

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

Period 1 April 2009 to 31 March 2010

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 Resources 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 to 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**.

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 2009 to 31 March 2010. 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;

Current Trustees

Mr David McClarty MLA (Chairman)

Mr John Dallat MLA

Mr Trevor Lunn MLA

Mrs Michelle O'Neill MLA

Mr Jim Wells MLA

Trustees' Responsibilities

A statement of Trustees' responsibilities is set out on page 14.

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 meetings were held during the period ending 31 March 2010.

Other Parties Appointed in Connection with the Fund as at 31 March 2010.

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

Responsibility	Name	Appointed By
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
Parliament Buildings
Ballymiscaw
Stormont
Belfast
BT4 3XX

Tel: 028 9052 5558
Fax: 028 9052 0871
E-mail: pensions@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 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 Actuaries Department in March 2008 the Exchequer Contribution was increased from 22.6 per cent to 23.3 per cent of Members' and Officeholders' salaries, effective from 1 April 2009.

Benefits Payable

The benefits payable were £373,651. Pensions in payment were increased by 5 %.

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;
- (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 2009-2010 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. Five 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 £5,255,388 in the Net Assets of the Fund during the period.

Membership Statistics

The membership of the Fund at 31 March 2010 was as follows:

Active Members	Number in Category
Members (at 1 April 2009)	108
Add New Entrants	4
Members Opting In	0
Less Retirements in the Period	2
Less Deferred Awards	2
Less Deaths in the Period	0
Less Refund of contributions	0
Total Active Members as at 31 March 2010	108

Deferred Members	Number in Category
Deferred Members (as at 1 April 2009)	29
Add New Deferred Members	2
Less Transfers Out	0
Less Deferred Awards Coming into Payment	3
Less Deaths in the Period	0
Total Deferred Members as at 31 March 2010	28

Pensions in Payment (Beneficiaries of the Fund)	Number in Category
Pensions in Payment 1 April 2009 – Members	27
Pensions in Payment 1 April 2009 - Dependants	10
Add Members Retiring in the Period	5
Less Deaths in the Period	0
Add New Dependants	0
Pensions in Payment as at 31 March 2010	42

The benefits payable during the year amounted to £373,651. Pensions in payment were increased by 5%. There was one ill health retirement during the period.

Preparation and Audit of Annual Accounts

Summary of Financial Information

Total Fund at 1 April 2009	£ 9,165,173	
What Went Into the Fund	2009-2010	2008 – 2009
Consolidated Fund Contributions	1,199,276	1,160,724
Contributions from Members/Office Holders	483,461	308,160
Transfers in from other schemes	NIL	NIL
Additional Voluntary Contributions	24,175	24,702
Investment Income	NIL	NIL
Change in Market Value of Investments	4,017,563	(2,010,456)
Total	£5,724,475	(£516,870)

What Went Out of the Fund		
Benefits Payable	373,651	323,013
Transfers out of the Scheme	NIL	100,024
Administrative Expenses	6,255	6,391
Advisory Fees	5,882	13,536
Actuarial Expenses	31,566	48,383
Investment Management Expenses	50,608	38,339
Interest Payable	NIL	NIL
Miscellaneous	1,125	2,518
Total	£ 469,087	(£532,204)
Total Fund at 31 March 2010	£ 14,420,561	

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 2010 including the attached Investment Report and Compliance statement is approved on behalf of all the Trustees by:



David McClarty MLA
Chairman of Trustees

Assembly Members' Pension Scheme (Northern Ireland) 2008 Report of the Actuary for Accounting Year ended 31 March 2010

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 2009/2010 (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 2010, there were 108 members accruing benefits under the Assembly Members' Pension Scheme (NI) 2008, including 54 Office Holders. Pensionable payroll for the financial year 2009/2010 was approximately £5¼ million. There were 42 pensions in payment as at 31 March 2010 (including six pensions payable to dependants and four children's pensions). In addition, there were 28 former members of the Assembly entitled to deferred benefits at the accounting date.

C. Results

The capitalised value as at 31 March 2010 of expected future payments under the AMPS (NI) 2008, for benefits accrued in respect of service prior to 31 March 2010, has been assessed using the methodology and assumptions set out in Sections E and F below. The results are as follows:

Value of Liabilities	£ Million
Pensions in Payment	4.3
Deferred Pensions	2.8
Active Members (Past Service)	<u>13.9</u>
Total	21.0
Market Value of Assets	14.0
Shortfall of Assets to Liabilities	(7.0)
Funding Level	67%

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 9.4% of pay. The Consolidated Fund meets the balance of the cost of the benefits. The total cost of benefits accruing in the year 2009/2010 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)	27.7%
Members' Contribution Rate (average)	9.4%
Employer's share of standard cost	18.3%

In addition, a further ½% of pay is assessed as being required to cover the expense of running the Scheme.

The actual standard contribution rate paid by the employer during 2009/10 was 19.9% of pensionable salary, plus a further ½% to cover the expense of running the Scheme. This rate is higher 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 2009/10 accounts year, the current market yield was higher than the expected long term real yield (viz 3.8% as against 3.5%), and this results in a lower contribution rate being disclosed in the Scheme's accounts. (It is noteworthy that the reverse position will be applicable for financial year 2010/2011, because the discount rate will be 1.8% as against 3.5%).

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 2009/2010.

E. Methodology

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

F. Assumptions

The principal financial assumptions adopted for the pension assessments made in relation to this statement are in accordance with the FReM for funded pension schemes in the public sector in the UK (akin to IAS19). At 31 March 2009, the discount rate in excess of price increases was prescribed as 3.8% p.a., and this rate is used to determine the accruing cost for 2009/2010. However, with effect from 31 March 2010, the discount rate for pension liabilities has reduced to 1.8% p.a. (reflecting the fall in real yields experienced in the bond markets), and this rate is used to determine the value of the liabilities. The demographic assumptions adopted for the assessments are derived from other similar public service pension schemes, but adapted to take account of the specific characteristics of this scheme.

G. Notes

- (1) Sections C and D of this Statement are based on valuation data provided as at 31 March 2010. 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.



D G Ballantine
Government Actuary's Department

10 May 2010

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.

Northern Ireland Assembly Members' Pension Scheme

Investment Managers Report for the Year Ending 31 March 2010

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 Plan 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	31.03.10 %	31.12.09 %
Specialist UK Equity	38.5	42.1
North America Equity Passive	10.5	10.1
Europe (ex-UK) Equity Passive	13.5	15.0
Japan Equity Passive	6.6	5.1
Pacific Basin (ex-Japan) Equity Passive	8.1	8.8
Emerging Markets	2.0	2.2

Fund	31.03.10 %	31.12.09 %
Long Dated Corporate Bond	13.3	10.6
Long Term Gilt	7.5	6.1
Total	100.0	100.0

Source: M&G

Review of Investment Markets

All of the major economies emerged from recession during the 12 months under review, albeit some only barely. In the West, the recovery remained tentative as both households and corporations strove to reduce their dependence on borrowing. Hence, in these countries, fiscal policy and interest rates remained accommodative amid fears that an early reversal of these stimulus measures might lead to a double-dip recession. However, in the Pacific Basin, where growth had been far more resilient, the authorities started to tighten monetary policy to offset rising inflationary pressures.

Equity investors experienced extremely strong returns as investors' risk appetite surged following increasing evidence that the extraordinary measures employed by central banks and governments had staved off the worst global recession since the 1930s. Equities were also helped by company profits which tended to surprise on the upside, mostly due to effective cost cutting rather than rising sales volumes.

Markets in the Pacific Basin led the charge, boosted by China where growth remained robust, although Japan lagged undermined by the country's return to deflation and the strength of the yen which hurt exporters. Miners were the best performing sector, buoyed by a doubling in the price of some base metals on expectations of stronger global growth. Corporate bonds also produced strong returns as fading risk aversion led to a sharp contraction in credit spreads.

In comparison, government bonds had a disappointing 12 months, ending the period with barely positive returns. Despite support from the exceptionally low level of interest rates and quantitative easing measures which resulted in government bond buy-backs, the issues raised by ballooning levels of government borrowing grew in significance as the period advanced. As credit rating agencies warned that countries with large budget deficits were at risk of downgrade, financial markets penalised countries, such as Greece, which failed to demonstrate that they were prepared to take tough decisions to reduce their borrowing levels.

Commercial property prices also staged a recovery over the 12 months under review, driven by increasing investor interest coupled with limited supply of stock although they underperformed the returns generated by both equities and corporate bonds.

Performance

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

Fund	Performance to 31/03/10 (Annualised) %		
	1 year	2 years	3 years
Benchmark			
NI Assembly Members' Pension Scheme	45.5	8.8	n/a
Composite Scheme Benchmark	42.2	6.5	n/a

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

- The **Specialist UK Equity Fund** invests in shares of UK companies. The fund is actively managed against its performance benchmark of the FTSE All-Share Index. The fund follows a focused and pro-active approach, working with around 50 companies from the FTSE 350 Index and around 30 smaller companies going through changes in their business which offer the prospect of strong growth in value to shareholders and where the manager believes the market has not recognised their potential.
- The fund's robust return of 56.8% over the 12 months under review reflected the considerable improvement in investor sentiment which followed evidence that the extraordinary measures used to stimulate economic growth were starting to work. Against this background the fund significantly outperformed its benchmark, which returned 52.3%. Although a relatively light exposure to financials held back returns slightly, this was more than offset by a strong contribution from stock selection.
- Holdings in miners African Minerals, First Quantum Minerals and Coal of Africa featured among the largest contributors as they benefited from investors' increasing optimism about the outlook for global demand. Software engineering firm Invensys also helped, as did energy provider Aggreko. However, Bank of Ireland was one of the largest detractors due to the dire state of the Irish economy and uncertainty over government funding.

- 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's very robust return of 92.9% over the 12 months under review reflected the considerable improvement in investor sentiment which followed evidence that the extraordinary measures used to stimulate economic growth were starting to work. Against this background the fund significantly outperformed its benchmark, which returned 71.6%, helped by good stock selection across different countries and a broad range of sectors.
- Rising raw materials prices boosted many of the fund's holdings. Mexican engine parts manufacturer Alfa was the largest contributor, closely followed by Brazilian pulp maker Votorantim and metals producer Grupo México. Other stocks that added value included Singaporean commodities trader Noble Group and Canadian diversified mining and oil & gas business Sherritt International. Meanwhile, Korean online role-playing game designer NCSoft also outperformed on hopes that new product launches would increase sales.

- 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 robust return of 21.5% over the 12 months under review, slightly ahead of the benchmark's return of 21.4%. Corporate bonds rebounded strongly as investors' appetite for risk increased in response to the improving economic environment and better-than-expected company profits. This resulted in a significant narrowing of the excess yield offered by corporate bonds relative to government debt.
- Stock selection helped to drive the fund's return over the period, especially within the non-financial and pub sectors. The fund's holdings of floating rate asset-backed bonds were one of the major contributors, supported by a recovery in the European residential and commercial property markets. However, a slight preference for UK government bonds over supranational bonds held back performance marginally in early 2010 amid concerns of a possible sovereign default in peripheral Europe.

- 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 **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 small number of stocks 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 small number of 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 2010 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 2010 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 Resources 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 2010 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 Resources 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 21 September 2010 by:

The image shows two handwritten signatures in black ink. The signature on the left is 'David McClarty' and the signature on the right is 'Jim Wells'. There is a small horizontal line between the two signatures.

David McClarty MLA
Chairman of the Trustees

Jim Wells MLA
Trustee

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 2010 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 applicable law and 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 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 2010 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 2010, 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.

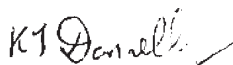
Matters on which I report by exception

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.

Report

I have no observations to make on these financial statements.



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

24 September 2010

Fund Account for the year to 31 March 2010

	Note	2009-2010	2008-09
Contributions and Benefits			
Contributions receivable	3	1,706,912	1,493,586
Individual transfers in from other schemes		0	0
		1,706,912	1,493,586
Individual Transfers paid to other schemes		0	(100,024)
Benefits payable	4	(373,651)	(323,013)
Other Payments	5	(1,125)	(2,518)
Administrative expenses	6	(44,335)	(68,310)
		(419,111)	(493,865)
Net additions from dealings with members		1,287,801	999,721
Returns on Investments			
Change in market value of investments	7	4,017,563	(2,010,456)
Investment management expenses	9	(50,608)	(38,339)
Net returns on Investments		3,966,955	(2,048,795)
Net Increase/(decrease) in the Fund During the period		5,254,756	(1,049,074)
Net Assets of the Fund at 1 April		9,165,173	10,214,247
At 31 March		14,419,929	9,165,173

The notes on pages 21 to 24 form part of these accounts.

Net Assets Statement as at 31 March 2010

	Note	2010 £	2009 £
Investments			
Managed Fund	7	14,235,115	8,951,608
AVC Investment	7	178,699	123,172
Net current assets / (liabilities)	10	6,115	90,393
Net Assets of the Fund as at 31 March		14,419,929	9,165,173

The notes on pages 21 to 24 form part of these accounts.
 These financial statements were approved on behalf of the Trustees
 on 21 September 2010 by:



David McClarty 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 2010 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

	2009-10 £	2008-09 £
Exchequer contributions:		
Normal	1,199,276	1,160,724
Members' contributions:		
Normal	483,461	308,160
Additional Voluntary contributions (AVCs)	24,175	24,702
	1,706,912	1,493,586

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

Benefits payable

4

	2009-10 £	2008-09 £
Pensions	210,894	169,131
AVC Benefits	17,940	0
Lump sum payable on retirement	144,817	153,882
Lump sum payable at age 75	-	-
Lump sum payable on death	-	-
	373,651	323,013

Other Payments

5

	2009-10 £	2008-09 £
Miscellaneous	1,125	2,518
	1,125	2,518

Administrative expenses

6

	2009-10 £	2008-09 £
Actuarial fees	32,198	48,383
Administration Costs	6,255	6,391
Advisory Fees	5,882	13,536
	44,335	68,310

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

Investments

7

	Value at 31 March 2009 £	Purchases at cost £	Sales £	Retirements Benefits Paid £	Change in Market Value £	Management Charges £	Value at 31 March 2010 £
M&G Investments	8,951,608	1,365,441	-	-	3,968,674	(50,608)	14,235,115
AVC Investments	123,172	24,577	-	(17,939)	48,889	-	178,699
	9,074,780	1,390,018	-	(17,939)	4,017,563	(50,608)	14,413,814

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)

- 8 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 2010 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

- 9 The management fee paid to M&G Investments Ltd was £50,608. 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 / (Liabilities)

10

	2009-10 £	2008-09 £
Current assets		
Contributions and benefits:		
Contributions due	1,914	125,020
Balance at bank	4,201	-
Prepayments	-	-
	6,115	125,020
Current liabilities		
Administrative expenses:		
Pension Arrears due	-	(535)
Balance at Bank	-	(10,302)
Other Advisory Fees	-	(6,652)
Actuarial fees	-	(13,934)
Other Expenses	-	(3,204)
	-	(34,627)
Net current assets / (liabilities)	6,747	90,393

Related party transactions

- 11 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 14.



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

and available from:

Online

www.tsoshop.co.uk

Mail, Telephone, Fax & E-mail

TSO

PO Box 29, Norwich, NR3 1GN

Telephone orders/General enquiries: 0870 600 5522

Fax orders: 0870 600 5533

E-mail: customer.services@tso.co.uk

Textphone 0870 240 3701

TSO@Blackwell and other Accredited Agents

Customers can also order publications from:

TSO Ireland

18-22 Arthur Street, Belfast BT1 4GD

Telephone: 028 9023 8451

Fax: 028 9023 5401

£7.00

Printed in Northern Ireland by The Stationery Office Limited
© Copyright Northern Ireland Assembly Commission 2010

ISBN 978-0-339-60350-9

