

Presented pursuant to Parliamentary and other pensions Act 1972, c.48, Schedule 1

Parliamentary Contributory Pension Fund Accounts 2005-2006

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Foreword

Legislation relating to the Fund

- 1964** The forerunner of the current scheme, the Members' Contributory Pension Fund, was set up under the Ministerial Salaries and Members' Pension Act 1965. This was intended to provide for the payment of pensions to ex-Members of Parliament who had attained 65 years of age and who had not less than 10 years reckonable service and, subject to certain conditions, to the widows, widowers, and children of deceased pensioner Members.
- 1972** The Fund was reconstituted as the Parliamentary Contributory Pension Fund under the Parliamentary and Other Pensions Act 1972. The Act also restructured the pension provisions for Members of the House of Commons on the lines of public sector pension schemes and established a similar contributory pensions scheme for the holders of certain Ministerial and other offices; the Pension (Increase) Act 1971 also became applicable to pensions in payment with effect from 1 December 1972. Similar increases are now effected under Section 59 of the Social Security Pensions Act 1975 (as amended).
- 1993-1999** The legislation that governs the Fund was largely consolidated in the Parliamentary Pensions (Consolidation and Amendment) Regulations 1993, with amending Statutory Instruments issued in December 1993 (introducing the AVC scheme), July 1995 and September 1996 (both concerning SSRB changes), April 1999 (Amending the AVC scheme) and August 1999 (adding a Pensioner Trustee)
- 2000-2001** SI 2001 No. 835 removed the need for a Custodian Trustee. SI 2001 No. 2649 introduced Pensions Sharing regulations which were retrospectively effective from 1 December 2000.
- 2002-2003** 15 July 2002 SI 2002 No. 187 was laid before Parliament introducing certain changes to the scheme, specifically a change in the accrual rate from 1/50th to 1/40th. The SI provided that:
- i active members would accrue pensions at 1/40th and members' contributions would increase from six to nine per cent from 15 July 2002;
 - ii active members had until 31 December 2002 to opt to backdate contributions and accrual rate increases to 5 July 2001; and
 - iii active members had until 31 December 2002 to opt out of the increases, and remain with six per cent contributions and 1/50th accrual rate.
- 2004-2005** During the last accounting year the following changes to the PCPF were agreed:
- Pensions for unmarried and same sex partners and the continuance of pensions to widow/ers who remarry or cohabit were introduced without incurring any cost to the Treasury;
- a The Members' contributions for 1/40th accrual was increased by one per cent of pay to 10 per cent of pay, back dated to 1 April 2004;
 - b The favourable terms for early retirement of long serving Members was altered so that by 2009, or the General Election after next if later, all early retirement will be on a cost neutral basis. Current Members will retain their rights earned to the date of change if, by the date of change they have fulfilled the necessary service requirement.
- SI 2005 No 887 laid before Parliament on 23 March 2005 incorporated these changes to the PCPF.

Other changes have been made such that

- i service in the Scottish Parliament, the National Assembly for Wales and the Northern Ireland Assembly will count towards the qualifying period for an early retirement pension (except where the service is concurrent with membership of the House of Commons);
- ii the Principal Regulations were amended to provide an exception to the abatement requirements in respect of pension. Former Members of the House of Commons who become paid office holders in the House of Lords will not have their pension abated. However, abatement will still be applicable to any part of the pension earned as a paid office holder in the House of Commons;
- iii in case of Members dying on or after 1 April 2001, all dependant children will receive equal treatment in respect of benefits; and
- iv the lump sum death in service payment was increased from 3 x annual salary to 4 x annual salary.

2005-2006 The PCPF rules were altered to take account of the requirements of the Pensions Act 2004 and the Finance Acts 2004 and 2005. These changes were introduced in SI 2006 No 920 and laid before Parliament on 23 March 2006. The main changes were

- i the maximum tax free cash on commutation increased to 25 per cent of the total value of benefits;
- ii Members over 75 at 5 April 2006 were given the option to take their tax free cash prior to 6 April 2006 but with the pension abated until they leave the House;
- iii Members reaching the age of 75 after 6 April 2006 will be given the option to take tax free cash just before their 75 birthday and abating the pension until they leave the House;
- iv Corresponding changes were made to the death benefits for those over age 75 at the date of death;
- v The maximum contribution for Added Years was increased to 10 per cent of salary with no restriction on those who might reach maximum benefits by age 65;
- vi The maximum contribution to AVCs was increased to the HMRC limit
- vii Up to 25 per cent of the AVC Fund may be taken as tax free cash (within the Lifetime Allowance) at retirement;
- viii Provision has been put in place for those who wish to exercise the Primary or Enhanced Protection afforded under the new legislation; and
- ix Transfers from personal pensions (including Stakeholder) and AVCs must be made within a year of joining the PCPF or 6 April 2007 if later

Trustees and Officers of the Fund

Number

There are nine Managing Trustees, eight of whom are serving Members of the House of Commons and one of whom is a pensioner Trustee.

Method of appointment

Trustees who are Members of the House of Commons are appointed by Resolution of the House in accordance with Section 1 of the 1972 Act.

The Pensioner Trustee is appointed in accordance with Regulation 2 of SI 1999 No. 2100

Trustees during the current accounting year

Sir John Butterfill FRICS MP (Chairman)
 Rt Hon Peter Lilley MP
 John Burnett MP (until 5 May 2005)
 Dr Howard Stoate MP
 Andrew Love MP
 Terry Rooney MP
 David Borrow MP
 Tony Colman MP (until 5 May 2005)
 Clive Betts MP (from 1 November 2005)
 Nick Harvey MP (from 1 November 2005)
 Rt Hon Lord Naseby PC (pensioner Trustee from 1 November 2005)

Secretary

Terry Bird, Department of Finance and Administration

Head of pensions

Carol Perry, Department of Finance and Administration (until 30 June 2006)

Other parties who held office in connection with the Fund during the current accounting year;

		Appointed by
Actuarial Advice	Government Actuary's Department; Scheme Actuary: Grant Ballantine	Section 3 1987 Act
External Auditor of annual accounts	Comptroller and Auditor General	Schedule 1 1972 Act/Regulations
Investment Advice	Mercer Investment Consulting Ltd	Trustees
Fund Management	MFS International (UK) Ltd Liontrust Investment Services Ltd Barclays Global Investors Ltd PIMCO (from 7 December 2005)	Trustees Trustees Trustees Trustees
Legal Advice	CMS Cameron McKenna	Trustees
Custodian	Bank of New York	Trustees
Third Party Administration and Fund accounting and payroll duties	STC Pensions Management Ltd	Trustees
AVC providers	Equitable Life Zurich (formerly Eagle Star)	Trustees

Preparation of annual accounts

Paragraph 16 of Schedule 1 to the 1993 regulations requires that annual accounts are prepared in accordance with a direction given by the Comptroller and Auditor General. The Fund is a public service pension scheme and as such exempt from the majority of the requirements of the 1995 Pensions Act including those relating to accounts. However, the accounts have been prepared, as far as appropriate, in accordance with the Statement of Recommended Practice (SORP), Financial Reports of Pension Schemes revised in 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 8.

Benefits payable

The main provisions of the scheme during the accounting period in question were

- an immediate pension of 1/40th or 1/50th of final salary for each year of service (depending on the contribution rate chosen by the Member) on retirement at age 65;
- a pension before age 65, subject to certain restrictions;
- an immediate pension on retirement at any time on the grounds of ill health;
- a widow/ers pension of 5/8ths of the Member's pension;
- 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 is more than one child);
- a lump sum death gratuity on death in service equal to 4 x salary, with provision for more than one nominee;
- transfer of pension rights (into and out of the scheme); and
- options to purchase added years, and/or contribute to an AVC scheme with an outside provider, subject to certain limits on overall contributions/benefits.

The number of beneficiaries from the Fund at 31 March 2006 were as follow

Categories	Number
Active Members	668
Deferred Pensioners	228
Pensioners	908

The benefits payable increased from £10,541,960 in 2004-2005 to £17,644,323 in 2005-2006.

Income

Income to the Fund is derived from three main sources

- b contributions from Members of Parliament and holders of qualifying office under the 1972 Act;
- c an Exchequer contribution paid from the House of Commons Supply Estimate under the 1972 Act;
- d investment income as detailed below.

In addition, transfers of pension benefits into the Fund amounted to £1,625,151 in 2005-2006 (£367,314 in 2004-2005).

During the accounting period in question Members and Office-holders contributed either 6 per cent or 10 per cent of their salaries, depending on their chosen accrual rate. The Exchequer Contribution for 2005-2006 was 24 per cent of salaries for the basic scheme for MPs and 24 per cent for the supplementary scheme for Ministers and Office Holders.

Investment details and performance

The Pensions Act 1995, Section 35, requires that the Trustees of pension Funds prepare and maintain a Statement of Investment Principles. Whilst the Fund is exempt from this requirement, the Trustees have decided to produce this document in order to comply with best practice for Funded schemes.

The Statement covers such items 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 relevant advisors and in consultation with the Leader's Office.

An Investment Strategy Review of the Fund was completed in October 2002 by the Government Actuary's Department and the Treasury produced a paper for discussion with the Trustees. In February 2003, the Trustees agreed to accept the principle of a 60 per cent equity allocation and a 40 per cent bond allocation and have since resolved to move from the previous 80 per cent equity allocation over a period of three years with 60 per cent in equities, 30 per cent in bonds and 10 per cent in property.

After consultation with Mercer Investment Consulting Ltd it was agreed to appoint new investment managers. In order to ensure a smooth transition from the previous asset mix to the chosen portfolio, the Trustees appointed Barclays Global Investors Ltd on 27 November 2003 to manage the transitional portfolio. After further consideration the Trustees appointed Liontrust Investment Services Ltd, MFS International (UK) Ltd and Barclays Global Investors on 15 December 2003 to manage the assets of the Fund. The Trustees appointed PIMCO to manage the bond portfolio on 7 December 2005 and in addition have agreed to move a further 5 per cent of the Fund into property over the next year to make a total of 10 per cent held through a series of unit trusts.

The initial allocations to each Fund Manager were agreed as follows

Manager	Benchmark Proportion of Assets %	Mandate
Liontrust Investment Services Limited	15	UK Equity
MFS International (UK) Limited	15	UK Equity
MFS International (UK) Limited	15	Overseas Equity
Barclays Global Investors	15	Overseas Equity
Barclays Global Investors	35	Multi-Asset
Various Unit Trusts	5	Property
Total	100	

The 1972 Act empowered the Trustees of the Fund to invest in any investments 'whatsoever and wheresoever'. Fund Managers are required to manage the Fund's assets within the parameters set by the Statement of Investment Principles and each reports quarterly on their own performance. Russell Mellon produce overall reports on a quarterly basis, comparing the Fund Managers' performance against a background portfolio of major UK Pension Funds.

Investment income in 2005-2006 was £5,147.406 (66 per cent more than in 2004-2005).

The overall effect of the movements in pensions payable, income and investments was an increase of £66,500,969 in the Net Assets of the Fund during the year.

Actuarial position of the Fund

The Government Actuary's Report as at 1 April 2005 was laid before Parliament on 30 March 2006 and showed an increase in the deficit to £49.5 million. The report recommended that the Exchequer contribution rate payable in respect of both Members and Office Holders should increase to 26.8 per cent of salaries from 1 April 2006.

Annual Report

In order to comply with best practice reporting requirements as set out in the SORP, the Trustees have prepared an Annual Report, which incorporates, inter alia, a Trustees' Report, Investment Report and a statement on the compliance of the Fund with relevant laws and regulations. This provides fuller information on the Fund than is provided by this Foreword. A copy of the Report is sent to all active members, deferred members and pensioners of the Fund.

Contact address

Further information about the Fund or a copy of the Annual Report can be obtained from the Parliamentary Contributory Pension Fund Secretariat, Pensions Unit, Department of Finance and Administration, House of Commons, London SW1A 0AA.

Approved on behalf of the Trustees on 14 December 2006 by

Sir John Butterfill MP
Chairman of the Managing Trustees

Statement of Trustees' responsibilities

The Parliamentary Pension (Consolidation and Amendment) Regulations 1993 require the Trustees of the Fund to prepare annual 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 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 year.

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 judgments 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;
- prepare the financial statements on the going concern basis, on the presumption that the Fund 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 1993 Regulations. 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.

Statement on Internal Control

Scope of responsibility

This statement is given in respect of the accounts for the Fund. On behalf of the full body of Trustees we acknowledge our responsibility for ensuring that an effective system of internal control is maintained and operated in connection with the Fund. The Fund is a statutory scheme and operated within a legislative framework. Officials from the House of Commons' Department of Finance and Administration provide a full secretariat and administrative service to the Managing Trustees; accounting and payroll provision are dealt with by STC Pension Management Ltd and the Bank of New York acts as the Custodian.

The purpose of the system of internal control

The system of internal control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded and that material errors or irregularities are either prevented or would be detected within a timely period.

Capacity to handle risk

The system of internal control and risk management is based on a framework of regular management information, financial regulations, administrative procedures including segregation of duties, and a system of delegation and accountability.

The House of Commons, the Custodian and STC Pension Management Ltd are subject to review by internal audit units, which operate to Government Internal Audit Standards. The work of the internal audit unit is informed by an analysis of the risk to which these offices are respectively 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 executive managers within these offices who have responsibility for the development and maintenance of the control framework.

The risk and control framework

In particular, the risk and control framework includes

- all pensions awards are ratified by the Managing Trustees from information provided by the designated House of Commons' officers appointed by the Managing Trustees, and are reflected in the minutes of the Trustees' meetings;
- STC Pension Management Ltd makes payment of all awards;
- the Bank of New York is appointed International Master Custodian of assets directly held on the Trustees' behalf. Securities are registered in the name of the custodian's nominee name (wherever the local market permits) and identified as investments of the Fund. Cash with the Bank of New York is held in bank accounts held in the Fund's name. Regular reconciliations are performed with the active investment managers appointed by the Trustees;
- the Custodian of the assets underlying the pooled Funds in which the Trustees invest is appointed by Barclays Global Investors, the manager of the pooled Funds which include the Property portfolio held by UBS;
- separation of duties exists whereby responsibility for investment dealings and stock settlements is segregated between the Fund Managers and Custodian respectively;
- STC Pension Management Ltd and the Custodian perform regular reconciliations of the bank accounts that they control;

- separation of duties exists at STC Pension Management Ltd whereby the officer initiating a payment cannot authorise the production of the payable instrument or dispatch the instrument;
- password controls and authorisation levels are in operation within the operating systems of STC Pension Management Ltd, the Custodian, the House of Commons and the Managing Trustees; and
- the Managing Trustees have free access to all documents and records maintained by the Custodian and STC Pension Management Ltd.

Review of effectiveness

At the request of the Secretariat, a full external review of the Secretariat was commissioned during the Summer of 2005. This was undertaken by a specialist division of PriceWaterhouseCooper to review and examine all aspects of the administration, secretarial and governance roles undertaken by the Secretariat and the Pensions Unit of the House of Commons. It delivered its findings to the House of Commons Service in December 2005 and these were reported to the Trustees. Its recommendations will be progressively implemented.

Approved on behalf of the Trustees on 14 December 2006 by

Sir John Butterfill MP
Chairman of the Managing Trustees

The Certificate and Report of the Comptroller and Auditor General to the House of Commons

I have audited the financial statements of the Parliamentary Contributory Pension Fund for the year ended 31 March 2006 under the Parliamentary Pensions (Consolidation and Amendment) Regulations 1993. These comprise the Fund Account and the Statement of Net Assets of the Fund and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of Trustees and auditor

The Trustees are responsible for preparing the Foreword and the financial statements in accordance with the Parliamentary Pensions (Consolidation and Amendment) Regulations 1993. 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. I also report whether the financial statements contain the information specified in the Parliamentary Pensions (Consolidation and Amendment) Regulations 1993. I report to you if, in my opinion, the Foreword is not consistent with the financial statements, if the Parliamentary Contributory Pension Fund has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I review whether the statement on pages 9 and 10 reflects the Department's compliance with HM Treasury's guidance on the Statement on Internal Control, and report if it does not. I am not required to consider whether the Statement of Internal Control covers all risk and controls or to form an opinion on the effectiveness of the Fund's corporate governance procedure or its risk and control procedures.

I read the other information contained in the Foreword and consider whether it is consistent with the audited financial statements. This other information comprises only the Foreword. 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. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Trustees' in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Parliamentary Contributory Pension 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. In forming my opinion I 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 and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Fund year, and contain the information specified in the Parliamentary Pensions (Consolidation and Amendment) Regulations 1993; and
- 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 have no observations to make on these financial statements.

John Bourn
Comptroller and Auditor General

8 January 2007

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Victoria
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Fund Account for the year to 31 March 2006

	Notes	2006 £	2005 £
Contributions and benefits			
Exchequer contributions receivable	3	10,172,532	9,960,046
Members contributions receivable	4	4,228,071	4,181,336
Individual transfers in from other schemes	5	1,625,151	367,314
		16,025,754	14,508,696
Benefits payable	6	17,644,323	10,541,960
Payments to and on account of leavers	7	157,091	264,252
Administrative expenses	8	505,328	493,424
		18,306,742	11,299,636
Net (withdrawals)/additions from dealing with members		(2,280,988)	3,209,060
Returns on investments			
Investment income	9	5,147,406	3,433,091
Change in market value of investments	10	64,596,495	24,169,065
Investment management expenses	11	(961,944)	(934,477)
		68,781,957	26,667,679
Net increase in the Fund during the year		66,500,969	29,876,739
Net assets of the scheme as at 1 April		283,197,073	253,320,334
Net assets of the scheme as at 31 March		349,698,042	283,197,073

The notes on pages 15 to 21 form part of these accounts.

Net Assets Statement at 31 March 2006

	Notes	2006 £	2005 £
Investments at market value			
Fixed Interest securities	12	67,088,850	0
Index-linked securities	12	25,560,010	0
Derivatives	12	35,999,826	0
Equities	12	156,433,571	121,030,234
Pooled investment vehicles	12	114,398,167	149,940,397
		399,480,424	270,970,631
Cash deposits	12	(56,630,458)	2,744,917
Other investment balances	12	1,984,482	719,398
Additional voluntary contribution investments	13	2,417,675	2,433,224
		(52,228,301)	5,897,539
Net current assets	14	2,727,919	6,603,903
Provisions for liabilities and charges	15	(282,000)	(275,000)
Net assets of the scheme as at 31 March		349,698,042	283,197,073

These financial statements were approved by the Trustees on 14 December 2006.

Signed on behalf of the Trustees

Sir John Butterfill MP
Chairman of the Managing Trustees

The notes on pages 15 to 21 form part of these accounts.

Notes to the Financial Statements

a Basis of preparation

The accounts meet the accounting and disclosure requirements of the Statement of Recommended Practice (SORP) Financial Reports of Pension Schemes (revised November 2002).

The Financial Statements summarise the transactions of the Fund and deal with the net assets at the disposal of the Trustees. They do not deal with the 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 1 April 2005 and these financial statements should be read in conjunction with that report.

b Accounting policies

The principal accounting policies are

- a Normal contributions, contributions for the purchase of added years and additional voluntary contributions are accounted for in the year that they fall due.
- b Benefits are accounted for on the date that they fall due and refunds of contributions are accounted for when they are made.
- c 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.
- d All other expenditure is accounted for in the period to which it relates.
- e Investment income from fixed interest securities and other interest receivable is accounted for on an accruals basis. Investment income from other investments is accounted for when dividends are declared.
- f Investments are stated at market value

Quoted securities have been valued at middle market price at the close of business at the year end. The market value of unit trusts is taken as the average of the bid and offer process at the accounting date as advised by the investment manager.

The change in investment market values during the year includes profits and losses on investments sold as well as unrealised gains and losses in the value of investments held at the year end.

Funds invested to secure additional benefits are included in the Net Assets Statement as AVC investments and are stated at the value as advised by the provider on a going concern basis.

Purchases and sales of investments in overseas currencies are translated into sterling at the transaction date. Year end holdings of investments in overseas currencies are translated into sterling at the exchange rate ruling at the year end. Differences arising on translation are included in the change in market value of investments.

Financial instruments are marked to market at the year end and accounted for on an economic exposure basis.

- g Acquisition costs are capitalised within investment holdings in the Net Assets Statement.

3 Exchequer contributions receivable

	2006 £	2005 £
Exchequer contributions are received from the House of Commons Members' Supply Estimate		
Ministerial	1,354,696	1,405,286
Members of Parliament	8,817,836	8,554,760
	10,172,532	9,960,046

4 Members contributions receivable

	2006 £	2005 £
Ministerial	523,646	552,755
Members of Parliament	3,559,828	3,445,676
	4,083,474	3,998,431
Purchase of Added years	51,424	70,042
AVC's	93,173	112,863
Total contribution income	4,228,071	4,181,336

5 Individual Transfers in

Transfers in	1,625,151	363,489
AVC Transfers in	0	3,825
Total transfers in	1,625,151	367,314

6 Benefits payable

<i>Pensions</i>		
Retired members	9,310,411	7,505,269
Widows and widowers	2,566,202	2,347,199
Children	34,606	33,087
	11,911,219	9,885,555
Lump sum retirement benefits	4,799,118	426,465
Lump sum death benefits	709,140	229,940
AVC benefits payable	224,846	0
Total benefits payable	17,644,323	10,541,960

7 Payments to and on account of leavers

Transfers out	0	264,252
AVC transfers	157,091	0
	157,091	264,252

8 Administrative expenses

	2006	2005
	£	£
Managing trustees – secretariat	314,420	336,321
Third party administration fees	74,015	78,045
Actuarial fees	87,493	49,558
Audit fee	29,400	29,500
Total	505,328	493,424

Other administrative costs of the Managing Trustees' Secretariat are borne by the House of Commons Administration.

9 Investment income

	2006	2005
	£	£
Fixed interest securities	748,658	0
Index-linked securities	372,104	0
Derivatives	159,637	0
Equities	3,860,841	2,963,672
Pooled investment vehicles	328,765	306,092
	5,470,005	3,269,764
Interest on cash held on deposit	288,336	134,661
	5,758,341	3,404,425
Currency exchange (losses)/gains	(610,935)	28,666
	5,147,406	3,433,091

10 Changes in market value of investments

	2006	2005
	£	£
Net realised gain/(loss) for the year	30,583,833	3,876,072
Net unrealised gain for the year	33,739,447	20,161,228
Gains on investments during the year	64,323,280	24,037,300
Gains on AVC investments during the year	273,215	131,765
	64,596,495	24,169,065

11 Investment management expenses

	2006	2005
	£	£
Pimco	63,700	0
Liontrust Investment Services fee	133,368	110,600
MFS International fee	272,571	380,354
Barclays Global Investors fee	233,297	213,013
Bank of New York custodian fee	119,816	97,343
Investment consulting fees	126,123	120,307
Performance measurement services	13,069	12,860
	961,944	934,477

12 Investments

	Market value at 1 April 2005 £	Purchases at cost £	Sales proceeds £	Change in market value £	Market value at 31 March 2006 £
Fixed Interest	0	223,866,989	(156,814,855)	36,716	67,088,850
Index-Linked	0	59,896,741	(34,253,028)	(83,703)	25,560,010
Derivatives	0	241,621,637	(206,228,623)	606,812	35,999,826
Equities	121,030,234	77,047,936	(74,417,260)	32,772,661	156,433,571
Pooled Investment vehicles	149,940,397	44,310,570	(110,843,594)	30,990,794	114,398,167
	<u>270,970,631</u>	<u>646,743,873</u>	<u>(582,557,360)</u>	<u>64,323,280</u>	399,480,424
Cash deposits	2,744,917				(56,630,458)
Outstanding dividend entitlements, Unit trust rebates and recoverable with-holding tax	719,398				1,984,482
	<u>274,434,946</u>				344,834,448

	2006 £	2005 £
Fixed interest securities		
UK public sector quoted	33,216,919	0
UK quoted	7,935,127	0
Overseas public sector quoted	7,966,970	0
Overseas quoted	17,969,834	0
	<u>67,088,850</u>	<u>0</u>
Index-linked securities		
UK public sector quoted	25,560,010	0
Derivatives		
UK bond futures	3,617,170	0
UK bond options	(64,000)	0
UK SWAPS – interest rate	606,399	0
UK SWAPS – credit defaults swaptions	8,722	0
Overseas bond futures	(1,346)	0
Overseas bond options	31,418,167	0
Overseas swaps – interest rate	(6,333)	0
Overseas swaps – credit default	420,833	0
	<u>214</u>	<u>0</u>
	<u>35,999,826</u>	<u>0</u>

	2006 £	2005 £
Equities		
UK quoted	105,755,971	81,578,149
Overseas quoted	50,677,600	39,452,085
	<u>156,433,571</u>	<u>121,030,234</u>
Pooled investment vehicles		
Unit trusts		
UK – property	25,283,933	12,040,711
UK – other	31,487,366	76,332,167
Overseas – other (UK registered)	57,626,868	61,567,519
	<u>114,398,167</u>	<u>149,940,397</u>
Cash balances		
Interest earning cash deposits	14,781,861	2,586,625
Cash due from broker	35,277,329	493,762
Cash due to broker	(71,860,842)	(335,470)
Cash backing open ended bond futures	(34,828,806)	0
	<u>(56,630,458)</u>	<u>2,744,917</u>

13 Additional Voluntary Contributions (AVC's)

The Trustees are responsible for administering an AVC Scheme whereby participants in the Fund may make contributions to secure additional benefits to those provided by the Pension Scheme. These contributions are invested separately from the Fund, with outside providers (Equitable Life and/or Zurich) securing additional benefits on a money purchase basis for those members electing to pay AVCs. Members participating in this arrangement receive an annual statement confirming the amounts held to their account and the movements in year. The aggregate movements and amounts of AVC investments are as follows

	2006 £	2005 £
AVC investments as at 1 April	2,433,224	2,184,771
AVC contributions (net of withdrawals)	93,173	112,863
AVC transfers in	(157,091)	3,825
AVC benefits	(224,846)	0
Gains on AVC investments	273,215	131,765
AVC investments as at 31 March	<u>2,417,675</u>	<u>2,433,224</u>
Market value of AVC investments by provider		
Equitable Life	1,590,562	1,688,059
Zurich	827,113	745,165
	<u>2,417,675</u>	<u>2,433,224</u>

Investments are held in a range of With Profits, Unit-Linked and Building Society Funds.

14 Net current assets

	2006 £	2005 £
Current assets		
<i>Contributions and benefits</i>		
Contributions	1,187,116	1,267,314
Contributions for added years	4,098	4,521
	<u>1,191,214</u>	1,271,835
Other	0	53,384
Balance at bank	3,017,946	6,449,008
	<u>4,209,160</u>	<u>7,774,227</u>
Current liabilities		
Pensions	(763,456)	(617,182)
Administrative expenses	(128,202)	(145,440)
Investment management expenses	(498,549)	(399,970)
Other	(91,034)	(7,732)
	<u>(1,481,241)</u>	<u>(1,170,324)</u>
Net current assets	<u>2,727,919</u>	<u>6,603,903</u>

15 Provision for liabilities and charges

A provision has been established to reflect the amount of deferred Guaranteed Minimum Pension (GMP) owed to a group of Members who have received pensions from the Fund. No payments were made during the year. The increase in the provision is due to additional interest due on the payments.

	2006 £	2005 £
Balance at 1 April	275,000	416,000
Provision (charged)/released in year	7,000	(141,000)
Balance at 31 March	<u>282,000</u>	<u>275,000</u>

16 Related party transactions

The Secretary to the Managing trustees also works for the Department of Finance and Administration who operate the House of Commons Members Supply Estimate and he is therefore regarded as a related party. The House of Commons Members Supply Estimate provides an Exchequer contribution taking into account recommendations by the Actuary.

Other than the related party transactions disclosed above, none of the Trustees, key management staff nor any related party has undertaken any material transactions with the Fund during the year.

17 Employer Related Investments

There were no employer related investments during the period

18 Concentration of investment

The Fund held the following investments, which had a value exceeding 5 per cent of the total value of net assets as at 31 March 2006.

	Market Value 2006	% of Net Assets 2006	Market Value 2005	% of Net Asset 2005
Pooled investment vehicles				
Unit trusts – Overseas – Other (UK registered)				
Ascent Life European Equity Fund	£19,924,902	5.7	£14,379,573	5.1

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