

The Northern Ireland Assembly Members' Pension Fund Annual Report and Accounts

Period 1 April 2010 to 31 March 2011

NIA 16/11-15

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The Trustees' Report

Introduction

The Assembly Members' Pension Scheme (NI) 2008

The Assembly Members' Pension Scheme (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. The contract for Investment Management services is held by M&G Investments Ltd.

The Scheme is administered on a day-to-day basis, on behalf of the Trustees, by the Pensions Team of the Human Resources Office of the Northern Ireland Assembly's Corporate Services 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.

On 30 June 2008, the Assembly resolved, under Section 48 of the Northern Ireland Act 1998, to confer upon the Assembly Commission the power to amend the pension scheme rules. On 1 July 2008 the Commission introduced a number of changes to the scheme and directed that the scheme be renamed The Assembly Members' Pension Scheme (NI) 2008 replacing the 2000 Scheme.

On 2 April 2009 the Assembly Commission made a further amendment to the Scheme, increasing the default accrual rate from fiftieths to fortieths with a corresponding rise in Members' contributions from 6% to 11.5%. Members may opt to pay the lower contribution rate of 6%, accruing benefits at the lower rate of 1/50th of final salary for each year of service.

In April 2009, the Consolidated Fund contribution increased from 22.6% to 23.3% following the 2008 full actuarial valuation of the Scheme.

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

In April 2010 the Justice Act (Northern Ireland) 2002 was enacted allowing for the appointment of the Attorney General for Northern Ireland. On 25 May 2010 Mr John Larkin QC was appointed to the post. Mr Larkin became a member of the AMPS on appointment.

The Assembly was dissolved on 24 March 2011 in preparation for the Assembly Election on 5 May 2011. MLA's who were standing for election continued to receive salary, make pension contributions and accrue benefits. Office holders who held the following offices continued to receive both ordinary salary and office holders' salary, make pension contributions and accrue benefits:

- Speaker
- Deputy Speakers
- First Minister
- Deputy First Minister
- Ministers
- Junior Ministers
- Assembly Commission Members

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 2010 to 31 March 2011. 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 rules of the Assembly Members' Pension Scheme (NI) 2008.

Part B, Section B2 of the Scheme rules 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.

Upon restoration of the Assembly in May 2007, the following members were appointed as Trustees by resolution of the Assembly;

Trustees

Mr David McClarty MLA (Chairman)

Mr John Dallat MLA

Mr Trevor Lunn MLA

Mrs Michelle O'Neill MLA

Mr Jim Wells MLA

These Trustees continued to hold office following dissolution and the subsequent Election until a new Trustee board was appointed by resolution of the Assembly on 28 June 2011. The new Trustees are:

Mr Trevor Lunn MLA (Chairman)

Mr Mickey Brady MLA

Mr John Dallat MLA

Mr Ross Hussey MLA

Mr Jim Wells MLA

Trustees' Responsibilities

A statement of Trustees' responsibilities is set out on page 18.

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

Five regular meetings, one extraordinary meeting and two sub-group meetings were held during the period ending 31 March 2011.

Other Parties Appointed in Connection with the Fund as at 31 March 2011.

Responsibility	Name	Appointed By
Actuarial Advice	The Government Actuary	Part S1 (2) of the Assembly Members' Pension Scheme (NI) 2008
External Auditor of Annual Accounts	Comptroller and Auditor General	Schedule 1 of the Assembly Members' Pension Scheme (NI) 2008
Investment Management	M & G Investments Ltd	Trustees
AVC Provider	Clerical Medical	Trustees
Legal Advice	Assembly Legal Services (Constitutional & Institutional Advice Only) Eversheds LLP	Trustees
Pension Administration Service	Scottish Public Pensions Agency (SPPA)	Trustees

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:

HR Pensions Team

Assembly Human Resources Office
Room 404, Parliament Buildings
Ballymiscaw
Stormont
Belfast
BT4 3XX

Tel: 028 9052 1685
E-mail: pensions@niassembly.gov.uk
Fax: 028 9052 1658

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 Office Holders contribute either 6 or 11.5 per cent of their salaries. On 2 April 2009 the Assembly Commission changed the default position to 11.5 per cent of salary with a corresponding rise in the accrual rate from fiftieths to fortieths. Members may pay the lower contribution of 6 per cent by completing paperwork to opt for the lower accrual rate.

Following a valuation of the scheme by the Government Actuary's Department in March 2008 the Exchequer Contribution was increased from 22.6 per cent to 23.3 per cent of Members' and Office Holders' salaries, effective from 1 April 2009.

Benefits Payable

The benefits payable were £624,733.

Pensions in payment were increased by 3.1 %. This reflects a move to increase benefits using the Consumer Prices Index rather than the Retail Prices Index as was the case previously. This is in line with public sector schemes and many private schemes.

The main provisions of the scheme are:

- (a) On retirement at age 65, an immediate pension of one fiftieth of final salary for each year of service up to 31 March 2009. From 1 April 2009 one fortieth of final salary for each year of service unless the member opted for the lower contribution rate;
- (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 55 and completion of not less than 15 years' service;
- (e) An actuarially reduced pension paid to all former Members at any time after age 55;
- (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 (available until April 2011);
- (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 2010-2011 financial year Clerical Medical continued to act as AVC provider for the scheme.

During the period of this report five members have taken advantage of the facility to pay additional voluntary contributions. Six 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 have delegated responsibility for the investment management of the Fund entirely to M&G Investments Ltd, who were appointed by the Trustees with effect from 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 £2,526,344 in the Net Assets of the Fund during the period.

Membership Statistics

The membership of the Fund at 31 March 2011 was as follows:

Active Members	Number in Category
Members (at 1 April 2010)	108
Add New Entrants	9
Add Rejoiners	1
Members Opting In	0
Less Retirements in the Period	8
Less Deferred Awards	20
Less Deaths in the Period	0
Less Refund of contributions	0
Total Active Members as at 31 March 2011	90

Deferred Members	Number in Category
Deferred Members (as at 1 April 2010)	28
Add New Deferred Members	20
Less Rejoiners	1
Less Transfers Out	0
Less Deferred Awards Coming into Payment	4
Less Deaths in the Period	0
Total Deferred Members as at 31 March 2011	43

Pensions in Payment (Beneficiaries of the Fund)	Number in Category
Pensions in Payment 1 April 2010 – Members	32
Pensions in Payment 1 April 2010 - Dependants	11
Add Members Retiring in the Period	12
Less Deaths in the Period	0
Add New Dependants	2
Pensions in Payment as at 31 March 2011	57

The benefits payable during the year amounted to £624,733. Pensions in payment were increased by 13.1%.

Preparation and Audit of Annual Accounts

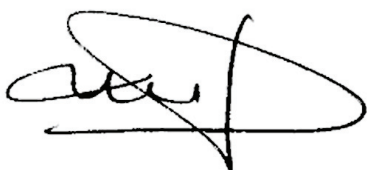
Summary of Financial Information

Total Fund At 1 April 2010	£14,788,477	
	£	£
What Went Into the Fund	2010 - 2011	2009 – 2010 (Restated)
Consolidated Fund Contributions	1,236,790	1,199,276
Contributions from Members/Office Holders	491,690	483,461
Transfers in from other schemes	21,091	NIL
Additional Voluntary Contributions	19,694	24,175
Investment Income	NIL	NIL
Change in Market Value of Investments	1,504,294	4,386,111
Total	£3,273,559	£6,093,023

What Went Out of the Fund		
Benefits Payable	624,733	373,651
Transfers out of the Scheme	NIL	NIL
Administrative Expenses	6,717	6,255
Advisory Fees	14,297	5,882
Actuarial Expenses	37,594	32,197
Investment Management Expenses	63,373	50,608
Interest Payable	NIL	NIL
Miscellaneous	501	1,125
Total	£747,215	£469,718
Total Fund at 31 March 2011	£17,314,821	

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 2011 including the attached Investment Report and Compliance Statement is approved on behalf of all the Trustees by:



Trevor Lunn MLA
Chairman of the Trustees

Assembly Members' Pension Scheme (Northern Ireland) 2008

Report of the Actuary for Accounting Year ended 31 March 2011

The Trustees of the Assembly Members' Pension Scheme (Northern Ireland) 2008 have commissioned GAD to assess the liabilities of the Scheme in accordance with International Accounting Standard 19 (IAS19), and to prepare a statement for inclusion in the Scheme's accounts. GAD has not been asked to prepare full accounting disclosures in accordance with IAS19. The assumptions adopted for the assessment are the responsibility of the Trustees, having regard to both the Government's Financial Reporting Manual (FRM) and advice from the actuary.

A. Status of Assembly

The Assembly Members' Pension Scheme (NI) 2008 (denoted as AMPS (NI) 2008) provides benefits for Members and Office Holders of the Northern Ireland Assembly. For the whole of the accounting year 2010/2011 (and for the previous year), the Assembly was carrying out its normal functions, and benefits were accruing on full salary. (The Assembly has been suspended from its normal operations on three previous occasions.)

B. Data

At the end of the accounting year 31 March 2011, there were 90 members accruing benefits under the AMPS (NI) 2008. Pensionable payroll for the financial year 2010/2011 was approximately £5.3 million. There were 57 pensions in payment as at 31 March 2011 (including 13 pensions payable to dependants). In addition, there were 43 former members of the Assembly entitled to deferred benefits at the accounting date.

C. Results

The capitalised value as at 31 March 2011 of expected future payments under the AMPS (NI) 2008, for benefits accrued in respect of service prior to 31 March 2011, has been assessed using the methodology and assumptions set out in Sections E and F below. The results are as follows:

	£ Million
Value of Liabilities	21.4
Market Value of Assets	17.3
Shortfall of Assets to Liabilities	(4.1)
Funding Level	81%

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 for members on the lower accrual rate of 50ths, and 11.5% of pay for members on the higher accrual rate of 40ths). The average member contribution rate is 9% of pay. The Consolidated Fund meets the balance of the cost of the benefits. The total cost of benefits accruing in the year 2010/2011 has been assessed using the methodology set out in Section E below and the actuarial assumptions applicable at the end of the previous financial year (see Section F). The costs, expressed as a percentage of the pensionable pay used for accruing benefits, are as follows:

	% of Pensionable Pay
Standard Contribution Rate (excluding expenses)	38.9%
Members' Contribution Rate (average)	9.0%
Employer's share of standard cost	29.9%

In addition, a further ½% of pay is assessed as being required to cover the expense of running the Scheme. In IAS19 the standard contribution rate is referred to as the current service cost.

Members' benefits are increased annually in line with inflation after leaving service. We have been informed that with effect from 1 April 2011, the annual inflationary increase will be based on the rise in the Consumer Prices Index rather than the rise in the Retail Prices Index.

The actual standard contribution rate paid by the employer during 2010/11 was 19.9% of pensionable salary, plus a further ½% to cover the expense of running the Scheme. This rate is lower than the cost of the accruing benefits shown above because the employer's contributions are assessed by reference to the long term view of real investment yields on the assets held by AMPS (NI) 2008, whereas the accruing annual cost disclosed for accounts purposes is based on current market yields on corporate bonds. At the start of the 2010/11 accounts year, the current market yield was lower than the expected long term real yield (viz 1.8% assuming pension increases are in line with RPI, and 2.6% assuming pension increases are in line with CPI, as against 3.5%), and this 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 2.9% of payroll to amortize the deficit disclosed at the 2008 valuation. In relation to the payroll for the financial year, the Consolidated Fund contribution receivable in cash terms was £1.2 million for the financial year 2010/2011.

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. This method is expected to produce a broadly stable Standard Contribution Rate at successive actuarial valuations as long as the assumptions and the age/sex/salary distribution of Scheme members and remain broadly unchanged.

F. Assumptions

The principal financial assumptions adopted for the pension assessments made in relation to this statement are set in accordance with the FReM for funded pension schemes in the public sector in the UK (akin to IAS19). The assumptions adopted for the assessment are the responsibility of the Trustees, having regard to both the Government's Financial Reporting Manual (FReM) and advice from the actuary.

At 31 March 2010, the discount rate adopted in excess of RPI increases was 1.8% p.a., and 2.6% p.a. in excess of CPI increases. The former rate is used to determine the accruing cost up to 22 June 2010, and the latter rate is used to determine the accruing cost thereafter. With effect from 31 March 2011, the discount rate adopted for pension liabilities is 2.6% p.a., and this rate is used to determine the value of the liabilities. The demographic assumptions adopted for the assessments are based on those used for the actuarial valuation of the Scheme as at 31 March 2008.

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 2008, with an update in mortality assumptions to take account of the 2008-based ONS UK population projections.
- (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.



I A Boonin

Fellow of the Institute and Faculty of Actuaries
Government Actuary's Department

14 June 2011

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.

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) 2008 invests, nevertheless, it will consider Socially Responsible Investment policy issues when comparing two providers who are otherwise of equal preference.

Investment Managers Report

Annual Scheme Report - NI Assembly Members Pension Scheme

Report for the Year Ending 31 March 2011

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 and in the case of the property holding, commercial property. 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 pooled pensions invests the assets of the Scheme in accordance with a strategic benchmark allocation set by the trustees shown below.

Asset Class	Active/ Passive	Benchmark %	Control Range %
UK Equity	Active	40.0	30.0 - 50.0
North America Equity	Passive	10.0	5.0 - 15.0
Europe (ex-UK) Equity	Passive	14.0	7.0 - 21.0
Japan Equity	Passive	6.0	3.0 - 9.0
Pacific Basin (ex-Japan) Equity	Passive	8.0	4.0 - 12.0
Emerging Markets	Active	2.0	0.0 - 100.0
Long Dated Corporate Bond	Active	10.0	5.0 - 15.0
Long Term Gilt	Passive	10.0	5.0 - 15.0
Total		100.0	

Investment Distribution/Strategy

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

Fund	31.03.11 %	31.03.10 %
Specialist UK Equity	40.3	38.5
North America Equity Passive	11.3	10.5
Europe (ex-UK) Equity Passive	16.0	13.5
Japan Equity Passive	4.7	6.6
Pacific Basin (ex-Japan) Equity Passive	8.0	8.1
Emerging Markets	2.0	2.0

Fund	31.03.11 %	31.03.10 %
Long Dated Corporate Bond	10.4	13.3
Long Term Gilt	7.4	7.5
Total	100.0	100.0

Source: M&G

Review of Investment Markets

The global economy continued to expand over the 12 months under review with the manufacturing sector leading the way. In developed markets, the uncertainty of the recovery meant that interest rates were maintained at extraordinarily low levels. However, in the developing world, rising inflationary pressures led to a tighter monetary stance.

For equities, although the improving background for company profits proved supportive, there were several upsets throughout the year. The eurozone sovereign debt crisis remained a threat to stability for much of the 12 months, while unrest in North Africa and the Middle East caused risk aversion, and oil prices, to rise sharply in the first quarter of 2011. This was compounded by a massive earthquake in Japan which had devastating human and economic consequences.

Stockmarkets in Asia ex-Japan posted some of the strongest returns globally, but China lagged as it was held back by moves to curb inflation. The US also performed well as further fiscal stimulus helped investors to shrug off concerns about a double-dip recession. In Europe, Germany and the Nordic countries saw strong price appreciation too, but many southern eurozone countries posted negative returns over the 12 months. Meanwhile, UK equities produced a steady performance although investors remained apprehensive about the impact of public spending cuts in 2011. In contrast, Japanese equities suffered a significant setback as the country's deflationary woes were intensified by March's earthquake and tsunami which caused many companies to suspend production.

For the first six months of the period, the low level of interest rates and ongoing support from quantitative easing programmes helped core bond markets to make steady progress. However, rising inflation expectations caused them to relinquish most of their gains in the second half of the year. Only the peripheral eurozone bond markets were the exception; here, concerns over potential sovereign debt defaults resulted in a sharp rise in yields.

Commercial property also continued to produce strong returns, but the rate of increase in returns faded during the review period as falling rental values started to weigh on the market.

Performance

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

Fund	Performance to 31/03/11 (Annualised) %		
	1 year	3 years	5 years
Northern Ireland Assembly Members Pension Scheme	10.4	9.4	n/a
<i>Composite Scheme Benchmark</i>	8.3	7.1	n/a

Source: M&G and BNY Mellon. Returns shown are net of fees.

- The **Specialist UK Equity Fund** seeks to invest in companies which are out of favour, in difficulty or whose prospects are not fully recognised by the market and where management is working to turn the business around. The fund invests primarily in the shares of UK listed companies, but can also invest a limited amount in the shares of overseas companies and UK government bonds. The fund is actively managed against its benchmark, the FTSE All-Share Index.
- The fund rose 12.7% over the 12 months under review, significantly outperforming its benchmark which returned 8.7%. After an initial setback, the UK equity market made steady progress, overcoming the significant hurdles of the eurozone debt crisis, unrest in the Middle East and North Africa and a massive earthquake in Japan. Investors' risk appetite was helped by evidence of robust growth in the manufacturing sector and improving company profits.
- Titanium miner Kenmare Resources was the top contributor, helped by the announcement of increased production at the Moma project in Mozambique. Other smaller basic materials companies, such as copper miner First Quantum Minerals, Allied Gold and African Minerals, also featured among the strongest performers. Chemicals manufacturer Croda International helped too after an excellent earnings update, but Redhall, the engineering services group, detracted after the company announced the loss of a large contract.
- The **Emerging Markets Fund** invests in emerging market countries. It is actively managed aiming to maximise long-term returns. Performance is compared to the MSCI Emerging Markets Index. The fund's approach takes advantage of the market's inefficiency in valuing change and quality. The fund managers use analysis to identify attractively valued companies that are able to grow profitably and generate sustainable returns.
- The fund recorded a return of 7.8% over the 12 months under review, underperforming its benchmark which rose 12.4%. After an initial setback, emerging market equities made steady progress as risk appetite rose in response to the improving outlook for the global economy. However, rising inflationary pressures within many emerging economies, coupled with unrest in the Middle East and North Africa and a devastating natural disaster in Japan, caused risk aversion to rise again in 2011.
- Chaoda Modern Agriculture, a leading grower of fruit and vegetables in China, was the largest detractor. Turkish financial business Asya Katlim Bankasi also disappointed when its third-quarter results came in below forecasts, as did Chinese medical equipment company Mindray Medical. However, robust credit growth in India helped Bank of India to be the largest contributor, while miner First Quantum Minerals and telecommunications company China Unicom also boosted returns.
- The **Long Dated Corporate Bond Fund** invests mainly in high quality sterling corporate bonds with over 15 years to maturity. The fund is actively managed against its performance benchmark of the iBoxx Sterling Over 15 Years Non-Gilts Index. The fund may also hold UK government gilts and derivatives (such as options and swaps) together with limited amounts of non sterling and high yield corporate bonds where this may prove beneficial in the shorter term.
- The fund recorded a return of 6.1% over the 12 months under review, in line with the return on its benchmark. Corporate bonds benefitted from investors' increased risk appetite following a gradual improvement in the economic environment and better-than-expected company profits. Their relatively high yields against the backdrop of continued low interest rates also helped to support the market.
- Throughout the 12-month period, the fund continued to hold a relatively light exposure to bonds issued by banks. This reflected concerns over banks' exposure to sovereign debt issued by the weaker eurozone countries and fears that holders of bank bonds could be required to share in the losses of future government bail-outs in the eurozone. While this

position detracted during times of rising risk appetite, it boosted performance when risk appetite was waning.

- The **North America Equity Passive Fund** invests in shares of North American companies. The fund is passively managed, tracking movements in its benchmark FTSE World North America Index. Tracking this index is achieved by replicating holdings of the larger companies in the index plus carefully modelling a stratified sample of the remainder of the companies in the index.
- The **Europe Equity Passive Fund** invests in shares of European companies outside the UK. The fund is passively managed tracking movements in its benchmark FTSE World Europe (ex-UK) Index. Tracking is achieved by the fund replicating holdings of the larger companies in the index plus carefully modelling a stratified sample of the remainder of the companies in the index.
- The **Japan Equity Passive Fund** invests in shares of Japanese companies. The fund is passively managed, tracking movements in its benchmark FTSE Japan Index. Tracking this index is achieved by replicating holdings of the larger companies in the index plus carefully modelling a stratified sample of the remainder of the companies in the index.
- The **Pacific Basin ex-Japan Equity Passive Fund** invests in shares of companies around the Pacific Basin excluding Japan. The fund is passively managed tracking movements in its benchmark FTSE World Asia Pacific ex-Japan Index. Tracking this index is achieved by replicating holdings of the larger companies in the index plus carefully modelling a stratified sample of the remainder of the companies in the index.
- The **Long Term Gilt Fund** invests in British Government Gilts with over 15 years to maturity. The fund is passively managed, tracking movements in its benchmark FTSE A British Government Over 15 Years Gilt Index. Tracking this index is achieved by fully replicating the stocks in the Index.

Statement of Trustees' Responsibilities

The Assembly Members' Pension Scheme (NI) 2008 requires the Trustees of the Assembly Members' Pension Scheme 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 2011 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 2011 of its assets and liabilities, other than liabilities to pay benefits after the Fund year end.

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) 2008 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 Assembly Members' Pension Scheme Rules.

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) 2008 (AMPS (NI) 2008).

The AMPS (NI) 2008 is a statutory scheme and operates within a legislative framework. Secretariat staff of the Pensions Team of the Human Resources Office of the Northern Ireland Assembly's Corporate Services Directorate provide secretarial and administrative services to the Trustees. In April 2006 some of the routine administrative function was outsourced to the Scottish Public Pensions Agency (SPPA).

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) 2008 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) 2008 for the year ended 31 March 2011 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 Human Resources Office of the Northern Ireland Assembly's Corporate Services 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, 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.

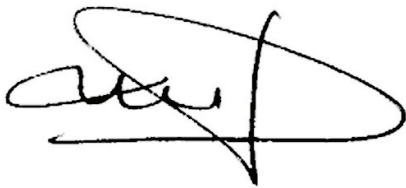
Review of effectiveness

The Northern Ireland Assembly is subject to review by an Internal Audit unit, which operates to standards defined in the Government Internal Audit Manual. The work of the Internal Audit unit 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.

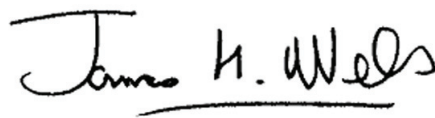
Our review of the effectiveness of the system of internal control is informed by the work of the Internal Auditors and the senior managers within the Northern Ireland Assembly who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their Report to those charged with Governance.

An Internal Audit review of the Pension Scheme was carried out in December 2009 and Audit concluded that the controls established by management are adequate to ensure that business objectives can be met. A satisfactory level of assurance has been awarded.

Approved on behalf of the Trustees on 20 September 2011 by:



Trevor Lunn MLA
Chairman of the Trustees



Jim Wells MLA
Trustee

The Certificate and Report of the Comptroller and Auditor General

NORTHERN IRELAND ASSEMBLY MEMBERS' PENSION FUND

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 Northern Ireland Assembly Members' Pension Fund for the year ended 31st March 2011 under Schedule 1 of the Assembly Members' Pension Scheme (Northern Ireland) 2008. 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

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees are responsible for the preparation of the financial statements and for being satisfied they give a true and fair view. My responsibility is to audit the financial statements in accordance with the Assembly Members' Pension Scheme (Northern Ireland) 2008. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them.

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 31st March 2011 have been paid in accordance with the Scheme rules and the recommendations of the Actuary.

Opinion on the Financial Statements

In my opinion:

- the financial statements give a true and fair view of the state of the Fund's affairs as at 31st March 2011, and 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 Fund year end; and.
- the financial statements have been properly prepared in accordance with the directions issued under the Assembly Members' Pension Scheme (Northern Ireland) 2008.

Opinion on other matters

In my opinion:

- the information given in the Trustees' Report, Report of the Actuary, the Compliance Statement and Investment Managers Report and Annex A for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit.
- the Statement on Internal Control does not reflect compliance with the Department of Finance and Personnel's guidance.

Sinc

Report

I have no observations to make on these financial statements.

KJ Donnelly
KJ Donnelly

Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast
BT7 1EU

30 September 2011

Fund Account for the year to 31 March 2011

	Note	£ 2010-2011	£ 2009-10 (Restated)
Contributions and Benefits			
Contributions receivable	3	1,748,174	1,706,912
Individual transfers in from other schemes		21,091	0
		1,769,265	1,706,912
Individual Transfers paid to other schemes		0	0
Benefits payable	4	(624,733)	(373,651)
Other Payments	5	(501)	(1,125)
Administrative expenses	6	(58,608)	(44,335)
		(683,842)	(419,111)
Net additions from dealings with members		1,085,423	1,287,801
Returns on Investments			
Change in market value of investments	7	1,504,294	4,386,111
Investment management expenses	9	(63,373)	(50,608)
Net returns on Investments		1,440,921	4,335,503
Net Increase/(decrease) in the Fund During the period		2,526,344	5,623,304
Net Assets of the Fund at 1 April		14,788,477	9,165,173
At 31 March		17,314,821	14,788,477

The notes on pages 25 to 28 form part of these accounts.

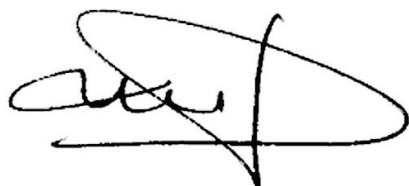
Net Assets Statement as at 31 March 2011

		£	£
Investments	Note	2010-2011	2009-10 (Restated)
Managed Fund	7	17,335,764	14,603,663
AVC Investment	7	215,143	178,699
Net current assets / (liabilities)	10	(236,086)	6,115
Net Assets of the Fund as at 31 March		17,314,821	14,788,477

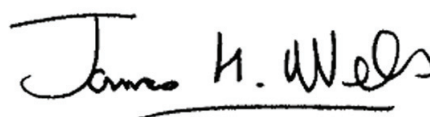
The notes on pages 25 to 28 form part of these accounts.

These financial statements were approved on behalf of the Trustees

On 20 September 2011 by:



Trevor Lunn MLA
Chairman of the Trustees



Jim Wells MLA
Trustee

Notes to the Financial Statements

Basis of preparation

- 1 The accounts meet the accounting and disclosure requirements of the Statement of Recommended Practice (SORP) (revised May 2007) 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 2011 and these financial statements should be read in conjunction with that report.

Comparative Figures

- 1.1 Comparative figures for the 2009-10 year have been restated to include a Long Dated Corporate Bond Fund which was established in February 2010. This was omitted from the prior year accounts in error. As a result, the Net Assets reported in the 2009-10 Annual Report and Accounts were understated by £368,548, being the value of the Corporate Bond Fund at 31 March 2010.

Accounting policies

- 2 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

	2010-11 £	2009-10 £
Exchequer contributions:		
Normal	1,236,790	1,199,276
Members' contributions:		
Normal	491,690	483,461
Additional Voluntary contributions (AVCs)	19,694	24,175
	1,748,174	1,706,912

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

4. Benefits payable

	2010-11 £	2009-10 £
Pensions	238,493	210,894
AVC Benefits	-	17,940
Lump sum payable on retirement	386,240	144,817
Lump sum payable at age 75	-	-
Lump sum payable on death	-	-
	624,733	373,651

5. Other payments

	2010-11 £	2009-10 £
Miscellaneous	501	1,125
	501	1,125

6. Administrative expenses

	2010-11 £	2009-10 £
Actuarial fees	37,594	32,198
Administration Costs	6,717	6,255
Advisory Fees	14,297	5,882
	58,608	44,335

The Trustees of the Pension Scheme have signed a memorandum of understanding with the Northern Ireland Assembly Commission for the provision of a pension administration services. The HR Pensions Team of the Northern Ireland Assembly Secretariat provides administration support to the pension scheme and those costs are borne by the Northern Ireland Assembly. The trustees acknowledge the cost of this service to be £37,837 for the 2010-11 financial year.

Since April 2006 the Scottish Public Pensions Agency has provided additional administration support.

7. Investments

	Value at 31 March 2010 (Restated)	Purchases at cost	Sales	Retirements Benefits Paid	Change in Market Value	Management Charges	Value at 31 March 2011
	£	£	£	£	£	£	£
M&G Main Fund	14,235,115	653,965	-	-	1,517,916	(62,187)	16,344,809
M&G – Bond	368,548	653,965	-	-	(30,372)	(1,186)	990,955
AVC Investments	178,699	19,694	-	-	16,750	-	215,143
	14,782,362	1,327,624	-	-	1,504,294	(63,373)	17,550,907

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 2011 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 M&G Investments Ltd was £63,373. 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)

	2010-11 £	2009-10 £
Current assets		
Contributions and benefits:		
Contributions due	1,735	1,914
Balance at bank	16,617	4,201
Prepayments	-	-
	18,352	6,115
Current liabilities		
Pension Arrears due	(239,996)	-
Administrative expenses:		
Other Advisory Fees	(14,262)	-
Actuarial fees	0	-
Other Expenses	(180)	-
	(254,438)	-
Net current assets / (liabilities)	(236,086)	6,115

Pension Arrears due of £239,996 relates to amounts payable to members retiring upon dissolution of the Assembly on 24th March 2011 which had not been paid prior to the year-end.

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.

Legislative Background to the AMPS

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.

On 30 June 2008, under section 48 of the Northern Ireland Act 1998, the Assembly resolved to confer upon the Assembly Commission the power to amend the pension scheme. On 1 July the Commission amended the rules of the scheme and directed that the revised scheme be called The Assembly Members' Pension Scheme (NI) 2008.

Preparation of Annual Accounts

Paragraph 5 of Schedule 1 of the Assembly Members' Pension Scheme (NI) 2008 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 May 2007, 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 18.



Published by Authority of the Northern Ireland Assembly,
Belfast: The Stationery Office

and available from:

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www.tsoshop.co.uk

Mail, Telephone, Fax & E-mail

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TSO@Blackwell and other Accredited Agents

£9.50

Printed in Northern Ireland by The Stationery Office Limited

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ISBN 978-0-339-60408-7



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