

1. Significant Accounting Policies

Accounting standards that have been issued but not yet adopted

At the balance sheet date, no accounting standards issued but not yet adopted have been identified.

Income and Expenditure

Calls and distributions from private market investments (private equity, private credit and closed-ended infrastructure) are recognised at the date of issue.

Income earned within some of the pooled investments is retained by the fund manager as part of the capital assets of the fund and reflected in the higher unit price. For all other pooled investments, excluding private market investments, the income is reinvested as a purchase of additional units in the fund.

Investment management expenses are recognised in year and are not included in, or netted off from, the reported return on investment.

The Fund does not account for any benefits payable or receivable in respect of members wishing to transfer from one scheme to another until assets (either cash investments or other form) have been received by the receiving scheme.

All other income and expenditure have been accounted for on an accrual's basis, except the liability to pay pensions and benefits in the future, which has been separately disclosed within the notes to the accounts.

Acquisition costs of Investments

Acquisition costs are included with the original book cost at the time of purchase. The difference between the original cost and the value as at the reporting date is recorded in the accounts as "Change in Market Value of Investments".

Valuation of Investments

Investments are included in the financial statements on a fair value basis as at the reporting date. The values of investments as shown in the net assets statement have been determined in accordance with the requirements of the Code and IFRS 13. Valuation methods employed by the fund are detailed within Note 14c.

Cash and Cash Equivalent

Cash is represented by cash in hand, the net balance on all of the Council's bank accounts. It includes deposits with financial institutions, including investment managers and the custodian, that are repayable on notice of not more than 24 hours without significant penalty. It also includes investments maturing and interest received on the first working day of April.

Foreign Currency Transactions

Where investment valuations are received from fund managers in foreign currencies, they are converted at the Bank of England closing spot rate at the date of valuation.

Taxation

Taxation	Treatment
UK Income Tax	The fund is an exempt approved fund able to recover UK Income Tax.
UK Capital Gains Tax	No Capital Gains Tax is Chargeable.
Value Added Tax	Accounts are shown exclusive of VAT. As the Council is the administering Authority, VAT is recoverable on all Fund activities.
Overseas Withholding Tax	Foreign investment income usually suffers withholding tax in the country of origin, some of which may be recoverable. Irrecoverable tax is netted off against income.

2. Critical judgements in applying accounting policies**Unquoted private market investments**

These are inherently based on forward looking estimates and judgements valued by the investment managers using the International Private Equity and Venture Capital Valuation Guidelines.

Pension fund liability

This is calculated in accordance with IAS19 every three years by the actuary, with an annual statement in the intervening years. This estimate is subject to significant variances based on changes to the underlying assumptions which are agreed with the actuary.

3. Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures based on assumptions made taking into account historical experience, current trends and other factors. As balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

Item	Uncertainties	Effect if actual results differ from assumptions
Actual present value of promised retirement benefits	Estimations of the liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries increase, changes in mortality rates and expected returns on pension fund assets. The actuary provides the fund with advice regarding the assumptions to be used.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, an increase in the discount rate assumption would result in a decrease in the pension liability. An increase in assumed earnings inflation or assumed life expectancy would increase the value of the liabilities.
Private Market Valuations	Private market investments are valued at fair value in accordance with international accounting standards. These investments are not publicly listed	The total private market investments in the financial statements are £XXX million. There is a risk that this investment may be under or overstated in the accounts.

	and as such there is a degree of estimation involved in the valuation.	Further information is provided on the sensitivity of these assets within the accounts.
Pooled Property Funds & Open-ended Infrastructure	Valuation techniques are used to determine the carrying amount of pooled property funds and open ended-infrastructure funds.	The total pooled property fund and open-ended infrastructure investments in the financial statements are £XXX million. Changes in the valuation assumptions used, together with significant changes in rental growth could affect (increase or decrease) the fair value of property-based investments. Further information is provided on the sensitivity of these assets within the accounts.