	484,123	1,302,261
Note 8 CONTRIBUTIONS RECEIVABLES		
Anguilla Development Board	-	-
Anguilla Tourist Board	13,067	13,823
Government of Anguilla	2,961,853	5,547
Health Authority	-	57,720
Financial Services	-	2,077
Total Contribution Receivables	2,974,920	79,167

The Public Service Pension Fund

Financial Statements for the year ended 31 December 2009

	2009 EC\$	2008 EC\$
Note 9	CURRENT LIABILITIES	
	1,280,696	-
	90,065	70,065
	1,606	42
	1,372,367	70,107

Note 10	PROVISIONS	
	109,737	-

Note 11	TANGIBLE NON-CURRENT ASSETS	Furniture & Equipment	IT Equipment	Total EC\$
		EC\$	EC\$	
	Cost			
	At 1 January 2009	12,200	4,986	17,186
	Additions during the year	-	-	-
	Disposals during the year	-	-	-
	At 31 December 2009	12,200	4,986	17,186
	Depreciation			
	At 1 January 2009	2,287	877	3,164
	Charge for the year	1,219	832	2,051
	At 31 December 2009	3,506	1,709	5,215
	Net Book Value	8,694	3,277	11,971

The Public Service Pension Fund

Financial Statements for the year ended 31 December 2009

Note 12 Financial instruments

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

Credit risks

The Fund's principal financial assets are held to maturity investment bonds, cash at bank, and other receivables. At the Statement of Financial Position 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 Statement of Financial Position 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 Statement of Financial Position date the Fund was not exposed to any significant currency risk. The Fund has not entered into any hedging arrangements.

Note 13 Retirement Benefit Obligations

The Government of Anguilla's pension scheme is a defined benefit scheme.

Under the transitional arrangements specified under section 65(3) of the Pensions Act 2004, all pensions and gratuities paid were borne by the consolidated fund until 31st December 2008. The Consolidated Fund is also responsible for the following costs:

- Employees who retired before 1 January 2004;
- Employees who were in the public service on or before 1 January 2004, had a pensionable service of 10 years or more on or before 1 January 2004 and reached their normal retirement age of 55 years on or before 31 December 2009.

From 1st January 2009, payments for pensions and gratuities relating to all other retirees are a charge on the pension fund. Payments continued to be made in 2009 out of the consolidated fund, on the understanding that the pension fund would reimburse the Government of Anguilla for these payments where applicable. This liability is reflected in these financial statements.

The Public Service Pension Fund

Financial Statements for the year ended 31 December 2009

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.

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 14 Actuarial valuation

In accordance with the Pensions Act 2004, an actuarial review of the fund must be undertaken at least once every 3 years. The most recent full actuarial valuation 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

The Public Service Pension Fund

Financial Statements for the year ended 31 December 2009

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.

	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 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:

	2009 EC\$	2008 EC\$
As at 1 January	15,406,652.00	10,478,618.00
Return on Assets	929,706.00	683,585.00
Contributions from employers	2,598,046.50	2,230,189.00
Contribution from employees	2,598,046.50	2,230,189.00
Total Expenses	(1,494,419.00)	(215,929.00)
As at 1 December	20,038,032.00	15,406,652.00

The Public Service Pension Fund

Financial Statements for the year ended 31 December 2009

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

Note 15 Related Party Disclosures

Mr. Timothy Hodge, a member of the Pension Fund Board is also a director of the National Bank of Anguilla. During 2009 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. The Fund had investments at 31 December 2009 of EC\$ 7,605,662 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.

IT services were provided by the Government of Anguilla, by the Department of Information, Technology, and E-commerce Services without charge.

The office premises of the Pension Fund are leased from the Social Security Board (Note 1.10). Mr. Timothy Hodge, director of the Social Security Board is a member of the pension fund board.

The key management of the Pension Fund Board is disclosed in the Foreword. The compensation paid or payable to key management for employee services is disclosed Note 4.

Note 16 Authorised for issue

These financial statements are authorised for issue by Chairman of the Public Service Pension Board on September 5, 2012.