

**The Assembly Members'
Pension Scheme (Northern Ireland) 2000**

Annual Report and Accounts

Period 1 April 2005 to 31 March 2006

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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 NI 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 Scheme is administered on a day to day basis, on behalf of the Trustees, by the Pensions Unit of the Personnel Office of the Northern Ireland Assembly's Finance and Personnel Directorate.

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 2005 to 31 March 2006. 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 the current suspension of the Assembly, the Secretary of State will act as the sole Trustee of the Scheme. However, during suspension he may appoint not more than 5 persons to be Trustees of the Scheme on his behalf. As The Northern Ireland Assembly is currently in suspension the Secretary of State has invited the 5 Trustees below to remain in their present role and all 5 Trustees have accepted.

Trustees' Names

Mr Denis Watson (Chairman)

Mr Mervyn Carrick

Mr John Dallat MLA

Mr John Kelly

Mr David McClarty MLA

Trustees' Responsibilities

A statement of Trustees' responsibilities is set out on page 12.

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

Four regular Trustee meetings were held during the period ending 31 March 2006.

Other Parties Appointed in Connection with the Fund as at 31 March 2006.

<u>Responsibility</u>	<u>Name</u>	<u>Appointed By</u>
<i>Actuarial Advice Schedule</i>	The Government Actuary	Part S1 (2) of the to the Assembly Members' Determination 2000
<i>External Auditor of Schedule Annual Accounts</i>	Comptroller and Auditor General	Schedule 1 of the to the Assembly Members' Determination
<i>Investment Management</i>	Baillie Gifford	Trustees
<i>AVC Provider</i>	Clerical Medical	Trustees
<i>Legal Advice</i>	Senior Legal Assistant at the Northern Ireland Assembly	
<i>Scheme Consultant</i>	Price Waterhouse Coopers	Trustees

Taking into account the size of the scheme's assets and the scheme's ability to withstand adverse experience, the Government Actuary's Department recommended it is no longer essential for the Trustees to insure the death in service lump sum. In light of GAD advice the Trustees agreed that the life insurance policy would no longer be required.

All of the other parties remain in place at the date of the report.

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 Unit
Assembly Personnel Office
Annexe C
Dundonald House
Stormont Estate
Belfast
BT4 3SF**

**Tel: 028 9052 0954
Fax: 028 9052 0871**

**E-mail: evan.hobson@niassembly.gov.uk
alison.whitaker@niassembly.gov.uk
louise.anderson@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. The Exchequer Contribution for both the year ended 31 March 2006 and 31 March 2005 was 21.3 per cent of Members and Officeholders salaries.

Benefits Payable

The benefits payable were £52,689 and there were no transfers in or out of the Scheme during the year. There were no changes to the benefit regulations during the period. Pensions in payment were increased by 3.10%.

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 widow/ers 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 years 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 2005 – 2006 financial year Clerical Medical continues to act as AVC provider for the scheme.

During the period of this report 6 members have taken advantage of the facility to pay additional voluntary contributions.

One retired member is 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. They were appointed by the Trustees with effect from 1 November 2004.

There was no Investment Income during the year.

The overall effect of the movements in pensions payable, income and investments was an increase of £2,724,065 in the Net Assets of the Fund during the period.

Actuarial Valuation

The Government Actuary is required to make a report on the general financial position of the Scheme as at each subsequent reporting date, not more than three years after the date last agreed or fixed, and to recommend to the Assembly the future rate of the Consolidated Fund contribution. The second full Actuarial valuation of the Scheme was conducted at the start of the 2005 – 2006 financial year and was based on the standing of the Scheme as at 31 March 2005. This report concluded that in relation to the past service position there is a deficit of £1.43 million with the ratio of assets to liabilities being 81%. This is an improvement on the funding level at the 2002 valuation of 78%. The main reason for the improved funding is the deficiency contribution paid since the last valuation of 2.2% of pay.

The Government Actuary's "Actuarial Valuation", which detailed the financial position of the Fund as at 31 March 2005, concluded that the scheme's assets were not quite sufficient to cover the liabilities at the valuation date, but should be sufficient in the near future if contributions are paid at the recommended rate. The Government Actuary recommended that the Member's contributions would remain as they are at present i.e. 6% and that the employer's contributions would increase to from 21.3% to 22.6% from 1 April 2006 until the results of the next valuation are available.

The Government Actuary is also required to provide the Trustees with an indicative funding position annually on the 31 March between the dates of the formal actuarial valuation. The results which should be viewed as a reasonable indication of the order of the magnitude of liabilities rather than a full actuarial assessment indicated a shortfall of assets to liabilities of £0.8m at 31 March 2006. The next detailed assessment of the liabilities will be made at the full actuarial valuation due as at 31 March 2008.

The Trustees have no authority to change this recommendation.

Copies of the Actuarial Valuations are available on request from the Assembly Secretariat Pensions Section; Annexe C Dundonald House; Belfast; BT4 3SF.

Membership Statistics

The membership of the fund at 31 March 2006 was as follows:

Active Members	Number in Category
Members (1 April 2005)	99
Add New Entrants	0
Less Retirements in the Period	0
Less Deferred Awards	0
Less Deaths in the Period	0
Total Active Members as at 31 March 2006	99

Deferred Members	Number in Category
Deferred Members as at 1 April 2005	25
Add New Deferred Members	0
Less Transfers Out	0
Less Deferred Awards Coming into Payment	0
Less Deaths in the Period	0
Total Deferred Members as at 31 March 2006	25

Pensioners in Payment (Beneficiaries of the Fund)	Number in Category
Pensioners in Payment 1 April 2005 - Members	13
Pensioners in Payment 1 April 2005 - Dependants	2
Members Retiring in the Period	0
Deaths in the Period	0
New Dependants	0
Pensioners in Payment as at 31 March 2006	15

The benefits payable during the year amounted to £52,689. There were no changes to the benefit regulations during the period. Pensions in payment were increased by 3.10%.

PREPARATION AND AUDIT OF ANNUAL ACCOUNTS

Summary of Financial Information

TOTAL FUND AT 1 APRIL 2005	£6,014,706	
What Went Into the Fund	2005 - 2006	2004 - 2005
Consolidated Fund Contributions	£ 622,538	£ 635,016
Contributions from Members/Office Holders	£ 175,369	£ 177,694
Transfers in from other schemes	£ NIL	£ 901
Additional Voluntary Contributions	£ 14,877	£ 14,691
Investment Income	£ NIL	£ NIL
Change in Market Value of Investments	£ 2,061,248	£ 595,947
TOTAL	£ 2,874,032	£ 1,424,249
What Went Out of the Fund		
Benefits Payable	£ 52,689	£ 57,702
Refunds of Contributions	£ NIL	£ NIL
Transfers out of the Scheme	£ NIL	£ 551,868
Administrative Expenses	£ NIL	£ NIL
Life Assurance	£ 22,417	£ 30,219
Consultancy	£ NIL	£ NIL
Actuarial Expenses	£ 42,455	£ 31,481
Investment Management Expenses	£ 31,966	£ 22,374
Interest Payable	£ NIL	£ 1,805
Miscellaneous	£ 440	£ 2,974
TOTAL	£ 149,967	£ 698,423
TOTAL FUND AT 31 MARCH 2006	£8,738,771	

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 2006 including the attached Investment Report and Compliance statement is approved on behalf of all the Trustees by:

Denis Watson
Chairman of Trustees

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.

THE INVESTMENT REPORT

YEAR ENDING 31 MARCH 2006

Investment Manager

Baillie Gifford remains the Scheme's Fund Manager, with a contract expiry date of 31 October 2006. This contract is subject to a further extension should the Trustees so wish. Baillie Gifford operates in accordance with guidelines and restrictions set out in the Life Policy Agreement and with instructions given by the Trustees from time to time. Their responsibilities include:

- (i) Carrying out all the day-to-day functions relating to the management of the Fund;
- (ii) The allocations of the balanced portfolio between categories of investments and for the selection of individual stocks within each category of investment;
- (iii) Deciding whether it is appropriate to retain or realise individual investments within the portfolio;
- (iv) Exercising the investment powers in such a way that will give effect to the principles contained in the Statement of Investment Principles (SIP), so far as is reasonably practicable, and in particular will have regard to the suitability and diversification of the investments within the guidelines set by the Trustees.

Basis of Remuneration

Baillie Gifford is paid an annual management fee of 0.45% based on the value of the portfolio. The fee paid to BG for the period from 1 April 2005 to 31 March 2006 was £31,966.

Investment Policy

The Investment Policy of the Trustees of the Assembly Members' Pension Fund is detailed in the Statement of Investment Principles, which was reviewed and updated by the Trustees during this reporting period. This is available on request from the Secretariat.

The size of the Scheme's assets, remain insufficient to allow a widely diversified portfolio of investments were these assets to be invested directly in bonds, stocks and shares. Therefore, the fund continues to be invested in a single pooled fund run by an independent investment management company.

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 manager, which takes account of the liability profile of the Scheme 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 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:

	2005 (%)	2006 (%)
UK Equities	52.0	49.6
Overseas Equities		
North America	6.9	9.6
Europe	12.3	15.4
Japan	6.4	7.5
Pacific (ex Japan)	5.2	4.8
Emerging Markets	3.2	5.5
	<hr/> 34.0	<hr/> 42.8
Fixed Interest		
UK Bonds	4.0	3.9
Overseas Bonds	2.4	1.2
	<hr/> 6.4	<hr/> 5.1
Cash & Deposits	7.6	2.5
TOTAL	<hr/> 100.0 <hr/>	<hr/> 100.0 <hr/>

Economic and Market Background – 12 Months to 31 March 2006

The world's stock markets performed very well over the twelve months, underpinned by good economic growth, strong corporate profits and rising merger and acquisition activity. Emerging Markets was the strongest region, posting gains in sterling terms of 63%. Following a poor start to the period, the Japanese market rallied to end up 48%. Renewed corporate confidence in Japan - illustrated by businesses' willingness to undertake capital expenditure - helped lift share prices, as did increased interest in the country's equities from foreign investors. European and Developed Asia Pacific markets also rose by over 36% and 34% respectively. The UK market rose by 28% and while the US economy performed impressively, its stock market lagged. Fears of rising inflation and interest rates meant the US index rose only 13% in local currency terms, although the strength of the dollar meant the sterling return was also over 24%.

The general economic background remained supportive, with growth in Emerging Market economies a key driver of global growth. The Chinese and Indian economies led the way, fuelling demand around the world. The rise in energy prices, however, has continued to trouble investors. The oil price surged in the aftermath of Hurricane Katrina, peaking at \$70, its highest price in real terms for over twenty years and following a moderation in oil prices in the latter half of 2005, prices have once more begun to rise. Nevertheless, the impact of higher oil prices on the world economy appears so far to have been modest overall. Companies have, on the whole, been able to absorb price increases, with growth and productivity having offset the rising price of raw materials. Increasing interest rates and fears of a slowdown in consumer spending, particularly in the US, continue to dog the market, but there were encouraging signs of moderating but still robust economic growth.

Resources was the best performing sector as high commodity prices enabled companies to report record profits and cash flows. In contrast, telecoms companies, particularly in developed markets, under performed as investors worried about increasing competition in mature markets as well as the threat to profits from new technology.

Baillie Gifford's belief that equities are attractively priced was underlined by the heightened level of corporate activity witnessed during the year. This was especially true across mainland Europe and in the UK, where much of the activity was centred among mid-caps. Having built up substantial cash reserves on the back of several years of healthy profitability, some of the regions' largest companies looked to take advantage of reasonable equity valuations and the low cost of debt in order to expand beyond their traditional markets.

Overall, we remain optimistic about the outlook for economic growth and equity markets, and expect corporate profits to continue to grow, although at a slower pace. Moreover companies are generally in rude financial health, which should mean higher dividends and share buybacks as well as further merger and acquisition activity; these will all be helpful to share prices. Emerging Market

demand is increasingly important to the world economy and we continue to believe the long-term growth prospects for a number of Asian and Emerging Markets companies remain very attractive.

Performance

The Managed Pension Fund provided a total return of 32.2% during the year ended 31st March 2006 compared with a median return for funds included in the CAPS Balanced Pooled Fund survey of 27.5%.

The annualised investment return over the last three years to 31st March 2006 of 22.2% compares to a CAPS Balanced Pooled Fund survey median return of 20.9% per annum. The returns for the five years are 7.2% and 6.1 % 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 2006 the ten largest holdings, which accounted for 23.4% of the total value of the portfolio, were:

	% of Portfolio
GlaxoSmithKline	3.6
Royal Bank of Scotland	3.1
Barclays	3.1
BG Group	2.4
Baillie Gifford British Smaller Cos	2.3
Man Group	1.9
Royal Dutch Shell B Shares	1.9
BP	1.8
Wolseley	1.7
BHP Billiton	1.6
	23.4



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 2006 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 2006 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 Unit 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 2006 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 Unit 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 2005/06 a risk register was developed 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, administrative staff and PricewaterhouseCoopers;
- Professional Advisors: Suitable professional advisors have been appointed;
- 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.

Approved on behalf of the Trustees on 25 September. 2006 by:

Denis Watson

Chairman of the Trustees

John Dallat

Trustee

ASSEMBLY MEMBERS' PENSION SCHEME (NORTHERN IRELAND) 2000

The Certificate and Report of the Comptroller and Auditor General to the House of Commons and 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 2006 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 Comptroller and Auditor General's directions there under 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 are 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 Parliament 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. I also report to you if, in my opinion, the Annual Report is not consistent with the financial statements, if the Fund has not kept proper accounting records, or 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 pages 18 and 19 reflects the Fund's compliance with the Department of Finance and Personnel's guidance on the Statement on Internal Control, and I report if it does not. I am not required to consider whether the Trustees' statement on internal control 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 and consider whether it is consistent with the audited financial statements. This other information comprises the Trustees' Report, the Compliance Statement, the Investment Report and Annex A – Legislative Background to the AMPS (NI) 2000. I consider the implications for my report 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 opinion

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 judgements made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Fund'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 Parliament 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.

Opinion

In my opinion:

- the financial statements give a true and fair view of the financial transactions of the Fund for the year ended 31 March 2006, 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 end of the Fund year and have been properly prepared in accordance with the Assembly Members' Pensions Determination 2000 and directions made there under by the Comptroller and Auditor General;
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them;
- the contributions payable to the scheme during the year ended 31 March 2006 have been paid in accordance with the Scheme rules and the recommendations of the Actuary.

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**

02 October 2006

Fund Account for the year to 31 March 2006

	Note	2005-06	2004-05
Contributions and Benefits			
Contributions receivable	3	812,784	827,401
Individual transfers in from other schemes		-	901
		<u>812,784</u>	<u>828,302</u>
Individual transfers paid to other schemes	5	-	(551,868)
Benefits payable	4	(52,689)	(57,702)
Other Payments	6	(22,857)	(34,998)
Administrative expenses	7	(42,455)	(31,481)
		<u>(118,001)</u>	<u>(676,049)</u>
Net additions from dealings with members		694,783	152,253
Returns on Investments			
Change in market value of investments	8	2,061,248	595,947
Investment management expenses	10	(31,966)	(22,374)
Net returns on Investments		<u>2,029,282</u>	<u>573,573</u>
Net Increase/(decrease) in the Fund During the period		2,724,065	725,826
Net Assets of the Fund at 1 April 2005		6,014,706	5,288,880
At 31 March 2006		<u>8,738,771</u>	<u>6,014,706</u>

Net Assets Statement as at 31 March 2006

	Note	2006 £	2005 £
Investments			
Managed Fund	8	8,533,835	5,829,229
AVC Investment	8	131,731	95,324
		<hr/>	<hr/>
Net current assets	11	73,205	90,153
		<hr/>	<hr/>
Net Assets of the Fund as at 31 March 2006		8,738,771	6,014,706
		<hr/>	<hr/>

The notes on pages 18 to 19
form part of these accounts.

These financial statements were approved on behalf of the Trustees

On 25 September 2006 by:

Denis Watson
Chairman of the Trustees

John Dallat
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 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 2005 and these financial statements should be read in conjunction with that report.

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.

Contributions Receivable

3	2005-06	2004-05
	£	£
Exchequer contributions:		
normal	622,538	635,016
Members' contributions:		
normal	175,369	177,694
Additional Voluntary contributions (AVCs)	14,877	14,691
	<hr/> 812,784 <hr/>	<hr/> 827,401 <hr/>

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

Benefits payable	4	2005-06	2004-05
		£	£
	Pensions	52,689	49,280
	AVC Benefits	-	119
	Lump sum retirement benefits	-	8,303
		52,689	57,702
Transfers to Other Schemes	5	2005-06	2004-05
		£	£
	Individual transfers to other schemes	-	551,868
Other payments	6	2005-06	2004-05
		£	£
	Premium on life assurance policy	22,417	30,219
	Interest Payable	-	1,805
	Miscellaneous	440	2,974
		22,857	34,998

During the year, in light of advice from the Government Actuary the Trustees agreed that the Life Assurance policy would no longer be required as it was felt that the current size of the pension fund was sufficient to self insure the scheme.

Consequently the policy was cancelled in October 2005.

Administrative expenses	7	2005-06	2004-05
		£	£
	Actuarial fees	42,455	31,481
		42,455	31,481

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.

Investments 8

	Value at 31 March 2005	Purchases at cost	Sales	Change in Market Value	Management Charges	Value at 31 March 2006
	£	£	£	£	£	£
BG Managed Fund	5,829,229	696,854	-	2,039,718	(31,966)	8,533,835
AVC Investments	95,324	14,877	-	21,530	-	131,731
	5,924,553	711,731	-	2,061,248	(31,966)	8,665,566

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.

**Additional
Voluntary
Contributions
(AVCs)**

9 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 2006 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.

**Investment
Management
Expenses**

10 The management fee paid to Baillie Gifford was £31,966. 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.

Net Current Assets	11	Current assets	2005-06	2004-05
			£	£
		Contributions and benefits:		
		Contributions due	-	1,240
		Balance at bank	13,727	16,344
		Prepayments	-	23,190
		Sundry debtors	67,592	55,300
			<u>81,319</u>	<u>96,074</u>
		Current liabilities		
		Administrative expenses:		
		Actuarial fees	(7,190)	(5,921)
		Other:		
		Pensions payable	(924)	-
			<u>(8,114)</u>	<u>(5,921)</u>
		Net current assets	<u>73,205</u>	<u>90,153</u>

Related party transactions

- 12 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 12.