# The Assembly Members' Pension Scheme (Northern Ireland) 2000 Annual Report and Accounts

**PERIOD 1 APRIL 2007 TO 31 MARCH 2008**

PUBLISHED BY AUTHORITY OF THE NORTHERN IRELAND ASSEMBLY
BELFAST: THE STATIONERY OFFICE
£9.50

# Table of Contents

# The Trustees' Report

## Introduction

### The Assembly Members' Pension Scheme (NI) 2000

The Assembly Members' Pension Scheme (NI) 2000 (AMPS) provides benefits for Members and qualifying office-holders of the Northern Ireland Assembly. Contributions are paid by Members, qualifying office-holders and the Northern Ireland Assembly into the Fund established under the Scheme, and the assets in the Fund are managed by an external Investment Manager. During the period of this report the contract for Investment Management services with Baillie Gifford Life Ltd expired. Following an open tender competition the contract was awarded to M&G Investments Ltd. The Scheme is administered on a day to day basis, on behalf of the Trustees, by the Pensions Section of the Personnel Office of the Northern Ireland Assembly's Finance and Personnel Directorate. From 1 April 2006 the Trustees outsourced some routine administrative functions to the Scottish Public Pensions Agency (SPPA).

Both Members' and office-holders' Schemes are operated on an "opt-out" basis, meaning that all Members, Ministers and Office Holders are members of the scheme from the date they become MLAs unless they make a specific option not to be.

The legislative background to the AMPS can be found at **Annex A**.

### Aim of this Report

In order to comply with best practice in relation to reporting requirements the Trustees consider it appropriate to disclose actuarial and other accounting details to all members of the Fund, generally within seven months of the end of the accounting year (i.e. by 31 October each year).

The Trustees are pleased to present this report, which has been prepared in accordance with best practice and covers the period from 1 April 2007 to 31 March 2008. The purpose of the report is to describe how the Fund and its investments have been managed during the year.

### How the Trustees of the Fund are Appointed

The Trustees are Members of the Northern Ireland Assembly, appointed by Resolution of the Assembly in accordance with the Schedule to the Assembly Members' Pension Determination 2000.

Part B, Section B2 of the Assembly Members' Pension Scheme (NI) 2000 states that the Assembly shall by resolution appoint not more than five members of the Assembly to be the Trustees of this Scheme.

A person appointed as a Trustee:

a) May resign from office by notice in writing to the Presiding Officer;

b) May be removed from office by a resolution of the Assembly;

c) Shall, without prejudice to sub-paragraph (b), cease to hold office on the expiry of six months from the date on which he ceases to be a member of the Assembly.

During any period of suspension of the Assembly, the Secretary of State acts as the sole Trustee of the Scheme and may appoint not more than 5 persons to be Trustees of the Scheme on his behalf. During the most recent period of suspension the Secretary of State had invited the existing Trustees to retain their roles. Upon restoration of the Assembly in May 2007, Mr Denis Watson (Chairman), Mr Mervyn Carrick and Mr John Kelly stood down as Trustees and the following members were appointed as Trustees by resolution of the Assembly;

**Current Trustees**

Mr David McClarty MLA (Chairman)
Mr John Dallat MLA
Mr Trevor Lunn MLA
Mrs Michelle O'Neill MLA
Mr Jim Wells MLA

## Trustees' Responsibilities

A statement of Trustees' responsibilities is set out on page 20.

## Information about the Trustees

- The Northern Ireland Assembly Members' Pension Fund shall be vested in and administered by the Trustees. The Trustees shall hold the assets comprised in the Fund upon trust in accordance with the provisions of the AMPS.
- The procedure of the Trustees shall be such as the Trustees may determine.
- The quorum for any meeting of the Trustees shall be three.
- The Trustees may act by a majority of those present at any meeting.
- The Trustees may employ such staff and obtain such professional advice and services as they think necessary in connection with the performance of their functions under this Scheme.
- The expenses of the Trustees in the exercise of their functions shall be defrayed out of the Fund.

## Trustee Meetings

Three regular meetings and three extra-ordinary meetings were held during the period ending 31 March 2008.

### Other Parties Appointed in Connection with the Fund as at 31 March 2008.

<table>
<tr><th>Responsibility</th><th>Name</th><th>Appointed By</th></tr>
<tr><td>Actuarial Advice</td><td>The Government Actuary</td><td>Part S1 (2) of the Schedule to the Assembly Members' Determination 2000</td></tr>
<tr><td>External Auditor of Annual Accounts</td><td>Comptroller and Auditor General</td><td>Schedule 1 of the Schedule to the Assembly Members' Determination</td></tr>
<tr><td rowspan="2">Investment Management</td><td>Baillie Gifford</td><td>Trustees</td></tr>
<tr><td>M & G Investments Ltd<br>(from November 2007)</td><td>Trustees</td></tr>
<tr><td>AVC Provider</td><td>Clerical Medical</td><td>Trustees</td></tr>
<tr><td rowspan="2">Legal Advice</td><td>Senior Legal Assistant at the Northern Ireland Assembly</td><td></td></tr>
<tr><td>Eversheds LLP</td><td>Trustees</td></tr>
<tr><td>Pension Administration Service</td><td>Scottish Public Pensions Agency (SPPA)</td><td>Trustees</td></tr>
</table>

Any queries about pensions or requests for further information regarding the day-to-day administration of the Scheme should be sent to the Secretariat at the following address:

Members Pensions Section
Assembly Personnel Office
Annexe C
Dundonald House
Stormont Estate
Belfast
BT4 3SF

| | | | |
|---|---|---|---|
| Tel: | 028 9052 5558 | E-mail: | evan.hobson@niassembly.gov.uk |
| Fax: | 028 9052 0871 | | louise.anderson@niassembly.gov.uk |
| | | | harry.clarke@niassembly.gov.uk |


## Income of the Fund

The income of the Fund is derived from four main sources:

1. **Contributions:** from Members and Holders of Qualifying Office;
2. **Investments:** See the Investment Report;
3. **Transfers In:** Members who have pension benefits in the scheme of a former employer or in a personal pension plan may be able to transfer in the benefits to the Scheme;
4. **Consolidated Fund:** A Consolidated Fund contribution, calculated in accordance with the recommendations contained in the Actuary's report under article S2 (4b), shall be paid into the Fund out of money appropriated by Act of the Assembly for that purpose.

Members and Officeholders contribute 6 per cent of their salaries. This rate has been in effect since the commencement of the Scheme. Following a valuation of the scheme by the Government Actuaries Department in March 2005 the Exchequer Contribution was increased from 21.3 per cent to 22.6 per cent of Members and Officeholders salaries, effective from 1 April 2006.

## Benefits Payable

The benefits payable were £310,907. There were two transfers out of the Scheme and one transfer into the scheme during the year. Seven formerly opted out members of the Scheme opted in following the March 2007 elections. There were no changes to the benefit regulations during the period. Pensions in payment were increased by 3.6 %.

The main provisions of the scheme are:

a. An immediate pension of one fiftieth of final salary for each year of service on retirement at age 65;

b. An immediate pension before retirement age subject to certain service restrictions;

c. An immediate pension on retirement at any time on the grounds of ill health;

d. An abated pension paid on retirement at any time on attainment of age 50 and completion of not less than 15 years' service;

e. An actuarially reduced pension paid to most former Members at any time after age 50;

f. A five eighths spouse's pension;

g. Children's pensions (at the rate of one quarter of the basic or prospective pension of the Member if there is one child or three eighths if there are two or more children OR if there is no surviving spouse at the rate of five-sixteenths of the basic or prospective pension of the Member for each eligible child not exceeding two);

h. A lump sum death gratuity on death in service equal to three times annual salary with provision for more than one nominee;

i. The purchase of added years;

j. Transfer of pension rights (into and out of the scheme);

k. The opportunity to contribute to an AVC scheme with an outside provider.

### Additional Voluntary Contributions (AVCs)

During the 2007– 2008 financial year Clerical Medical continued to act as AVC provider for the scheme.

During the period of this report 4 members have taken advantage of the facility to pay additional voluntary contributions. One member ceased paying AVCS in March 2008. 3 retired members are currently in receipt of AVC benefits.

### Investment Details and Performance

The Trustees have decided to produce a "Statement of Investment Principles" in order to comply with best practice for Funded Schemes. The Statement covers items such as how investments are chosen, the balance between asset classes, the Trustees' attitude to risk and the expected return and review procedures. It has been designed to cover the fundamental aspects of investment policy that are not expected to differ greatly from one year to the next and has been drawn up in consultation with the Government Actuary.

The Trustees delegated responsibility for the investment management of the Fund entirely to Baillie Gifford Life Ltd, who were appointed by the Trustees with effect from 1 November 2004. During the period of this report the contract with Baillie Gifford expired. Following an open tender competition the contract was awarded to M&G Investments Ltd in November 2007.

There was no Investment Income during the year.

The overall effect of the movements in pensions payable, income and investments was an increase of £774,940 in the Net Assets of the Fund during the period.

## Membership Statistics

The membership of the fund at 31 March 2008 was as follows:

| **Active Members** | **Number in Category** |
|---|---|
| Members (at 1 April 2007) | 102 |
| Add New Entrants | 1 |
| Members Opting In | 7 |
| Less Retirements in the Period | 0 |
| Less Deferred Awards | 1 |
| Less Deaths in the Period | 1 |
| Less Refund of contributions | 0 |
| **Total Active Members as at 31 March 2008** | **108** |

| **Deferred Members** | **Number in Category** |
|---|---|
| Deferred Members (as at 1 April 2007) | 41 |
| Add New Deferred Members | 1 |
| Less Transfers Out | 2 |
| Less Deferred Awards Coming into Payment | 2 |
| Less Deaths in the Period | 1 |
| **Total Deferred Members as at 31 March 2008** | **37** |

| **Pensions in Payment (Beneficiaries of the Fund)** | **Number in Category** |
|---|---|
| Pensioners in Payment 1 April 2007 – Members | 21 |
| Pensioners in Payment 1 April 2007 - Dependants | 4 |
| Add Members Retiring in the Period | 2 |
| Less Deaths in the Period | 2 |
| Add New Dependants | 3 |
| **Pensions in Payment as at 31 March 2008** | **28** |

The benefits payable during the year amounted to £310,907, including a lump sum death gratuity following the death in service of Mr George Dawson MLA. Former members Mr John Fee and Mr John Kelly died during the period of the report as did Mrs Mary-Ann Doherty, widow of former member Mr Arthur Doherty. There were no changes to the benefit regulations during the period. Pensions in payment were increased by 3.6%.

## Preparation and Audit of Annual Accounts

### Summary of Financial Information

| **Total Fund at 1 April 2007** | **£ 9,439,307** | |
|---|---|---|
| **What Went Into the Fund** | **2007 – 2008** | **2006 - 2007** |
| Consolidated Fund Contributions | 1,116,759 | £ 626,697 |
| Contributions from Members/Office Holders | 296,488 | £ 166,384 |
| Transfers in from other schemes | 16,456 | £ NIL |
| Additional Voluntary Contributions | 10,738 | £ 14,400 |
| Investment Income | NIL | £ NIL |
| Change in Market Value of Investments | (48,519) | £ 424,762 |
| **Total** | **£1,391,922** | **£1,232,243** |
| **What Went Out of the Fund** | | |
| Benefits Payable | 310,907 | £ 453,997 |
| Transfers out of the Scheme | 205,014 | £ NIL |
| Administrative Expenses | 6,157 | £ 12,000 |
| Advisory Fees | 7,362 | £ NIL |
| Actuarial Expenses | 38,776 | £ 26,447 |
| Investment Management Expenses | 44,570 | £ 38,942 |
| Interest Payable | NIL | £ NIL |
| Miscellaneous | 4,196 | £ 321 |
| **Total** | **£ 616,982** | **£ 531,707** |
| **Total Fund at 31 March 2008** | **£ 10,214,247** | |

The summary above is not the financial statements but a summary of information relating to both the Fund Account and the Net Assets Statement.

The Report for the period ended 31 March 2008 including the attached Investment Report and Compliance statement is approved on behalf of all the Trustees by:

**David McClarty MLA**
Chairman of Trustees

# Report of the Actuary

## Assembly Members’ Pension Scheme (Northern Ireland) 2000
## Accounting Year ended 31 March 2008

### A. Status of Assembly

The Northern Ireland Assembly was suspended from its normal operations from 15 October 2002. During this period of suspension, Members of the Assembly continued to accrue benefits under the pension scheme. These benefits were based on the level of salary applicable before suspension, rather than the reduced salary actually payable to members during the year. There were no benefits accruing in respect of Office Holders during this period, except for the Speaker and the two Deputy Speakers. The Assembly was restored to a more normal status with effect from 26 March 2007 (although full powers were not completely restored until 8 May 2007). Thus, during the 07/08 accounting year, benefits accrued on normal salary.

### B. Data

At the end of the accounting year 31 March 2008 there were 106 members accruing benefits under the Assembly Members’ Pension Scheme (NI) 2000, including 47 Office Holders. Pensionable payroll for the financial year 2007/2008 was approximately £5.5 million. There were 28 pensions in payment (including six pensions payable to dependants and one children’s pension) and 37 deferred pensioners as at 31 March 2008.

### C. Results

The capitalised value as at 31 March 2008 of expected future payments under the AMPS (NI) 2000, for benefits accrued in respect of employment prior to 31 March 2008, has been assessed using the methodology and assumptions set out in Sections E and F below. The results are as follows:

| **Value of Liabilities** | **£ Million** |
|---|---|
| Pensions in Payment | 2.4 |
| Deferred Pensions | 3.1 |
| Active Members (Past Service) | 7.9 |
| **Total** | **13.4** |
| | |
| Market Value of Assets | 10.1 |
| Shortfall of Assets to Liabilities | (3.3) |
| **Funding Level** | **75.4%** |

### D. Accruing Costs

The cost of benefits accruing for each year of service is met partly by a specified contribution from members (6% of pay), with the Consolidated Fund meeting the balance of the cost of the benefits. The total cost of benefits accruing in the year 2007/2008 has been assessed using the methodology and assumptions set out in Sections E and F below. The costs, expressed as a % of pensionable pay available for accruing benefits are as follows:

| | % of Pensionable Pay |
|---|---|
| Standard Contribution Rate (excluding expenses) | 30.3% |
| Members' Contribution Rate | 6.0% |
| Employer's share of standard cost | 24.3% |

In addition, a further ½% would be required to cover the expense of running the Scheme.

The actual contribution rate paid by the employer, 19% of pensionable salary, plus a further ½% to cover the expense of running the Scheme is lower than the cost of the accruing benefits shown above. This is because the employer's contributions are based on the accruing cost assessed by reference to the long term view of real investment yields, whereas the accruing annual cost disclosed for accounts purposes is based on current market yields on corporate bonds. At present, the current market yield is lower than the expected long term real yield, which results in a higher contribution rate being disclosed in the Scheme's accounts.

In addition to meeting the balance of the ongoing cost of accruing benefits, the employer agreed to pay an additional 3.1% of payroll to amortize the deficit disclosed at the 2005 valuation. In relation to the payroll for the financial year, the Consolidated Fund contribution receivable in cash terms was £0.15 million for the financial year 2007/2008.

**E. Methodology**

The value of the liabilities has been obtained using the projected unit method, with allowance for expected future pay increases in respect of active members. The standard contribution rate for accruing costs has been determined using the projected unit method.

**F. Assumptions**

The principal financial assumptions adopted for the pension assessments made in relation to this statement are in accordance with the discount rate promulgated by the FRAB for funded pension schemes in the public sector in Great Britain (akin to FRS 17). At 31 March 2007, the discount rate in excess of price increases was prescribed as 1.9% p.a. However, with effect from 31 March 2008, the discount rate for pension liabilities has increased to 3.1% p.a. reflecting the rise in real yields experienced in the bond markets. The demographic assumptions adopted for the assessments are derived from other similar public service pension schemes, but adapted to take account of the specific characteristics of this scheme.

**G. Notes**

(1) Sections C and D of this Statement are based on valuation data provided as at 31 March 2008. Assumptions have been adopted from the actuarial valuation carried out as at 31 March 2005, with an update in mortality assumptions to reflect mortality improvements. The results of the full actuarial valuation due as at 31 March 2008 were not available at the time of this report.

(2) The pension benefits taken into account in this assessment are those normally provided from the rules of the scheme, including normal retirement benefits, ill-health retirement benefits, and benefits applicable following the death of the member.

D Grant Ballantine

**D G Ballantine** 09 May 2008
Government Actuary's Department

# The Compliance Statement

## Benefits

All pensions paid in the year were authorised under the appropriate Act and thus made in accordance with the regulations of the Fund. No alterations were made to regulations governing the payment of pensions during the year.

## Tax Status of the Fund

The Northern Ireland Assembly Members' Pension Fund is a statutory pension scheme within the meaning of Chapter 1 Part XIV of the Income and Corporation Taxes Act 1988 and is an 'approved scheme' for the purposes of accepting transfer values.

## Funding Standard

The Northern Ireland Assembly Members' Pension Scheme is not subject to the Minimum Funding Requirement of the Pensions Act 1995. Accordingly, it is not appropriate for the "MFR" actuarial statement, which is set out in regulations and used by schemes that are subject to MFR provisions, to be adopted for the Northern Ireland Scheme.

Nevertheless, the Trustees have asked the Government Actuary to provide periodical reassurances that this level of funding would be met.

## Investments

All investments are in holdings that are permitted by the regulations of the Fund. Although the Trustees cannot direct the investment strategy of the Fund in which the Assembly Members' Pension Scheme (NI) 2000 invests, nevertheless, it will consider Socially Responsible Investment policy issues when comparing two providers who are otherwise of equal preference.

# Baillie Gifford Investment Report Year Ending 31 March 2008

The Trustees have prepared a Statement of Investment Principles which sets out their policies on investment and their strategy for achieving them, a copy of which is available on request.

Day to day responsibility for the management of investments has been delegated to Baillie Gifford & Co, who operate in accordance with guidelines and restrictions set out in the Life Policy Agreement and with instructions given by the Trustees from time to time.

## Investment Target

The Trustees have set a performance objective for the investment managers which takes account of the liability profile of the Fund and the level of risk that the Trustees believe appropriate. The present target of the Baillie Gifford Managed Pension Fund is to outperform the CAPS median Balanced Pooled Fund by 1.0 – 1.5% p.a. gross over rolling 3 year periods.

## Distribution of Assets

The valuation and distribution of assets in the Baillie Gifford Managed Pension Fund at 31st March was as follows:

| | 2007<br>% | 2008<br>% |
|---|---|---|
| **UK Equities** | 48.4 | 39.0 |
| **Overseas Equities** | | |
| North America | 10.6 | 9.5 |
| Europe | 16.8 | 16.3 |
| Japan | 5.4 | 3.5 |
| Pacific (ex Japan) | 5.1 | 5.4 |
| Emerging Markets | 6.4 | 10.4 |
| | **44.3** | **45.1** |
| **Fixed Interest** | | |
| UK Bonds | 3.5 | 6.8 |
| Overseas Bonds | 1.2 | 1.9 |
| | **4.7** | **8.7** |
| **Cash & Deposits** | 2.6 | 7.2 |
| **Total** | **100.0** | **100.0** |

## Economic and Market Background – 12 Months to 31st March 2008

The major stock markets around the world ended the 12 month period to 31st March 2008 in negative territory, as concerns persisted over the state of the global economy, and the impact of problems in the US sub-prime mortgage market made themselves felt.

Stock markets around the world made a strong start to the period, buoyed by the healthy levels of merger and acquisition activity that had been a feature of the previous 12 months. A positive outlook for company profits added to the upbeat mood.

However, the positive tone was replaced by uncertainty surrounding the US housing market, with sub-prime mortgages causing particular problems. This led to a period of volatility in stock markets around the world, which continued into 2008.

The weakness proved to be less of an issue for emerging market economies, which remained strong, and this ensured sustained demand for commodities, particularly metals and oil.

During March, stock markets around the world continued their downward trend, although several still ended the period in positive territory. The UK stock market ended the 12 month period 7.8% lower, while the heaviest faller was Japan, which lost 15.4% in sterling terms and the US was down 4.8% for sterling investors. Emerging Markets performed best, with a return of 20.7%, while Asia posted a rise of 9.0% and Europe recorded a 2.8% increase.

As the uncertainty continued, many investors increased their exposure to government bonds, which were regarded as a safe haven from the uncertainty of equity markets. However, corporate bonds fared poorly, with those issued by financial companies particularly hard hit. As a result of the weakness, banks and mortgage lenders seeking to raise money were forced to offer extremely attractive terms to investors. Towards the end of the period, there were signs of renewed activity in bond markets, which had effectively been closed as a result of the credit crunch.

Although the outlook for stock markets around the world remains uncertain, the longer term view offers grounds for optimism. There are concerns that further problems related to the US mortgage market will emerge but the nervousness should begin to ease and this will allow confidence to be rebuilt. Meanwhile, Emerging Markets are continuing to grow, with China particularly strong, and these should offer attractive prospects for investors.

## Performance (net of fees)

The Managed Pension Fund provided a total return of -0.9% during the year ended 31st March 2008 compared with a median return for funds included in the CAPS Balanced Pooled Fund survey of -3.3%.

The annualised investment return over the last three years to 31st March 2008 of 10.9% per annum compares to a CAPS Balanced Pooled Fund survey median return of 9.3% per annum. The returns for the five years are 13.5% per annum and 12.8% per annum respectively.

## Marketability

Investments comprise units in a collective investment vehicle managed by Baillie Gifford, the holdings of which are regarded as being readily marketable.

## Largest Holdings

As of 31st March 2008 the ten largest holdings, which accounted for 19.7% of the total value of the portfolio, were:

| | % of Portfolio |
|---|---|
| BG Group | 3.6 |
| HSBC | 2.3 |
| Vodafone | 2.3 |
| BHP Billiton | 2.2 |
| GlaxoSmithKline | 1.8 |
| Reed Elsevier Plc | 1.7 |
| Royal Dutch Shell B Shares | 1.5 |
| Royal Bank of Scotland | 1.5 |
| British American Tobacco | 1.4 |
| Standard Chartered | 1.4 |
| | **19.7** |

# M&G Investment Manager report Year Ending 31 March 2008

## Introduction

The Scheme invests in pooled pensions fund units provided by Prudential Pensions Limited (PPL), a wholly owned subsidiary within Prudential plc. The units held by the pension fund are part of an agreement between the Trustees and Prudential Pensions Limited, which is in the form of an Insurance Policy. The policy itself is the 'asset' that the Trustees own, and the units within the funds provide an easy method of valuation of the policy. These units can be bought and sold on a daily basis and the underlying assets are invested in marketable securities. Total discretion for the day-to-day management of the assets has been delegated to M&G Investment Management Limited, the fund management company owned by Prudential.

M&G invests the assets of the Scheme to a strategic benchmark set by the scheme trustees. The benchmarks and ranges are as follows:

| Fund | Benchmark(%) | Range(%) |
|---|---|---|
| Specialist UK Equity | 40.0 | 30.0 – 50.0 |
| North America Passive | 10.0 | 5.0 – 15.0 |
| Europe Passive | 14.0 | 7.0 – 21.0 |
| Japan Passive | 6.0 | 3.0 – 9.0 |
| Pacific Basin Passive | 8.0 | 4.0 – 12.0 |
| Emerging Markets | 2.0 | 1.0 – 3.0 |
| Long Dated Corporate Bond | 10.0 | 5.0 – 15.0 |
| Long Term Gilt | 10.0 | 5.0 – 15.0 |

## Performance

Investment returns as at the year end for this Fund are shown in the table below.

| Fund | Performance to 31.03.08 (Annualised) % | | |
|---|---|---|---|
| *Benchmark* | *Quarter* | *1 year* | *3 years* |
| Specialist UK Equity Fund | -8.2 | -3.0 | 12.2 |
| *FTSE All-Share Index* | *-9.9* | *-7.7* | *9.5* |
| North America Passive Fund | -9.3 | -5.4 | 5.2 |
| *FTSE W North America Index* | *-9.2* | *-4.8* | *5.5* |
| Europe Passive Fund | -7.6 | 2.2 | 15.8 |
| *FTSE W Europe Index* | *-7.4* | *2.8* | *16.3* |
| Japan Passive Fund | -7.1 | -15.1 | 4.2 |
| *FTSE Japan Index* | *-7.2* | *-15.4* | *4.2* |
| Pacific Basin Passive Fund | -10.2 | 9.6 | 18.7 |
| *FTSE W Pacific Basin Index* | *-10.3* | *11.2* | *19.8* |

| **Fund** | **Performance to 31.03.08 (Annualised) %** | | |
|---|---|---|---|
| ***Benchmark*** | ***Quarter*** | ***1 year*** | ***3 years*** |
| Emerging Markets Fund | -5.1 | 22.5 | 34.2 |
| *Composite Benchmark* | *-4.7* | *24.5* | *35.5* |
| Long Dated Corporate Bond Fund | -3.8 | -2.8 | 2.2 |
| *Composite Benchmark* | *-4.9* | *-4.7* | *1.5* |
| Long Term Gilt Fund | -0.1 | 5.0 | 4.7 |
| *FTSE A British Govt. Over 15 Years Gilt Index* | *-0.1* | *5.1* | *4.8* |
| **Northern Ireland Assembly Members Pension Scheme** | 0.6 | - | - |

## Review of Investment Markets

Equity markets were extremely volatile over the 12 months to the end of March 2008 as they digested how, and to what extent, the credit crunch would affect growth in the US and elsewhere. For a UK investor, the return on FTSE World Index over the last 12 months was slightly negative at -2.3%. Meanwhile, government bonds benefited from the stockmarket uncertainty with the FT UK Government All-Stocks Index rising by 7.6% in sterling terms.

The main developments of the last year were:

- Global growth was robust for the first three months of the period under review, with Europe and Asia taking over from the US as the main power engines of the global economy. Initially, this provided a supportive background for equities which, in the early summer of 2007, touched the highest levels for several years.
- However, problems in the US sub-prime mortgage market escalated into a full blown credit crisis in August when several high profile hedge funds announced heavy losses stemming from holdings in US mortgages. This news was compounded by the publication of massive write-downs by several banks, resulting in a tightening in borrowing conditions, despite interest rate cuts in the US and UK.
- Stockmarkets became increasingly volatile, concerned that this would slow an already sluggish US economy, lowering growth around the rest of the world. In an effort to restore confidence, the central banks of the US, UK and Europe injected billions of dollars into the financial system to try to lower borrowing rates. The extent of the problem was revealed when JP Morgan rescued Bear Sterns in March by buying it for a fraction of its value six months earlier.
- In the US, weakness in the domestic housing market and subsequent credit crunch, led to a fears that the economy would fall into recession. Interest rates remained on hold until September when the US Federal Reserve cut interest rates for the first time in over three years in an effort to restore confidence to financial markets. As the credit crisis continued to intensify over the winter months, the Fed cut rates five more times to 2.25% - their lowest level since December 2004.
- Elsewhere, Japan disappointed when its economy showed signs of a slowdown in momentum. Meanwhile, in the Pacific Basin (ex-Japan), economic growth was strong, driven by China. However, there were slight concerns that the boom in domestic consumer spending, from an expanding middle class, would not be sufficiently robust to offset the effects of weaker US growth.
- In Europe, economic growth was surprisingly robust given the strength of the euro and slowing US growth. Having raised interest rates in June, the European Central Bank resisted pressure to follow the US in cutting rates, preferring to focus on the inflationary pressures of sharply rising energy and commodity prices, by maintaining its current monetary policy. However, concerns remain that the strength of the euro and the fallout from the credit crisis will slow the pace of growth here too.

- At the start of the period under review, the UK economy was supported by robust high street sales and continued rises in the housing market. However, the credit crunch in the summer saw Northern Rock having to apply to the Bank of England for emergency funding, which initiated the first run on a UK bank for 150 years. This episode dented investor sentiment and, with house prices starting to fall, commentators wondered about the effect the credit crunch would have on UK growth. In response to the worsening economic outlook, the Bank of England cut interest rates in December for the first time since August 2005. A further rate cut in February brought interest rates back to the level at which they started 12 months ago.
- Against this background, global corporate earnings have started to slow, particularly for US companies. As the declining prospects for economic growth caused profit expectations to be revised down, the attractiveness of global equities was reduced which was reflected in falling equity prices.
- Stockmarkets in the Pacific Basin (ex Japan) were the best performers over the 12 months to the end of March 2008, with markets such as Indonesia and Thailand enjoying especially strong gains. The whole region has been helped by the strength of demand from China as well as increasing domestic consumption, fuelled by rising housing markets. Returns from European equities were also positive, helped by the strength of the euro, whilst US shares were hurt by the depreciation of the dollar.
- In contrast, the UK stockmarket registered one of the weakest returns, held back by its significant exposure to financial stocks which were badly affected by the credit crisis. For the first half of the year, small and mid cap stocks significantly outperformed shares in the FTSE 100, helped by buoyant takeover activity. However, as investors became more cautious about the outlook for the UK economy, large companies returned to favour since investors were attracted by their relatively low PE ratios as well as their ability to better weather the fallout of the credit crunch.
- Fixed interest securities experienced an unusually volatile year, reflecting uncertainty over the future path of interest rates. Bonds were particularly weak during the second quarter of 2007 when an unexpected pick up in US growth caused a sharp reassessment of interest rate expectations. Subsequently, however, government bond prices rebounded, being seen as a safe haven amidst the stockmarket turmoil.
- In sterling terms, UK bonds were among the weakest performers compared to other bond markets, even though the FT UK Government All-Stocks Index rose by 7.6% over the period. Returns from European bonds were boosted by the strength of the euro whilst US government bonds were helped by the increasing anticipation of significant cuts in US interest rates.
- UK index-linked bonds outperformed conventional UK government bonds, with the FT UK Government Over 5 Years Index-Linked Index returning 13.5% over the 12 months to the end of March 2008. Compared to conventional bonds, the index-linked market was helped by the level of UK inflation which, for most of the period, remained stubbornly above the Bank of England’s target of 2% as well as ongoing demand from UK institutions looking to match long-dated liabilities.
- Corporate bonds started out well, supported by investors’ continued demand for higher yielding assets, strong economic growth and historically low default rates. However, the summer of 2007 saw a sharp reversal in their fortunes as investors became increasingly risk averse, leading to a significant sell-off in credit. Corporate bonds ended the 12 months with significantly lower returns than government bonds.
- Having started the year strongly, the UK commercial property market experienced a dramatic change in sentiment in the late summer as the earlier rises in interest rates started to have an effect. Following several years of exceptionally strong performance, the return on the CAPS Pooled Property Fund median recorded a rare negative return of -12.0% to the end of March 2008.

## Market Returns

| (to 31/03/08) | Market Performance (Annualised) % | | |
|---|---|---|---|
| **Equity Indices (sterling terms)** | **1 year** | **3 years** | **5 years** |
| FTSE W World | -2.3 | 9.6 | 12.3 |
| FTSE All-Share | -7.7 | 9.5 | 14.7 |
| FTSE W Europe (ex-UK) | 2.8 | 16.3 | 20.6 |
| FTSE W North America | -4.8 | 5.5 | 7.5 |
| FTSE Japan | -15.4 | 4.1 | 9.6 |
| FTSE AW Pac. Basin (ex-Japan) | 15.0 | 22.4 | 24.1 |
| **Bond Indices (sterling terms)** | | | |
| Salomon World Govt. Bond (ex-UK) | 19.4 | 5.5 | 3.2 |
| Brit. Govt. All Stocks | 7.6 | 5.1 | 4.5 |
| Brit. Govt. All Stocks Index-Linked | 13.1 | 8.1 | 7.2 |
| iBoxx Sterling Non-Gilts | -0.6 | 2.7 | 3.9 |

Source: Datastream

## Investment Distribution

The following table provides a breakdown of the scheme assets at the beginning and end of the period.

| Asset Distribution (By Fund) | 31/03/08 % | 31/03/07 % |
|---|---|---|
| Specialist UK Equity | 39.7 | - |
| North America | 9.7 | - |
| Europe | 14.5 | - |
| Japan | 6.1 | - |
| Pacific Basin | 8.0 | - |
| Emerging Markets | 2.0 | - |
| Long Dated Corporate Bond | 9.9 | - |
| Long Term Gilt | 10.1 | - |
| **Total** | **100** | **100** |

Source: M&G

## Investment Policy (Specialist UK Equity Fund)

- The fund manager has remained cautious about the investment environment believing consumer spending will slow while corporate profits might be reduced by the end to cheap financing. Therefore, the Fund has remained underweight in financial and consumer services companies.
- In contrast, the Fund has remained overweight industrials and oil and gas companies throughout the year whilst an above-average exposure to basic materials was only reduced in the fourth quarter of 2007.

- Initially, small and mid-cap stocks outperformed their larger counterparts mainly due to the high level of merger and acquisition activity. As a result, the fund manager continued to add to his position in the large cap end of the market, where continued relative underperformance from some of the biggest UK companies has led to a greater number of attractive opportunities. Purchases included FTSE 100 stocks Unilever, BP, Royal Dutch Shell and GlaxoSmithKline.
- Oil and gas explorer Tullow Oil remains the Fund's largest overweight holding. The oil explorer has exciting prospects due to new discoveries and it is believed that the quality of its assets is not reflected in its share price.
- Other above-average holdings include British Energy, which is in a strong position in an environment which is increasingly shifting towards nuclear energy, and specialist chemicals and precious metals group Johnson Matthey, which the fund manager believes has enormous growth potential in the areas of fuel cells and catalytic converter technology.
- Tanfield Group, which makes aerial access platforms and commercial electric vehicles, also featured highly in the Fund during the 12 months under review when its share price was boosted by a series of new orders for its commercial electric vans from TNT, Marks and Spencer and Sainsbury's.

# Statement of Trustees' Responsibilities

The Schedule to the Assembly Members' Pension Determination 2000 requires the Trustees of the Assembly Members' Pension Scheme (Northern Ireland) 2000 to prepare accounts in such a form and in such a manner as the Comptroller and Auditor General may direct.

The financial statements for the year ended 31 March 2008 were prepared on an accruals basis to give a true and fair view of the financial transactions of the Fund during the year then ended, and of the disposition at 31 March 2008 of its assets and liabilities, other than liabilities to pay benefits after the end of the Fund period.

In preparing those financial statements, the Trustees were required to:

- Observe the accounts direction issued by the Comptroller and Auditor General, including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates that were reasonable and prudent;
- State whether applicable accounting standards were followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on a going concern basis, on the presumption that the Assembly Members' Pension Scheme (Northern Ireland) 2000 will continue in operation.

The Trustees are responsible for the keeping of proper accounting records, for ensuring that proper financial procedures are followed and for ensuring that the accounting records are capable of producing statements which comply with the requirements of the Schedule to the Assembly Members' Pension Determination 2000.

The Trustees are also responsible for the regularity and propriety of public finances provided by the Exchequer Contribution, for safeguarding the assets of the Fund and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# The Statement on Internal Control

## Scope of Responsibility

We acknowledge our responsibility as Trustees for maintaining a sound system of internal control to safeguard the public funds and assets connected with the Assembly Members' Pension Scheme (NI) 2000 (AMPS (NI) 2000).

The AMPS (NI) 2000 is a statutory scheme and operates within a legislative framework. Officials from the Pensions Section of the Personnel Office of the Northern Ireland Assembly's Finance and Personnel Directorate provide a full secretarial and administrative service to the Trustees.

## The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of the AMPS (NI) 2000 aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. It is based on a framework of regular management information, financial regulations, administrative procedures including the segregation of duties, and a system of delegation and accountability. This system of internal control has been in place in AMPS (NI) 2000 for the year ended 31 March 2008 and up to the date of approval of the annual report and accounts.

## Capacity to Handle Risk

The Scheme's day-to-day administration and accounting responsibility is administered on behalf of the Trustees by the executive managers within the Pensions Section of the Personnel Office of the Northern Ireland Assembly's Finance and Personnel Directorate, who have responsibility for the development and maintenance of the control framework.

## The Risk and Control Framework

During the period of this report the risk register for the Scheme was reviewed, updated and agreed with the Trustees. Each risk has been evaluated to assess potential impact, likelihood etc. and the controls currently in place to manage each identified risk. The resulting register was used to identify any additional measures considered necessary to effectively manage the risks. The following are examples of the risks that have been identified and the measures put in place to minimise their impact:

- Investment: The pension fund is invested in line with the Statement of Investment Principles and responsibility has been delegated to the investment managers, Baillie Gifford, M&G Investments Ltd and administrative staff;
- Pension Scheme Records: Accurate records have been maintained of past and present members, transactions into and out of the Scheme and of Trustees meetings;
- Pension Trustee Meetings are held regularly to monitor the steps taken by the administrative staff to manage risks in their areas of responsibility;

- Members: It is ensured that the Trustees appointed meet the member-nominated Trustee requirements. There is a procedure in place to resolve disputes about the Scheme with members. Information is provided to scheme members;
- Registration and Collecting the Levy: The registrar of Pensions is provided with information required by law and informed of any changes to Scheme information.

## Review of effectiveness

The Northern Ireland Assembly is subject to review by Internal Audit units, which operate to standards defined in the Government Internal Audit Manual. The work of the Internal Audit units is informed by an analysis of the risk to which the Northern Ireland Assembly is exposed and annual Internal Audit plans are based on this analysis.

Our review of the effectiveness of the system of internal control is informed by the work of the Internal Auditors and the senior managers within the Northern Ireland Assembly who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports.

An Internal Audit review of the Pension Scheme was carried out during the 2002/2003 financial year and no irregularities or improprieties were discovered. Internal Audit concluded that the system of internal control was operating effectively. A review of the Pension Scheme by Internal Audit was due to be carried out during the period of this report however, due to staffing levels, this review has not yet been carried out.

Approved on behalf of the Trustees on 16 September 2008 by:

**David McClarty MLA**
Chairman of the Trustees

**Trevor Lunn MLA**
Trustee

# Assembly Members' Pension Scheme (Northern Ireland) 2000

## The Certificate and Report of the Comptroller and Auditor General to the Northern Ireland Assembly

I certify that I have audited the financial statements of the Assembly Members' Pension Scheme (Northern Ireland) 2000 for the year ended 31 March 2008 under the Assembly Members' Pension Determination 2000. These comprise the Fund Account, the Net Assets Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them.

## Respective responsibilities of the Trustees and auditor

The Trustees are responsible for the preparation of the Annual Report and the financial statements in accordance with the Assembly Members' Pensions Determination 2000 and the Comptroller and Auditor General's directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Trustees' Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Comptroller and Auditor General's directions issued under the Assembly Members' Pensions Determination 2000. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them. I report whether the contributions payable to the scheme have been paid in accordance with the Scheme rules and the recommendations of the Actuary.

In addition, I report to you if the Fund has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding transactions is not disclosed.

I review whether the Statement on Internal Control reflects the Fund's compliance with the Department of Finance and Personnel's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Fund's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report, which consists of The Trustees' Report, The Compliance Statement, The Investment Report and Annex A – Legislative Background to the AMPS (NI) 2000, and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

## Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the scheme's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error and that in all material respects the expenditure and income have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

## Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Assembly Members' Pensions Determination 2000 and the Comptroller and Auditor General's directions made thereunder, of the state of the Scheme's affairs as at 31 March 2008, the net returns on investments and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay benefits after the year end of the Fund year;
- the financial statements have been properly prepared in accordance with the Comptroller and Auditor General's directions issued under the Assembly Members' Pensions Determination 2000.

## Audit Opinion on Regularity

In my opinion, in all material respects, the expenditure and income have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them.

The contributions payable to the scheme during the year ended 31 March 2008 have been paid in accordance with the Scheme rules and the recommendations of the Actuary.

## Report

I have no observations to make on these financial statements.

**J M Dowdall CB**
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU

22nd September 2008

## Fund Account for the year to 31 March 2008

| Contributions and Benefits | Note | 2007-08 £ | 2006-07 £ |
|---|---|---|---|
| Contributions receivable | 3 | **1,423,985** | **807,481** |
| Individual transfers in from other schemes | | **16,456** | |
| | | **1,440,441** | **807,481** |
| Individual Transfers paid to other schemes | | **(205,014)** | **-** |
| Benefits payable | 4 | **(310,907)** | **(453,997)** |
| Other Payments | 5 | **(4,196)** | **(321)** |
| Administrative expenses | 6 | **(52,295)** | **(38,447)** |
| | | **(572,412)** | **(492,765)** |
| Net additions from dealings with members | | **868,029** | **314,716** |
| **Returns on Investments** | | | |
| Change in market value of investments | 7 | **(48,519)** | **424,762** |
| Investment management expenses | 9 | **(44,570)** | **(38,942)** |
| **Net returns on Investments** | | **(93,089)** | **385,820** |
| **Net Increase/(decrease) in the Fund During the period** | | **774,940** | **700,536** |
| **Net Assets of the Fund at 1 April** | | **9,439,307** | **8,738,771** |
| **At 31 March** | | **10,214,247** | **9,439,307** |

The notes on pages 26 to 28 form part of these accounts.

## Net Assets Statement as at 31 March 2008

| Investments | Note | 2008 £ | 2007 £ |
|---|---|---|---|
| Managed Fund | 7 | **9,963,461** | **9,363,105** |
| AVC Investment | 7 | **132,255** | **154,459** |
| **Net current assets /(liabilities)** | 10 | **118,531** | **(78,257)** |
| **Net Assets of the Fund as at 31 March** | | **10,214,247** | **9,439,307** |

The notes on pages 26 to 28 form part of these accounts.

These financial statements were approved on behalf of the Trustees

On 16 September 2008 by:

**David McClarty MLA**
Chairman of the Trustees

**Trevor Lunn MLA**
Trustee

## Notes to the Financial Statements

### 1. Basis of preparation

The accounts meet the accounting and disclosure requirements of the Statement of Recommended Practice (SORP) (revised November 2002) Financial Reports of Pension Schemes issued in July 1996, as far as appropriate.

The financial statements summarise the transactions of the Fund and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits, which fall due after the end of the year. The actuarial position of the Fund, which does take account of such obligations, is dealt with in the Government Actuary's valuation report on the position of the Fund as at 31 March 2008 and these financial statements should be read in conjunction with that report.

### 2. Accounting policies

The principal accounting policies are:

- Normal pension contributions are accounted for on an accruals basis;
- Pension benefits are accounted for on an accruals basis;
- Transfer values from and to other pension schemes represent the amounts received and paid during the year for members who either joined or left the Fund; and
- All other expenditure is accounted for in the period to which it relates.

### 3. Contributions Receivable

| | 2007-08<br>£ | 2006-07<br>£ |
|---|---|---|
| Exchequer contributions: | | |
| Normal | **1,116,759** | **626,697** |
| Members' contributions: | | |
| Normal | **296,488** | **166,384** |
| Additional Voluntary contributions (AVCs) | **10,738** | **14,400** |
| | **1,423,985** | **807,481** |

Exchequer contributions are paid out of money appropriated by Act of the Assembly.

### 4. Benefits payable

| | 2007-08<br>£ | 2006-07<br>£ |
|---|---|---|
| Pensions | 142,193 | 92,518 |
| AVC Benefits | 25,189 | - |
| Lump sum payable on retirement | 18,601 | 96,136 |
| Lump sum payable at age 75 | - | 17,417 |
| Lump sum payable on death | 124,924 | 247,926 |
| | 310,907 | 453,997 |

## 5. Other payments

| | 2007-08 £ | 2006-07 £ |
|---|---|---|
| Miscellaneous | 4,196 | 321 |
| | 4,196 | 321 |

## 6. Administrative expenses

| | 2007-08 £ | 2006-07 £ |
|---|---|---|
| Actuarial fees | 38,776 | 26,447 |
| Administration Costs | 6,157 | 12,000 |
| Advisory Fees | 7,362 | - |
| | 52,295 | 38,447 |

The Pensions unit of the Northern Ireland Assembly provides administration support to the pension scheme and these costs are borne by the Northern Ireland Assembly. Since April 2006 the Scottish Public Pensions Agency has provided additional administration support.

## 7. Investments

| | Value at 31 March 2007 £ | Purchases at cost £ | Sales £ | Change in Market Value £ | Management Charges £ | Value at 31 March 2008 £ |
|---|---|---|---|---|---|---|
| BG Managed Fund | **9,363,105** | 524,620 | (267,680) | (40,903) | (44,421) | **9,534,721** |
| M&G Investments | **0** | 429,007 | 0 | (118) | (149) | **428,740** |
| AVC Investments | **154,459** | 10,483 | (25,189) | (7,498) | - | **132,255** |
| | **9,517,564** | 964,110 | (292,869) | (48,519) | (44,570) | **10,095,716** |

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held any time during the year, including profits and losses realised on sales of investments during the year.

## 8. Additional Voluntary Contributions (AVCs)

The Trustees are responsible for administering an AVC scheme whereby participants in the Assembly Members' Pension Scheme may make contributions to secure additional benefits to those provided by the Pension Scheme. At 31 March 2008 these contributions were invested separately from the Pension Fund, in a variety of Investment Funds, with an outside provider Clerical Medical. These investments secure additional benefits on a money purchase basis for those members electing to pay AVCs. Members participating in this arrangement will receive an annual statement confirming the amounts held to their account and the movements in the year

## 9. Investment Management Expenses

The management fee paid to Baillie Gifford was £44,421. The management fee paid to M&G Investments Ltd was £149. The management fee is a percentage rate fee based on the value of the portfolio and is deducted on a monthly basis within the price of units held by the Members' Pension Scheme.

## 10. Net Current Assets / (Liabilities)

| | 2007-08 | 2006-07 |
|---|---|---|
| **Current assets** | **£** | **£** |
| **Contributions and benefits:** | | |
| Contributions due | 0 | - |
| Balance at bank | 392 | 10,235 |
| Prepayments | 0 | - |
| Sundry debtors | 122,021 | 32,271 |
| | 122,413 | 42,506 |
| **Current liabilities** | | |
| **Administrative expenses:** | | |
| Pension Arrears due | 0 | (8,631) |
| Lump Sum on Retirement | 0 | (96,136) |
| Actuarial fees | (1,180) | (14,159) |
| Other Expenses | (2,702) | (1,837) |
| | (3,882) | (120,763) |
| **Net current assets** | 118,531 | (78,257) |

## 11. Related party transactions

None of the Trustees, key management staff or any other related party has undertaken any material transactions with the Fund during the year.

# Annex A

## Legislative Background to the AMPS (NI) 2000

### General

The Assembly Members Pension Scheme (Northern Ireland) 2000 (AMPS (NI) 2000) was set up from 13 May 2000 under the Assembly Members' Pensions Determination 2000, made by the Secretary of State under section 48 of the Northern Ireland Act 1998, by virtue of paragraph 9 of the Schedule of the Northern Ireland Act 2000. The scheme provides benefits for Members and qualifying office-holders of the Northern Ireland Assembly.

### Preparation of Annual Accounts

Paragraph 5 of Schedule 1 to the Schedule to the Assembly Members Determination 2000 requires that annual accounts are prepared in accordance with a direction given by the Comptroller and Auditor General. The accounts have been prepared, as far as appropriate, in accordance with the Statement of Recommended Practice (SORP) Financial Reports of Pension Schemes, issued in July 1996 (revised November 2002), in order to conform to best practice reporting requirements. A statement of the Trustees' responsibilities with regard to the preparation of the accounts is on Page 20.

information & publishing solutions

Published by TSO (The Stationery Office) and available from:

**Online**
**www.tsoshop.co.uk**

**Mail, Telephone, Fax & E-mail**
TSO
PO Box 29, Norwich, NR3 1GN
Telephone orders/General enquiries: 0870 600 5522
Fax orders: 0870 600 5533
E-mail: customer.services@tso.co.uk
Textphone 0870 240 3701

**TSO Shops**
16 Arthur Street, Belfast BT1 4GD
028 9023 8451 Fax 028 9023 5401
71 Lothian Road, Edinburgh EH3 9AZ
0870 606 5566 Fax 0870 606 5588

**TSO@Blackwell and other Accredited Agents**

ISBN 978-0-339-60246-5

Printed in Northern Ireland by The Stationery Office Limited