

National Assembly for Wales
Members' Pension Scheme

Annual Report and Accounts

1 April 2008 - 31 March 2009



The National Assembly for Wales is the democratically elected body that represents the interests of Wales and its people, makes laws for Wales and holds the Welsh Government to account.

National Assembly for Wales
Members' Pension Scheme

Annual Report and Accounts

1 April 2008 - 31 March 2009



Contents

**THE TRUSTEES' REPORT FOR THE PERIOD ENDING 31 MARCH 2009 TO
THE MEMBERS OF THE NATIONAL ASSEMBLY FOR WALES MEMBERS'
PENSION SCHEME**

THE INVESTMENT REPORT

ACTUARY'S STATEMENT

STATEMENT OF TRUSTEES' RESPONSIBILITIES

STATEMENT OF CONTRIBUTIONS

STATEMENT OF AUDITOR GENERAL FOR WALES ABOUT CONTRIBUTIONS

STATEMENT ON INTERNAL CONTROL

CERTIFICATE OF THE AUDITOR GENERAL FOR WALES

PENSION SCHEME ACCOUNTS

COMPLIANCE STATEMENT

THE TRUSTEES' REPORT FOR THE PERIOD ENDING 31 MARCH 2009 TO THE MEMBERS OF THE NATIONAL ASSEMBLY FOR WALES MEMBERS' PENSION SCHEME

Legislative Background to the National Assembly for Wales Members' Pension Scheme

The National Assembly for Wales Members' Pension Scheme was set up under section 18 of the Government of Wales Act 1998. Section 20 (4) of and Schedule 11 to the Government of Wales Act 2006 provides continuity for the Scheme. The Government of Wales Act 2006 has not affected the legal status of the Scheme.

During the year there were the following amendments to the Scheme Rules approved by the National Assembly for Wales Commission on 14 January 2009;

Additional Office Holders – Rule C2(3):

- Government Chief Whip
- Chairs of Committees who are entitled, under any determination made under Standing Order 1.7, to an additional office-holder's salary by virtue of that office
- Commissioners other than the Presiding Officer
- Opposition Chief Whip provided that person also holds the office of Business Manager of the political group in question.

Office Holders now are: the Presiding Officer; the Deputy Presiding Officer; the First Minister; Welsh Ministers; the leader of the largest political group without an executive role; Subject Committee Chairs; Audit Committee Chair; Deputy Welsh Ministers; Counsel General; Leaders of Opposition Parties other than the Largest; Government Chief Whip; those Chairs of Committees who are entitled, under any determination made by Standing Order 1.7, to an additional office-holder's salary by virtue of that office; Members of the Assembly Commission (other than the Presiding Officer); and Opposition Chief Whip (if that person also holds the office of Business Manager of the political group in question).

Pensioner Trustee – Schedule 1 Rule B2

- That at any time one of the six Trustees shall be a pensioner in so far as there are individuals willing to present themselves for nomination, selection and appointment to that role.

This amendment was to bring the Scheme in line with industry best practice and three pensioner members were nominated for the Pensioner Trustee role.

A ballot among the pensioner membership was required and the successful candidate was Dafydd Wigley who will serve as the Pensioner Trustee for four years.

Aim of this Report

The Scheme is exempt from the requirement as laid down in the Occupational Pensions Schemes (Disclosure of Information) Regulations 1996 to prepare a report and audited accounts within 7 months of the end of the accounting year.

It is the intention of the Trustees to comply with the spirit of this legislation by disclosing relevant information, including actuarial and accounting details, to all members of the Scheme within 3 months of the date of certification of the audited accounts in accordance with Schedule 1 paragraph 13 of the Scheme Rules.

Trustees

The Trustees for the year were:

Alun Cairns AM	(Chair – Resigned 15 January 2009)
Eleanor Burnham AM	(Resigned 4 February 2009)
Rosemary Butler AM	(Appointed 4 June 2008)
Carwyn Jones AM	(Appointed 4 June 2008)
Mohammad Asghar AM	(Appointed 4 June 2008)
Dafydd Wigley	(Appointed 14 January 2009 as Pensioner Trustee for a fixed 4 year term)

At the date of approval of the annual report, the Trustees were:

Rosemary Butler AM (Interim Chair)
Carwyn Jones AM
Mohammad Asghar AM
Dafydd Wigley Pensioner Trustee
Michael German AM (Replaced Eleanor Burnham 3 June 2009)
William Graham AM (Replaced Alun Cairns 3 June 2009)

Scheme Administration

The day to day running of the Scheme is carried out by the Scheme Secretariat within the National Assembly for Wales Commission's Financial Services.

Any queries about pensions or any further information required should be sent to the Secretariat at the following address:

National Assembly For Wales Members' Pension Scheme
Financial Services
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA
Tel: 02920 898809/898956
Fax: 02920 898059
e-mail: liz.calder@wales.gsi.gov.uk
roger.beale@wales.gsi.gov.uk

Income of the Fund

The income of the Fund is derived from the following sources; contributions from active members and from the National Assembly for Wales (the Assembly) as employers.

Members and Office-holders contribute 10% of their salaries if they accrue benefits on a fortieths basis and 6% of their salaries if they accrue benefits on a fiftieths basis. The Assembly, as the employer, contributes 23% of pensionable salaries for both the basic scheme and the Office Holders' scheme. These rates have been in effect since 1 April 2006 following the second triennial valuation as at 1 April 2005.

Actuarial Valuation

The Scheme Actuary is required to make a report on the general financial position of the Fund every three years and to make recommendations on the future rate of the Assembly's contribution. The third triennial valuation was completed as at 1 April 2008, and the report was laid on 13 May 2009, in accordance with the Scheme rules.

The statement from the Actuary dated 26 March 2009 recommended a contribution rate of 23.8% of Members' pensionable salary with effect from 1 April 2009. This rate represents the amount required to meet the balance of cost of the Scheme, having regard to the benefits and to the contributions payable by Members and takes into account both future and past service.

The subsequent certificate dated 29 May 2009 (at pages 11 & 12) confirms the adequacy of the Assembly's contribution of 23.8% for the coming year. The current funding level is adequate to meet current benefits. These statements are based on the Scheme's assets and liabilities at the valuation date. These statements fully comply with the requirements of the Institute of Actuaries and Faculty of Actuaries Guidance Note GN9.

Membership

Active Members

Active Members at 1 April 2008	60	<i>(Of which Office Holders 40)</i>
<i>add:</i> New entrants in the year	0	
<i>less:</i> Leavers in the year	0	
Retirements in the year	0	
Death in Service	<u>0</u>	

Active Members at 31 March 2009 **60**

Deferred Members

Deferred Members at 1 April 2008	16
<i>add:</i> Members leaving with deferred rights	0
<i>less:</i> Members taking up deferred rights	<u>(1)</u>

Deferred Members at 31 March 2009 **15**

Pensioners in Payment

Pensioners in payment at 1 April 2008	15
<i>add:</i> Members retiring in year	1
<i>add:</i> Members taking up Deferred Rights	0
<i>add:</i> New Dependants	0
<i>less:</i> Deaths in year	<u>0</u>

Pensioners in Payment at 31 March 2009 16

Payments from the scheme during the year are disclosed in Note 5 to the accounts. Pensions in payment as at 7 April 2008 were increased by 3.9% in accordance with The Pensions Increase (Review) Order 2008.

Preparation and Audit of Annual Accounts

The accounts are prepared in accordance with the Statement of Recommended Practice (SORP), Financial Reports of Pension Schemes (revised May 2007), as far as is appropriate.

These accounts are prepared by officials of the National Assembly for Wales Commission, on behalf of the Trustees, and audited by the Auditor General for Wales. They are prepared and audited under Sections 41 (1) and (6) of the Pensions Act 1995 and in accordance with SI 1996/1975 Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations.

The audited accounts are expected to be laid before the Assembly within 3 months of the Auditor's Statement being signed and subsequently published.

Copies of these accounts are available from the Secretariat on request.

Summary Financial Information

Income during the period was £1,314,035 (2007-2008 £1,274,862), and Scheme expenditure £146,029 (2007-2008 £167,656). The net assets of the Scheme at 31 March 2009 were £10,513,353 (2007-2008 £11,350,332).

During the period a total of £197,838 was remitted to the Fund Managers for investment in the Baillie Gifford Index Linked Pension Fund. This followed a review of investment policy by Trustees and was undertaken with advice from the Scheme's actuary. No additions were made to the Baillie Gifford Managed Pension Fund during the year. The total market value of the Funds invested at 31 March 2009 was £8,672,912 (2007-2008 £10,516,278).

As at 31 March 2009 a total of £1,750,062 (31 March 2008 £681,832) was held on deposit with the Scheme's bank earning interest based on the prevailing money market rates. This cash is held for both self insurance purposes and pending further investments decisions by Trustees.

Investments

All investments are in holdings that are permitted by the regulations of the Scheme and not prohibited by the Trustees.

The size of the scheme's assets is not sufficient to allow a widely diversified portfolio of investments were the assets to be invested directly in bonds, stocks and shares. Therefore, until the assets have become sufficiently large, the Trustees believe that the most effective way of investing with suitable diversification and at a reasonable cost is to use unit trusts or open ended investment companies ('OEICs').

The Trustees expect the investments to deliver a return that is median or better for their sector when measured against similar pooled pension fund investments. It is also anticipated that the investment returns should exceed price inflation by a sufficient margin that the scheme's benefits can be provided in accordance with the actuarial calculations for the scheme.

Investment Policy

The Investment Policy for the National Assembly for Wales Members' Pension Scheme is determined by the Trustees, and is reviewed from time to time. The policy in force at 31 March 2009 is set out in the Statement of Investment Principles, which has been adopted by the Trustees and is available to Members on request from Scheme Secretariat. The policy does not allow for any employer-related investment.

During the year the Trustees reviewed the Scheme's investments and continued to invest 15% of regular contributions in to the Baillie Gifford Index Linked Pension Fund. The balance of contributions was held as cash pending a full review of the Scheme's investments

The performance objectives for the investment funds is as follows:

Baillie Gifford Managed Pension Fund – to outperform the CAPS median Balanced Pooled Fund by 1.0-1.5% p.a. gross over rolling 3 year periods.

Over the last 5 years the Managed Pension Fund has achieved an annual rate of return of 3.7% against a benchmark performance of 3.2%

Baillie Gifford Index Linked Pension Fund – to outperform by 0.75% p.a. gross the return on the FT-Actuaries over 5 years Index Linked Gilt Index over rolling 3 year periods.

Over the last 5 years the Index Linked Pension Fund has achieved an annual rate of return of 5.2% against a benchmark performance of 5.5%

Investment Manager

The Trustees have appointed Baillie Gifford Life Ltd as Fund Managers for the National Assembly for Wales Members' Pension Scheme and the Trustees have delegated the responsibility for investment management to them.

Investments are made through a Baillie Gifford Life Limited pension policy. The main feature of the policy is that the benefits obtained are entirely dependent on the investment performance of the assets of the Fund.

Baillie Gifford Life Limited is paid a management fee based on a percentage (0.45% for the Managed Pension Fund and 0.25% for the Index Linked Pension Fund) of the total market value of the funds per annum, which is deducted from the value of the Funds each month.

All the assets within the unit linked funds that Baillie Gifford Life Limited operate are owned by an insurance company Baillie Gifford Life and are registered in the name of Baillie Gifford Life.

The Scheme does not have a custodian as it invests in units in a life policy which does not require a custodian. The custodian for Baillie Gifford Life Limited is as follows:

Bank of New York
One Canada Square
LONDON
E14 5AL

An investment report concerning the investment policies during the year and a review of the investment performance of the Fund during the year and the nature, disposition, marketability and security of assets is reported on pages 7 to 10. The market value of the Managed Fund as at 31 March 2009 was £7,712,853 a loss of £2,023,501 over the year whilst the market value of the Index Linked Pension Fund as at 31 March 2009 was £960,059 a loss of £17,703, as disclosed in Note 7 of the accounts.

**William Graham Assembly Member
Chair of the Trustees**

**Rosemary Butler Assembly Member
Trustee**

(On behalf of the Trustees)

Date: 12 October 2009

National Assembly for Wales Members' Pension Scheme Investment Report for the Year Ended 31 March 2009

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.

The units held by the pension fund are part of an agreement between the Trustees and Baillie Gifford Life Ltd, 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 benefits under the policy.

All the assets within the fund that BGL operate are owned by BGL, the insurance company, and are registered in this name. BGL has contracted the parent undertaking within BG&Co, to perform the Investment Management of the assets within the Insurance Company and this function is regulated by an Investment Management Agreement between the two companies

Investment Target

The Trustees have set a performance objective for the investment managers which takes account of the liability profile of the Scheme and the level of risk that the Trustees believe appropriate. The scheme invests in the Baillie Gifford Managed and Index Linked Pension Funds.

Investment Authority

The assets are invested in pooled fund units, which represent a pooling of assets, by various pension funds. As such, investors are unable to impose restrictions, but instead grant full discretion to the manager.

In turn, the manager works to establish a well-diversified portfolio both within stock markets and also geographically. The benchmark asset allocation is the CAPS pooled fund average asset distribution, for the Managed Pension Fund, the Fund also invests in the Index Linked Pension Fund which operates to its own specific benchmark. The investment philosophy and objectives of BGL's Managed Pension and Index Linked Pension Funds are consistent with the authority signed by the Trustees.

Baillie Gifford Managed Pension Fund

The present target of the Baillie Gifford Managed Pension Fund is to outperform the CAPS median Balanced Pooled Fund by 1.0 - 1.5% per annum (gross) over rolling 3 year periods.

Baillie Gifford Index Linked Pension Fund

The present target of the Baillie Gifford Index Lined Pension Fund is to outperform by 0.75% per annum (gross), the return on the FT-Actuaries over 5 years Index Linked Gilt Index over rolling 3 year periods.

Distribution of Assets

The distribution of assets in the Fund at 31 March was as follows:

	2008	2009
	%	%
Managed Pension Fund	92.6	88.9
Index Linked Pension Fund	7.4	11.1
TOTAL	100.0	100.0

The distribution of assets in the Managed Pension Fund at 31 March was as follows:

	2008	2009
	%	%
UK Equities	39.0	28.9
Overseas Equities		
North America	9.5	13.1
Europe	16.3	17.3
Dev Asia Pacific	8.9	11.4
Emerging Markets	10.4	10.8
	<u>45.1</u>	<u>52.6</u>
Fixed Interest		
UK Bonds	6.8	8.4
Overseas Bonds	1.9	5.5
	<u>8.7</u>	<u>13.9</u>
Index Linked		
Overseas	-	0.3
Cash & Deposits	7.2	4.2
Forward Currency Contracts	-	0.1
TOTAL	100.0	100.0

The distribution of assets in the Index Linked Pension Fund at 31 March was as follows:

	2008	2009
	%	%
UK Bonds	4.2	4.7
Overseas Bonds	1.0	1.4
Index Linked		
UK	82.2	87.6
Overseas	11.5	5.8
	<u>98.9</u>	<u>99.5</u>
Cash & Deposits	1.2	0.4
Forward Currency Contracts	-0.1	0.1
TOTAL	100.0	100.0

Economic and Market Background – 12 Months to 31 March 2009

Equity markets fell sharply in the period under review as problems in the financial sector moved into the wider economy and contributed to an unprecedented collapse in world trade and industrial production. The UK equity market was down 29.3% over the period. Returns from overseas equity markets were also poor although the weakness of sterling helped UK based investors somewhat: in sterling terms European equities declined 31.1%, Emerging Markets lost 26.3% and Developed Asia suffered a 22.1% fall. The impact of currency was particularly pronounced for UK based investors in the US and Japan where falls of almost 30% in local currency translated into declines of 14.0% and 10.7% respectively in sterling.

Problems in the financial sector dominated the earlier part of the period and reached a new height in September with the bankruptcy of Lehman Brothers in the US, which worsened the crisis as credit markets froze in its wake. LIBOR, the rate at which banks are willing to lend to each other, soared and commercial paper markets ceased functioning. Governments around the world responded to the crisis by cutting interest rates to record lows, taking stakes in major banks whose financial positions looked increasingly uncertain and, latterly, some have started buying bonds from banks in order to encourage them to lend more – a process known as quantitative easing. There is still uncertainty about whether the government bailout plans will work, as most of the measures taken have not had time to take effect. Countries have also tended to stimulate in different ways with Germany, for example, concentrating on industry, while the scale of the crisis in the UK is such that the authorities have had little alternative but to recapitalise the banks directly. The stimulus is, however, similar in most major economies and considerable at about 3-4% of GDP.

Although we believe that it will take some time for economies to recover, the good news is that the necessary changes are happening, with savings rates rising and trade deficits falling sharply. The collapse in trade, although alarming, is also unlikely to continue in the absence of a similar decline in consumption. At some point, inventories will fall to levels that mean production has to rise.

Developments in China are also encouraging with steps taken to stimulate the economy already having some effect. Capital projects, which were interrupted in 2007 when the government was trying to slow the economy owing to concerns about overheating, have restarted and bank lending has soared. We believe that the Chinese government is better placed than many others to stimulate its economy as the political and financial impediments are much smaller. Economic recovery in China may therefore take place more quickly than elsewhere.

Although we believe that a very slow recovery is in prospect for other parts of the world economy, various measures now suggest that markets are trading close to or below their long run valuation levels so there is evidence that this is providing some support for long term investors. If the world starts to recover, corporate bonds will too. However, we are concerned about the valuation of government bonds as their safe haven status has left them looking very expensive.

At a portfolio level, our main focus is still on the bottom up analysis of companies to ensure as far as possible that the businesses we are invested in have the balance sheet strength and cash flow characteristics to survive the downturn and offer shareholders the potential for long term value.

Performance (net of fees)

For the year ended 31 March 2009, the Funds provided the following returns:

	1 Year %	3 Year % p.a	5 Year % p.a
Managed Pension Fund	-20.8	-6.5	3.7
<i>CAPS Pooled Median</i>	-20.5	-6.6	3.2
Index Linked Pension Fund	-2.4	3.9	5.2
<i>FTA Govt Linked Over 5 Yrs</i>	-2.8	4.2	5.5

Marketability

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

Largest Holdings

As of 31 March 2009 the ten largest holdings, which accounted for 28.3% of the total value of the Managed Pension Fund, were:

	% of Portfolio
Baillie Gifford Emerging Markets Growth Fund	7.7
Baillie Gifford EM Large Cap Companies Fund	3.1
Baillie Gifford Overseas Bond Fund	2.7
Royal Dutch Shell	2.6
BG Group	2.5
GBL	2.5
Vodafone	2.0
Total	1.9
Nestle R	1.7
Baillie Gifford British Smaller Companies Fund	1.6
	28.3

Baillie Gifford Life Limited
Carlton Square
1 Greenside Row
Edinburgh
EH1 3AN

22 May 2009

NATIONAL ASSEMBLY FOR WALES MEMBERS' PENSION SCHEME

ACTUARY'S STATEMENT - COVERING FINANCIAL YEAR TO 31 MARCH 2009

Actuarial Assessment

A formal actuarial assessment of the Scheme was carried out with an effective date of 1 April 2008, with the principal objective of making a recommendation to the Trustees of the Scheme about the appropriate level of the employer contribution rate after that date. Whilst the level of members' contributions is specified in the Rules, the employer contribution rate is calculated as a percentage of salary required to meet the balance of cost to ensure that Scheme benefits are paid for during active service with the National Assembly.

Method

The liabilities expected to accrue under the Scheme during the three years following the valuation date were valued as at that date using the standard actuarial technique known as the *Projected Unit Method*. The *Standard Contribution Rate* of the Projected Unit Method is expressed as the value of the benefits accrued during this three year period divided by the present value of the members' earnings during the same period. This rate is dependent on the distribution of Scheme members by age and sex. In order to determine the recommended Employer's contribution rate, the value of the liabilities accrued up to the valuation date is compared with the value of the assets built up to that date. Any surplus (or shortfall) of the value of the assets over that of the accrued liabilities is then reflected in an adjustment to the Standard Contribution Rate.

Assumptions

In order to calculate the cost of the Scheme benefits, certain actuarial assumptions have to be made. The Standard Contribution Rate is such that it would be just sufficient to finance the benefits accruing following the valuation date provided that experience is in line with the assumptions made. Adjustments to the contribution rate may be required in future to take account of departures between Scheme experience and the funding assumptions.

Principal assumptions used for valuing the liabilities

Investment return, net of expenses, in excess of salary inflation 2 % a year

Investment return, net of expenses, in excess of price inflation 3½ % a year

Mortality – Standard tables of mortality published by the actuarial profession (the "PMA 92" Tables with future improvements in line with principal 2006-based population projections)

Further details of the methods and assumptions used are set out in the report on the actuarial valuation as at 1 April 2008, dated 26 March 2009.

Contribution Rate

Members pay contributions at the rate of 10% of pensionable salary if they accrue at the rate of one-fortieth of final pensionable pay per year of service, or at the rate of 6% of pensionable pay if they accrue at the rate of one-fiftieth. The recommended employer contribution rate determined using the method and assumptions described above was assessed as 23.8% of pensionable salary with effect from 1 April 2009. The rate includes full provision for death benefits, including improvements in these benefits since the scheme's inception, and also an allowance for administration expenses.

Security of Prospective Rights

In my opinion, the resources of the scheme are likely in the normal course of events to meet in full the liabilities of the scheme as they fall due. In giving this opinion, I have assumed that employer contributions will be paid to the Scheme as described in the paragraph titled "Contribution Rate") above (subject to review at the 2011 valuation), in addition to Member contributions at the rates described in the paragraph titled "Contribution Rate" above.

Next Actuarial Assessment

The next formal actuarial valuation of the Scheme is being undertaken with an effective date of 1 April 2011. The main purpose of that valuation is to assess the adequacy of the recommended rate of employer contributions, taking account of all relevant factors since the preceding valuation.

D G Ballantine
Fellow of Faculty of Actuaries
29 May 2009

Government Actuary's Department
Finlaison House
15-17 Furnival Street
London
EC4A 1AB

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The financial statements are the responsibility of the Trustees. The Trustees are not required by statute to comply with pension scheme regulations, but have agreed to do so wherever possible on grounds of good practice. The regulations require the Trustees to make available to scheme members, beneficiaries and certain other parties, audited financial statements for each scheme year which:

- show a true and fair view of the financial transactions of the scheme during the scheme year and of the amount and disposition at the end of that year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year, and
- contain the information specified in the Schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements have been prepared in accordance with the Statement of Recommended Practice 'Financial Reports of Pension Schemes'.

The Trustees have supervised the preparation of the financial statements and have agreed suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis.

The Trustees are responsible for ensuring compliance with the scheme rules and recommendations of the Actuary in respect of contributions payable towards the scheme or by, or on behalf of, the employer and the active members of the scheme and the dates on or before which such contributions are to be paid. The Trustees are also responsible for keeping records of contributions received in respect of any active member of the scheme and for procuring that contributions are made to the Scheme in accordance with the recommendations of the Scheme's Actuary.

The Trustees also have a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the scheme and to prevent and detect fraud and other irregularities, including the maintenance of appropriate internal controls.

**National Assembly for Wales Members' Pension Scheme
Summary of Contributions paid in the year**

During the year, the contributions paid to the scheme by the Employer in accordance with the actuary's recommendations were as follows:

	2008-09 £	2007-08 £
Employer normal contributions	941,906	786,373
Employee normal contributions	398,359	334,798
Employee additional voluntary contributions to purchase Added Years	11,340	7,035
Total Contributions	1,351,605	1,128,206

**William Graham
Assembly Member
Chair of Trustees**

**Rosemary Butler
Assembly Member
Trustee**

(On behalf of the Trustees)

Date: 12 October 2009

Reconciliation between contributions paid shown above and contributions reported in the financial statements:

	2008-09 £	2007-08 £
Contributions paid:	1,351,605	1,128,206
Less Opening Debtor:	(157,374)	(89,571)
Add Closing Debtor:	109,678	157,374
Contributions reported in the financial statements:	1,303,909	1,196,009

Independent Auditor's Statement about Contributions, under Regulation 4 of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, to the Trustees and Members of the National Assembly for Wales Members' Pension Scheme.

I certify that I have examined the summary of contributions to the National Assembly for Wales Members' Pension Scheme for the scheme year ended 31 March 2009, which is set out on page 14.

Respective responsibility of Trustees and Auditors

As described on page 13 the scheme's Trustees are responsible for ensuring that there is a prepared, maintained and from time to time revised schedule of contributions which sets out the rates and due dates on certain contributions payable towards the scheme or by or on behalf of the employer and the active members of the scheme. The Trustees are also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for monitoring whether contributions are made to the Scheme by the Employer in accordance with the recommendations of the Actuary as set out in the Actuary's Statement on pages 11 and 12. It is my responsibility to provide a statement about contributions paid in accordance with the recommendations of the Actuary and to report my opinion to you.

Basis of statement about contributions

I planned and performed my work so as to obtain the information and explanations which I considered necessary in order to give reasonable assurance that contributions reported in the summary of contributions have been paid in accordance with the relevant requirements. For this purpose the work that I carried out included examination, on a test basis, of evidence relevant to the amounts of contributions paid to the scheme and the timing of those payments under the schedule of contributions. My statement about contributions is required to refer to those breaches of the schedule of contributions, which come to my attention in the course of my work.

Statement about contributions

In my opinion contributions for the scheme year ended 31 March 2009, as reported in the summary of contributions have been paid in accordance in the Actuary's Statement certified by the scheme Actuary on 29 May 2009.

Jeremy Colman
Auditor General for Wales
27 October 2009

Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

The maintenance and integrity of the National Assembly for Wales website is the responsibility of the Assembly; the work carried out by the auditor does not involve consideration of these matters and accordingly the auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

STATEMENT ON INTERNAL CONTROL

Scope of Responsibility

We acknowledge our responsibility as Trustees for ensuring that a sound and effective system of internal control is maintained and operated that supports the achievement of the Scheme's objectives whilst safeguarding the Scheme's assets.

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.

The system is based on an ongoing process designed to identify the principal risks to the achievement of the National Assembly for Wales Members' Pension Scheme's aims and objectives, to evaluate the nature and extent of those risks and to manage them. It is based on a framework of regular management information including independent advice from the Fund's professional advisors, appropriate administrative procedures and a system of delegation and accountability. All appropriate procedures were in place during 2008-09.

Capacity to Handle Risk

Day to day administration and accounting responsibility has been delegated to the Secretariat and the Trustees rely upon the National Assembly for Wales Commission's internal control procedures which form part of the system of internal control operated by the National Assembly for Wales Commission.

Risk and Control Framework

We require regular reports from the secretariat on the steps they are taking to manage risks in their areas of responsibility, including progress reports.

During 2008-09, we have:

- maintained a risk register which is kept under regular review at each Trustee meeting;
- arranged for reports from the secretariat on internal control activities; and
- reviewed the independent report on Baillie Gifford's Internal Controls for the period to 30 April 2008 to provide assurance that the fund manager's internal controls meet the required standard.
- received quarterly reports from Baillie Gifford which are discussed at Trustee meetings. These reports include a fund manager's report; details of investment performance; a list of current holdings; and accounting and corporate governance information.

- reviewed the continued effectiveness of the enhanced information security put in place during 2007-08

Review of Effectiveness

We are assisted in the development and maintenance of the internal controls by the work of the National Assembly for Wales Commission's Internal Auditors and our review of the effectiveness of these controls is informed by the work of the external auditors. Comments made by the external auditors in their management letter and other reports are taken into account.

William Graham
Assembly Member
Chair of Trustees

Rosemary Butler
Assembly Member
Trustee

(On behalf of the Trustees)

Date: 12 October 2009

Independent Auditor's Report to the Trustees and Members of the National Assembly for Wales Members' Pension Scheme

I certify that I have audited the financial statements of the National Assembly for Wales Members' Pension Scheme for the year ended 31 March 2009, which comprise the fund account, the net assets statement and the related notes. These financial statements have been prepared under the accounting policies set out in the related notes.

Respective responsibilities of Trustees and Auditors

As described in the Statement of Trustee's responsibilities, the scheme's Trustees are responsible for obtaining an annual report, including audited financial statements prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

I report to you my opinion as to whether the financial statements show a true and fair view and contain the information specified in the schedule to the occupational Pension Schemes (Requirement to obtain Audited Accounts and a statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. I also report to you if, in my opinion, I have not received all the information and explanations I require for my audit, or if the information specified by law is not disclosed.

I review whether the statement on pages 16 to 17 reflects the Trustees' compliance with HM Treasury's guidance and I report if it does not. I am not required to consider whether the statement covers all risks and controls, or form an opinion on the effectiveness of the Scheme's corporate governance procedures or its risk and control procedures. I read the other information contained in the Trustees' report and consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises the Trustees' Report, the Investment Report, the Actuarial Statement, the Schedule of Contributions and the Actuarial Certificate, the Compliance Statement and Members' Information. My responsibilities do not extend to any other information.

Basis of Audit Opinion

I conducted my audit in accordance with International Auditing Standards (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 in the financial statements. It also includes an assessment of the significant estimates and judgements made by or on behalf of the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Scheme's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit 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 other irregularity 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:

- show a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the financial transactions of the Scheme during the year ended 31 March 2009, and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year; and
- contain the information specified in Regulation 3 of and the Schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996.

Jeremy Colman
Auditor General for Wales
27 October 2009

Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

The maintenance and integrity of the National Assembly for Wales website is the responsibility of the Assembly; the work carried out by the auditor does not involve consideration of these matters and accordingly the auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The National Assembly for Wales Members' Pension Scheme

Accounts for the year to 31 March 2009

Fund Account

		2008-09	2007-08
	Notes	£	£
Scheme Income			
Contributions receivable	4	1,303,909	1,196,009
Individual Transfers In		9,840	77,954
Bank Interest Received		286	899
		<hr/> 1,314,035	<hr/> 1,274,862
Scheme Expenditure			
Benefits Payable	5	89,226	136,209
Professional Fees	6	55,170	27,320
Administration Costs		1,633	4,127
		<hr/> 146,029	<hr/> 167,656
Net Additions from dealings with Members		<hr/> 1,168,006	<hr/> 1,107,206
Investments			
Change in market value of investments	7	(2,041,204)	(68,031)
Cash Deposit Interest	8	36,219	37,945
		<hr/> (836,979)	<hr/> 1,077,120
Net Increase in the fund during the year			
Net Assets of the scheme at 1 April		11,350,332	10,273,212
Net Assets of the scheme at 31 March		<hr/> 10,513,353	<hr/> 11,350,332

Net Assets Statement

		As at 31 March 2009	As at 31 March 2008
		£	£
Investments			
Managed Fund	7	7,712,853	9,736,354
Index Linked Pension Fund	7	960,059	779,924
Cash Deposit	8	1,750,062	681,832
Current Assets	9	116,433	167,594
Liabilities	10	(26,054)	(15,372)
Net Assets of the scheme at 31 March		<hr/> 10,513,353	<hr/> 11,350,332

The accounts only summarise the transactions and net assets of the scheme and do not take account of liabilities to pay pensions and other benefits after the scheme year end.

Approved by the Trustees on 12 October 2009:

William Graham AM
Chair of Scheme Trustees

Rosemary Butler AM
Trustee

The notes on pages 21 to 23 form part of these accounts.

1. Basis for Preparation

These accounts have been prepared in accordance with the Statement of Recommended Practice (SORP) on Financial Reports of Pension Scheme Accounts, revised in May 2007.

The accounts summarise the transactions and net assets of the scheme. They do not take account of liabilities to pay pensions and other benefits in the future.

The actuarial report does take these liabilities into account (an actuarial statement can be found at pages 11 and 12).

2. Accounting Policies

The scheme's principle accounting policies are:

- Normal contributions and voluntary contributions for the purchase of added years are accounted for in the year they are due.
- Benefits are accounted for on the date that they fall due and refunds of contributions are accounted for when they are made.
- 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.
- All other expenditure is accounted for in the period to which it relates.
- Investments are stated at the closing single price which is calculated at the closing price of the underlying securities on 31 March each year. This may differ from the price used for buying and selling units.

3. Secretariat

The cost of providing staff for the Scheme's secretariat continues to be met directly by the National Assembly for Wales Commission. Under the terms of the Memorandum of Understanding agreed between the Commission and the Trustees the costs, which were met by the National Assembly for Wales, were estimated to be £67,000 (2007-08 £61,500) for the period covered by these accounts.

4. Contributions Receivable

Contributions comprise:

	<u>2008-09</u>	<u>2007-08</u>
	£	£
Employer: normal contributions	908,280	833,960
Members: normal contributions	383,992	354,897
: purchase of Added Years	11,637	7,152
	<u>1,303,909</u>	<u>1,196,009</u>

Members contributed 10 % to accrue benefits on a fortieths basis and 6% to accrue benefits on a fiftieths basis with the National Assembly for Wales contributing 23% of superannuable salaries to the scheme.

Added years increased as one member purchased added years by lump sum during the year.

5. Benefits Payable

	<u>2008-09</u>	<u>2007-08</u>
	£	£
Pensions	89,226	82,522
Lump Sum Retirement Benefits	-	53,687
Death Benefit Lump Sum	-	-
	<u>89,226</u>	<u>136,209</u>

The variance in lump sum retirement benefits is due to no retiring member exercising commutation rights.

6. Professional Fees

	<u>2008-09</u>	<u>2007-08</u>
	£	£
Actuarial Fees	33,389	14,638
Audit Fee	9,875	8,813
Legal Fees	11,906	3,869
	<u>55,170</u>	<u>27,320</u>

Actuarial fees increased due to the costs of the triennial valuation as at 1 April 2008 whilst the increase in legal fees was due to additional specific legal advice being necessary due to legislative changes and Trustee requirements. Actuarial fees include the cost of provision of FRS17 data to the Commission by the Scheme's actuary. This cost is £5,790 (2007-08 £3,082).

7. Investments

All investments are held in Baillie Gifford Managed Funds.

a) Baillie Gifford Managed Pension Fund

		<u>31 March</u>	<u>31 March</u>
		<u>2009</u>	<u>2008</u>
	Units	£	£
Market value at 1 April	2,251,336	9,736,354	9,821,230
Purchases at cost	-	-	-
Disposals	-	-	-
Change in market value		<u>(2,023,501)</u>	<u>(84,876)</u>
Market value at 31 March	2,251,336	<u>7,712,853</u>	<u>9,736,354</u>
Cost at 31 March		6,842,442	6,842,442

b) Baillie Gifford Index Linked Pension Fund

		<u>31 March</u>	<u>31 March</u>
		<u>2009</u>	<u>2008</u>
	Units	£	£
Market value at 1 April	482,447	779,924	-
Purchases at cost	126,341	197,838	763,079
Disposals	-	-	-
Change in market value		<u>(17,703)</u>	<u>16,845</u>
Market value at 31 March	608,788	<u>960,059</u>	<u>779,924</u>
Cost at 31 March		960,917	763,079

The distribution of assets is shown in the Fund Managers Investment Report on page 8.

There are no distributions from the fund, all income and any tax recoveries being rolled up so increasing the value of the units.

The management charges are 0.45% per annum for the Managed Pension Fund and 0.25% for the Index Linked Pension Fund. The total expenses including direct trading costs are 0.53% for the Managed Pension Fund and 0.27% for the Index Linked Pension Fund and are deducted from the value of the funds and are reflected in the unit price of the funds.

8. Cash Deposit

	<u>31 March</u> <u>2009</u> £	<u>31 March</u> <u>2008</u> £
Deposit as at 31 March	1,713,924	644,418
Add Interest earned during the year	36,219	37,945
	<u>1,750,143</u>	<u>682,363</u>
Less Interest accrued but not yet received	(81)	(531)
Total Cash Deposit	<u>1,750,062</u>	<u>681,832</u>

9. Current Assets

	<u>31 March</u> <u>2009</u> £	<u>31 March</u> <u>2008</u> £
Cash at Bank	6,256	9,105
Contributions due from employer	109,678	157,374
Other debtors and prepayments	499	1,115
	<u>116,433</u>	<u>167,594</u>

'Contributions due from employer' relate to the month of March 2009 and were paid in full to the scheme before the statutory deadline.

10. Current Liabilities

	<u>31 March</u> <u>2009</u> £	<u>31 March</u> <u>2008</u> £
Creditors: amounts payable within one year	(26,054)	(15,372)
	<u>(26,054)</u>	<u>(15,372)</u>

'Creditors: amounts payable within one year' represent liabilities for work done, where invoices were not received by the year-end.

11. Related Party Transactions

During the period of account the Scheme has had material transactions with the National Assembly for Wales Commission, which is regarded as a related party. These transactions are disclosed in Note 4 to these accounts.

None of the Trustees, Managers of the Scheme, key managerial staff or other related parties has undertaken any material transactions with the Scheme during the year.

Compliance Statement

The purpose of this compliance statement is to disclose some additional information required by law.

What is The National Assembly for Wales Members' Pension Scheme?

The National Assembly for Wales Members' Pension Scheme provides benefits for Assembly Members and Office Holders. All Assembly Members are members of the Scheme from the date they enter the Assembly unless they opt specifically not to be.

The main benefits of the scheme are:

- a pension of one fortieth or one fiftieth of final salary for each year of service on retirement at age 65;
- for members joining before 6 April 2006 an early pension payable on retirement before age 65, if the member has attained age 50 (the pension may be abated depending upon age/length of service);
- for members joining after 6 April 2006 an early pension payable on retirement before age 65, if the member has attained age 55 (the pension will be abated);
- a pension on retirement at any time on the grounds of ill health;
- a widow/ers'/partners' pension equal to 5/8ths of the member's pension (based on prospective service if death occurs while an Assembly Member);
- childrens' pensions (at the rate of one quarter of the basic or prospective pension of the Member if there is one child or three eighths for two or more children);
- pensions-in-payment are indexed to the changes in the Pensions Increase (Review) Order;
- a lump sum death in service gratuity equal to four years salary with provision for more than one nominee;

Optional benefits are:

- the purchase of added years;
- transfer of pension rights (into and out of the scheme);

Relationship with State Retirement Scheme

- The Assembly Members' Pension Scheme is contracted out of the State Second Pension Scheme and Members will therefore pay a lower rate of National Insurance Contribution.
- The pension retired Members receive from this Scheme is in addition to any entitlement to State Retirement benefits.

How the Trustees of the Scheme Are Appointed

- Schedule 1 of the Scheme Rules state that there shall be ‘no more’ than 6 Trustees.
- At any point in time, one of the six Trustees shall be a pensioner, if anyone is prepared to stand. Where more than one nomination is received, a ballot to select the individual with the highest number of votes will be held amongst the pensioner category membership of the Scheme.
- No other person shall be appointed to be a Trustee unless he or she is a member of the National Assembly for Wales but a person shall not cease to be a Trustee merely because he or she ceases to be a member of the National Assembly for Wales. The National Assembly for Wales may appoint or dismiss any Trustee to or from that office. A Trustee may resign from office by notice in writing to the Presiding Officer of the National Assembly for Wales.

Trustee Meetings

Trustee meetings are usually held once every Assembly session, and there are sometimes additional meetings for specific purposes. During the year 3 normal Trustee meetings were held.

The Trustees may act by a majority of those present at any meeting of the Trustees at which a quorum is present and the quorum for any meeting of the Trustees shall be three.

Internal Dispute Resolution

The Trustees have implemented an Internal Dispute Resolution procedure in accordance with the requirements of the Pensions Act 1995. Details of the procedure can be obtained from Financial Services.

Scheme Advisers Appointed by the Trustees in Connection with the Fund as at 31 March 2009

Actuary	Grant Ballantine of The Government Actuary’s Department
Auditor	The Auditor General for Wales
Bankers	Barclays Bank plc
Investment Manager	Baillie Gifford Life Limited
Legal Adviser	Eversheds
Scheme Accountants	Scheme Secretariat, National Assembly for Wales Commission

There have been no changes in the appointments since the previous period

Funding Standard

The National Assembly for Wales Members' Pension Scheme is exempt from the requirements of The Occupational Pension Schemes (Scheme Funding) Regulations 2005. However, the Trustees have decided, with advice from the Scheme's professional advisers, to adopt relevant regulations as a matter of good practice where practicable.

Tax Status of the Scheme

The National Assembly For Wales Members' Pension Scheme is a statutory pension scheme under Section 611A of the Income and Corporation Taxes Act 1988, as amended by Schedule 12 of the Finance Act 1999, and is a deemed registered scheme under the Pensions Act 2004 and is an 'approved scheme' for the purposes of accepting transfer values.

Investment Managers

Baillie Gifford's 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.

Additional Voluntary Contributions (AVCs)

Added years contributions are invested with normal contributions in the scheme fund.