

WIRRAL COUNCIL

PENSIONS COMMITTEE

29 SEPTEMBER 2008

REPORT OF THE DIRECTOR OF FINANCE

MERSEYSIDE PENSION FUND: AUDITED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

1. EXECUTIVE SUMMARY

1.1 This report presents the final audited accounts for Merseyside Pension Fund for the year ended 31 March 2008.

2. FINANCIAL IMPLICATIONS

2.1 On 24 June 2008, the Pensions Committee formally approved the accounts (Minute 5 refers) prior to their submission to the Audit Commission, who undertook an audit of the accounts and will now report back to this meeting of the Pensions Committee.

2.2 Following the audit, the accounts have been amended, and are attached as an appendix. The net assets of MPF have increased from £4,253.945 million to £4,255.332 million. This reflects a number of changes, detailed below, which reflect either errors in the original accounts or adjustments in the light of recently-received information:

- Accrued investment income has reduced by a net £477k, representing one internal and one external error in calculating accrued interest
- The investment valuation of externally managed equities has increased by a net £118k, representing two adjustments, -£748k and +£866k. These included timing and currency differences during the asset re-allocation process which crossed the end of the financial year.
- A reduction in the valuation of an internally managed alternative asset of £610k, as a recently received valuation necessitated a change to the valuation previously shown
- The inclusion of an accrual of £2,357k, which represents two bulk transfers of members into MPF. At the time the draft accounts were approved, the amounts due had neither been actuarially quantified nor paid, and were excluded. The amounts due are now known, so an accurate accrual has now been included.

- 2.3 Two amendments have affected the analysis but have no impact on the overall value of the Fund, as follows:
- a re-classification of £1.937m contribution income between employees and employers following receipt of more recent information
 - the exclusion of a previous rent deposit account of £12k now closed

- 2.4 Two notes to the accounts have been amended or added as follows:

Note 9: to indicate that the high level of money due and from stockbrokers was a reflection of the Asset Reallocation following the Triennial Valuation of March 2008. This involved purchases and sales of stock that had not settled as at 31 March 2008. These covered transfers of stock both within and between fund managers.

Note 10: amended to reflect £26m of commitments omitted from the original figure.

- 2.5 In the light of these changes, the annual closure of accounts programme is being modified in three areas so as to improve the arrangements regarding synchronising with the Statement of Recommended Practice (SORP) requirements, identification of future bulk transfers, and better monitoring of commitments to private equity.

- 2.6 The accounts as now shown will form the basis of the Annual Report for the year ended 31 March 2008.

3. **STAFFING IMPLICATIONS**

- 3.1 There are no implications as a result of this report.

4. **EQUAL OPPORTUNITY IMPLICATIONS**

- 4.1 There are none arising directly from this report.

5. **HUMAN RIGHTS IMPLICATIONS**

- 5.1 There are none arising directly from this report.

6. **COMMUNITY SAFETY IMPLICATIONS**

- 6.1 There are no specific implications arising from this report.

7. **LOCAL MEMBER SUPPORT IMPLICATIONS**

- 7.1 There are no specific implications for any Member or Ward.

8. **LOCAL AGENDA 21 IMPLICATIONS**

8.1 There are no specific implications arising from this report.

9. **PLANNING IMPLICATIONS**

9.1 There are no specific implications arising from this report.

10. **BACKGROUND PAPERS**

10.1 Pensions Committee 24 June 2008 "Pension Fund Accounts for Year Ended 31 March 2008."

11. **RECOMMENDATION**

11.1 That the Committee receives the audited accounts for the year ended 31 March 2008.

IAN COLEMAN
DIRECTOR OF FINANCE