

The **HOUSE of**
COMMONS:
Members
Resource Accounts
2003–04

(For the year ended 31 March 2004)

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Resource Accounts 2003–04

Foreword to the Accounts

For the year ended 31 March 2004

Scope of the Accounts

This Supply Estimate primarily supports Members of Parliament in discharging their parliamentary duties and responsibilities.

Purpose

To remunerate and support the Members of the House of Commons in discharging their duties and responsibilities in the constituency, in Parliament and elsewhere by funding: parliamentary salaries and associated pension contributions, reimbursing certain expenses incurred by Members (including travel, office costs, staff and equipment), payment of insurance, central provision of IT equipment, provision of training for Members and their staff, and other associated costs and non-cash items. It also provides financial assistance to Opposition parties to support them in the discharge of their parliamentary functions; and it funds an Exchequer contribution to the Members' Fund.

Objectives

The objectives of the House of Commons: Members supply, are as follows:

- a. To put elected Members of Parliament in a position to conduct their work on behalf of their constituents by meeting:
 - salary and related costs of Members and their staff;
 - office expenses wholly, necessarily and exclusively incurred in the performance of their duties;
 - appropriate travel costs of Members, their staff, and their families;
 - the cost of centrally provided services including insurance, computers and other IT equipment, help for Members with disabilities, litigation, security, and training for staff.
- b. To put Opposition parties in a position to conduct their parliamentary business effectively.
- c. To provide an annual grant to the Members' Fund.

Activities

All monies paid to Members of Parliament through the House of Commons: Members Estimate are governed by resolutions of the House. These resolutions are debated and agreed on the floor of the House of Commons. Members are individually accountable for their decisions and actions in approving and claiming their pay and allowances. The House of Commons: Members Estimate provides for the following services:

- *Members' Parliamentary Salaries* are paid to all Members who have taken the oath (Ministerial Salaries are paid by the relevant Department of State).

- *Staffing Allowance* pays for the equivalent of up to three full-time members of staff.
- *Incidental Expenses Provision (IEP)* covers a range of office and other expenditure, to the extent that it is not met by other aspects of provision.
- *Additional Costs Allowance* reimburses Members of Parliament for expenses incurred when staying overnight away from their main home whilst performing their duties. Members with inner London constituencies, Office Holders and Ministers who do not have an official London residence, are paid a London supplement.
- *Travel Allowance* reimburses Members and their staff for expenses incurred when travelling in the pursuit of their official duties. There is also some provision for travel by family members. Although there are no restrictions on the number of journeys Members may undertake, families and staff are restricted according to the rules laid down in various resolutions of the House.
- *Staff Pensions* are provided up to a maximum of 10 per cent of an employee's earnings over the period of employment, but subject to an overriding limit of 10 per cent of the Staffing Allowance for each Member.
- A *Resettlement Grant* is payable to any Member who leaves the House of Commons at a General Election. The amount of the grant varies according to salary, age and length of service at the time of the dissolution of the House.
- *Winding-up Allowance* is payable to meet the costs of any official work undertaken on behalf of a deceased, defeated or retiring Member after the date on which they cease to be a Member of Parliament. All other allowances cease on this date.
- *Financial Assistance to Opposition Parties* is available to assist Opposition parties to carry out their parliamentary duties.
- *The Members' Fund* provides for ex-Members and their dependants who find themselves in difficult circumstances. It is funded jointly by a grant from the House of Commons: Members Estimate and contributions from Members.
- *Central Budget*. There is a central budget for the provision of IT equipment for use by Members, communications, training, various insurances and other incidental purposes.

Members' Pensions

All Members are entitled to join the Parliamentary Contributory Pension Scheme (PCPF). The scheme is a defined benefit scheme funded by contributions from Members and the Exchequer. The scheme is administered by a board of trustees appointed by the House of Commons. With effect from April 2001, the Managing Trustees agreed to the transfer of the Fund accounting and payroll provisions and custody from the Public Trustee to Capita Hartshead and the Bank of New York respectively. On 1 April 2003, the administration of the Members' pension scheme was transferred to the Superannuation Arrangements of the University of London (SAUL). The accounts of the PCPF are published separately; copies can be obtained from the Department of Finance and Administration.

Governance

The management arrangements for the House of Commons: Members Estimate are set out in a statement of Roles and Authorities dated June 2004.

2003–04 was the second year of the new system of Members' allowances based on the recommendations of the Senior Salaries Review Body (Report number 48). This replaced the old Office Costs Allowance under which Members claimed a single allowance to cover both the expenses of running an office and the salaries of their staff. During the year Members were able to draw on a staffing budget of between £64,273 and £74,985, an Incidental Expenses Provision of £18,799 and an Additional Costs Allowance of £20,333 as well as certain free travel for themselves, their family and staff, and centrally provided IT equipment.

During the year changes were made to the governance arrangements for the Members' Estimate. All monies paid to Members of Parliament through the Estimate are governed by Resolutions of the House. However, on 29 January 2004 the House voted to establish a Members Estimate Committee, with the same membership as the House of Commons Commission. The functions of the Committee are:

- to codify and keep under review the provisions of the Resolutions of this House relating to expenditure charged to the Estimate for House of Commons: Members;
- to modify those provisions from time to time as the Committee may think necessary or desirable in the interests of clarity, consistency, accountability and effective administration, and conformity with current circumstances;
- to provide advice, when requested by the Speaker, on the application of those provisions in individual cases.

The Committee is not empowered to create a new form of charge on the Estimate, or to increase any rate of charge or payment determined by Resolution of the House.

Advisory Panel on Members' Allowances

The Advisory Panel on Members' Allowances was set up (as the Speaker's Advisory Panel) in 2001 to advise the Speaker on the application of the allowances and arrangements for the provision of IT and training. The Panel continues with this role, but now advises the Members Estimate Committee.

The Advisory Panel¹ met nine times during the year and advised on:

- the updating of the rules relating to the main allowances;
- a password identification system for Members who telephone the Department of Finance and Administration about their allowances (implemented in 2004–05);
- the introduction of centrally funded childcare vouchers for Members' staff (implemented in 2004–05);
- rules on Members' websites and publications, the new pension arrangements for Members' staff;
- information technology strategy and training for Members' staff.

Jointly with the Information Committee, the Panel also prepared and submitted evidence for the Senior Salaries Review Body's study of Members' pay and allowances.

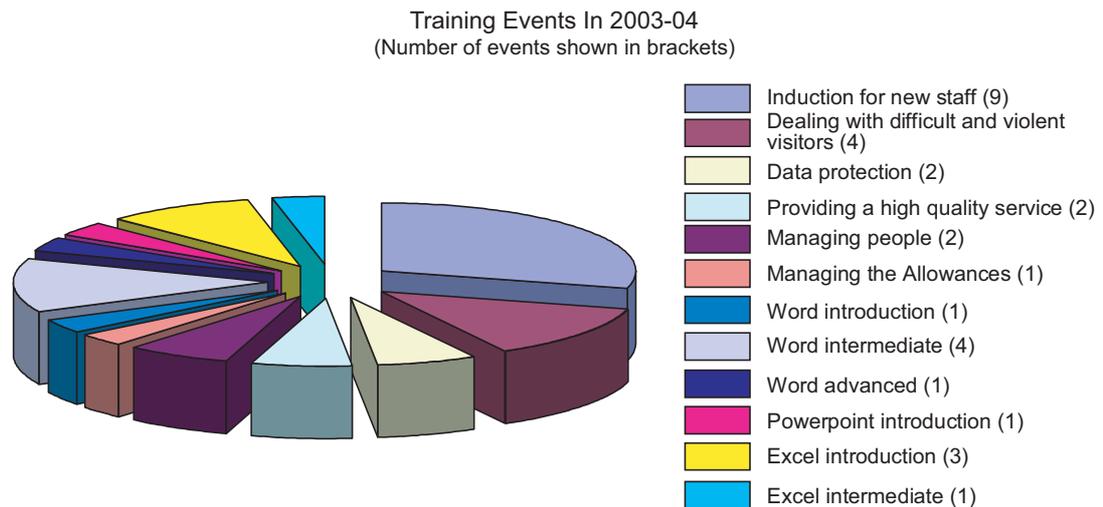
Developments on the allowances

On 29 January 2004 the House approved the introduction of a motorcycle allowance and an increase to the existing bicycle allowance. Both now follow the rates determined by the Inland Revenue. The Members Estimate Committee met on three occasions in 2003–04 and approved amendments to the Green Book in relation to Ministers' and office-holders' main homes; the arrangements for the end of the allowances year; changes in the uprating arrangements for allowances and a number of minor changes to travel entitlements, plus a small extension of European travel. It also considered the arrangements for future publication of Members' allowances under freedom of information requirements.

¹ The membership of the Panel comprised Anne Campbell MP (in the chair); Richard Allan MP; Rt Hon Michael Jack MP; Patrick McLoughlin MP; Thomas McAvoy MP; Ernie Ross MP and Phil Woolas MP; Andrew Walker, Director of Finance and Administration; Archie Cameron CBE, Director of Operations in the Department of Finance and Administration, and Matthew Taylor, Director of Parliamentary Communications. Following the establishment of the Members' Estimate Committee on 29 January, the Panel became known as the Advisory Panel on Members' Allowances.

Parliamentary Learning and Development Initiative

The Parliamentary Learning and Development Initiative provides training for Members and their staff. After a tender process in the summer of 2003 the contract was awarded to WWP Ltd, who took over in September 2003. Building on the foundation laid by the Industry and Parliament Trust, during the next six months they provided a total of 31 training and development events covering both IT and ‘soft’ skills. The training events offered included new courses on managing the allowances, providing a high quality service and training in the use of Word and Excel, as well as several courses initiated by the Industry and Parliament Trust. The training programme is provided free of charge to all employees of Members who are paid from the staffing allowance.



WWP have specifically been charged with providing events based outside London. In order to facilitate attendance, Members’ employees who attend such courses can reclaim reasonable travel costs from central funds.

Some training events (notably the induction day, which is always well attended) are more popular than others. While events in large urban centres have generally been well attended, those elsewhere have not always attracted the level of interest the Advisory Panel would like to see. Turnover of Members’ employees continues at a relatively high level, and marketing and promotion activities will need to continue in order to ensure that as many staff as possible are aware of the activities on offer.

During the period the Department of Finance and Administration continued to sponsor the website www.working4anMP.org.uk.

Staff pension provision

The services provided to Members and their staff continued to be developed during the year. For example, the House introduced the Portcullis Pension Plan, a group stakeholder pension scheme, for the benefit of Members’ employees. All such employees can now benefit from an employers’ contribution of 10 per cent of their salary paid into the Plan to either of the two insurance providers, AXA and Norwich Union, or both (where the employee chooses to split the 10% contribution). The take up of these pension contributions has increased from under 50 per cent to nearly 100 per cent. A small number of Members’ employees have been allowed to remain with existing providers where:

- their existing pension arrangement had terms which, when assessed in accordance with regulatory guidelines, were at least as good as those offered by the plan;
- they were currently contributing to a pension arrangement which could not accept transfers from the plan;
- they were born on or before 1 October 1946 and had confirmed that they expected to retire at the next General Election.

In addition, the majority of employees now have death in service cover of twice their basic pay.

Centrally-funded IT provision

Members IT services are provided by the Parliamentary Communications Directorate (PCD). During the financial year a number of important initiatives have been developed and delivered funded from the Members Estimate. This has been in addition to the normal network training of new Members and their staff (641 delegates) and the supply, set-up and support of new equipment for Members (630 items delivered and installed throughout the UK, bringing the total since the last Election and the start of the service to over 6,500 items).

New services have included a remote access service based on a virtual private network running on a broadband infrastructure. By the end of the first phase of the roll out (end of January 2004) 310 members had received the new service and 646 PCs had been converted. PCD has also piloted a remote access service that can provide secure access to the Parliamentary Network from any internet ready PC, anywhere in the world. This will be particularly useful for Members who are working away from Westminster, perhaps in a business centre, hotel, internet café, constituency, or indeed their home.

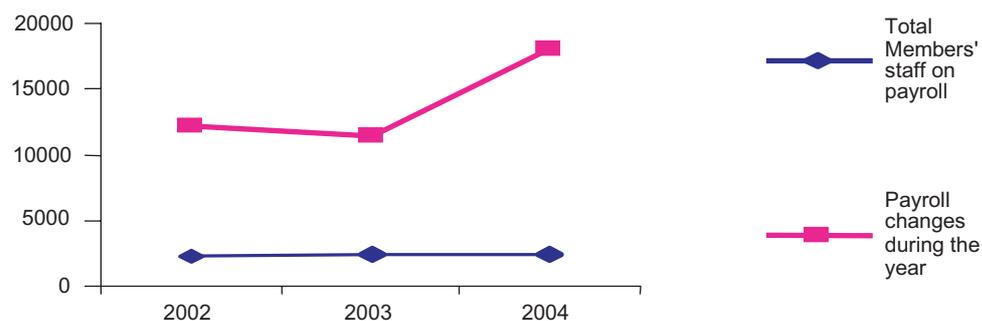
The year also saw the development of a draft Service Level Statement for IT which defines the level and range of services that Members can expect from the House and also the development of a draft Members' computing strategy.

Members also receive the benefit of corporate IT developments, such as new data back up and spam management services, that are funded from the Administration Estimate. These are developed to assist all users of the House's systems — House staff as well as Members and their staff — and are not reported in this document.

Trends and developments

Members' staff payroll

The steady increase in the number of Members' staff on payroll since 2001 has continued. At 31 March 2004 the number of such staff was 2,446 compared to 2,381 in 2002–03. Changes to payroll data are a key workload indicator and during the year House staff processed a record number of changes to data (17,330). The majority of these reflected changes in terms and conditions of Members' employees.



Members' claims and travel claims

During the year the Department of Finance and Administration processed a total of around 33,000 claims from Members. There was a slight reduction in volumes in some areas. For example, 24,684 travel warrants were issued, compared with 28,569 in the previous year; and 5,724 claims against the Additional Costs Allowance were processed compared with 6,309 the previous year.

Credit card for Members

Towards the end of 2003–04, the Department of Finance and Administration launched a pilot scheme with Barclaycard for a corporate credit card for Members of Parliament to use when paying for official travel. This scheme is being introduced against the background that the current arrangement for rail and

air warrants is paper bound and cumbersome, and is increasingly expensive to operate. Twenty five Members are participating in the initial travel card scheme. The pilot will be evaluated in 2004–05 and, if successful, the corporate travel card will be offered to Members more widely in 2005.

Triennial Review by the Senior Salaries Review Body (SSRB)

The SSRB carried out its triennial review of Members' pay and allowances in early 2004. The Department of Finance and Administration co-operated with them during this review. The SSRB's findings were published as Report No. 57 on 21 October 2004. They made a number of recommendations, which have yet to be accepted.

Public Interest

The House of Commons consists of 659 Members elected by their constituents. It is self-governing and constitutionally separate from the Government. The House seeks to maintain good practice in all employment and business matters. In particular it is committed to the principles of diversity and equality of opportunity, and to the prompt payment of bills.

The House of Commons has a policy of paying all Members' claims within ten working days of receipt. Third party payments to statutory bodies and external suppliers are paid by the statutory due date, or within 30 days of invoice date whichever is sooner.

Auditors

The Comptroller and Auditor General audits the resource accounts of the House of Commons.

Going Concern

The balance sheet at 31 March 2004 shows negative Taxpayers Equity of £6.3million. This reflects the inclusion of liabilities falling due in future years, which are to be financed by drawings from the UK Consolidated Fund. Such drawings will be from grants of Supply approved annually by Parliament, to meet the House of Commons Members Net Cash Requirement. Under the Government Resources and Accounts Act 2000, no money may be drawn from the Fund other than required for the service of the specified year or retained in excess of that need. All unspent monies, including those derived from income, are surrenderable to the Fund.

The future financing of the House of Commons Members liabilities therefore have to be met by future grants of Supply approved annually by Parliament. Approval for those amounts required in 2004–05 has already been given and there is no reason to believe that future approvals will not be forthcoming. It is considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Roger Sands
Accounting Officer

27 October 2004

Statement of Accounting Officer's Responsibilities

Although HM Treasury lays the Estimate for the House of Commons: Members accounts, the accountability arrangements are approved by the Speaker. The Speaker has appointed the Clerk of the House as Accounting Officer for these accounts.

The resource accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs, the net resource outturn, recognised gains and losses and cash flows for the financial year. Members are responsible for the probity and propriety of claims submitted.

The Accounting Officer is responsible for the House of Commons Resource Accounting Manual. He should ensure that the resource accounts:

- observe the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- include judgements and estimates on a reasonable basis;
- state whether applicable accounting standards, as set out in the House of Commons Resource Accounting Manual, have been followed, and disclose and explain any material departures in the accounts; and
- have been prepared on a going concern basis.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding the organisation's assets, are broadly as set out in the Accounting Officer's Memorandum, issued by the Treasury and published in Government Accounting.

Statement on the System of Internal Control

Scope of responsibility

As Accounting Officer for this Estimate, I acknowledge my responsibility for ensuring that an effective system of internal control is maintained and operated in connection with the resources concerned, while safeguarding the public funds and assets for which I am personally responsible.

Purpose of the system of internal control

The system of internal control is designed to manage rather than eliminate risk. It can therefore only provide reasonable and not absolute assurance of effectiveness.

Control framework and management of risk

The system of internal control involves a framework of regular management information, financial regulations, administrative procedures including segregation of duties, and a system of delegation and accountability. In particular, it includes:

- appropriate budgeting systems with an annual budget;
- procedures to agree and review the budgets;
- resource accounting policies and procedures; and
- the preparation of regular financial reports which indicate actual expenditure against the forecasts.

The House of Commons has an Internal Review Service (IRS), which operates broadly to standards defined in the Government Internal Audit Manual. The work of the IRS is informed by the analysis of risk to which the House of Commons is exposed, and annual internal audit plans are based on this analysis. At least annually, the Director of the IRS provides me with an independent report on the related activity within the House of Commons service. The report includes his opinion on the adequacy and effectiveness of the House of Commons system of internal control.

The framework of rules governing the administration of Members' allowances is drawn from resolutions of the House of Commons. The framework is based on the principle that Members are primarily responsible for identifying, claiming and certifying their own expenditure on allowances. The Department of Finance and Administration is responsible for ensuring that the stated purpose of Members' claims falls within the agreed framework. The controls on allowances expenditure therefore ensure that payments are correctly accounted for and paid to the correct recipient; but it is primarily the responsibility of Members to ensure the regularity and propriety of expenditure for which they claim reimbursement.

The change in the structure of the Members' allowances introduced by resolutions of the House on 5 July 2001 has improved control and ensures greater accountability and auditability. In particular, central provision of IT equipment within fixed parameters and clearer arrangements for staffing provision have all contributed to ensure greater transparency and accountability in complying with the resolutions of the House.

Guidance on claiming from the Additional Costs Allowance was clarified and restated in a revised edition of the Green Book issued in June 2003 (updated in July 2004). This drew attention to the need for a means of updating the allowances system and changing outdated administrative arrangements without having recourse to the floor of the House. On 29 January 2004 the House agreed to establish the Members Estimate Committee which has now taken responsibility for the governance of the allowance system. The Committee, whose members are the same as those of the House of Commons Commission, has the authority to agree minor changes to the Resolutions but it may not approve increases in the rates payable or new forms of charge. The Members Estimate Committee subsequently appointed an Audit Committee on 17 May 2004 consisting of two members of that Committee, together with two external members. It advises the Accounting Officer on the discharge of his duties.

Financial assistance to Opposition parties is paid in accordance with resolutions of the House of Commons 20 March 1975 and 26 May 1999. These resolutions require each recipient party to certify, through an external auditor, that expenditure has been incurred for parliamentary purposes.

Review of effectiveness

My review of the effectiveness of the system of internal control is informed by the work of IRS and also the administrative staff of the House of Commons who have responsibility for the development and maintenance of the control framework, and comments made by the external auditors in their management letter and other reports.

In the light of the work carried out by IRS, I am satisfied as to the general adequacy of the internal control system within the ambit of the House of Commons: Members accounts during 2003–04, following the steps that have been taken on risk awareness and risk management.

Roger Sands
Accounting Officer

27 October 2004

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

I certify that I have audited the financial statements on pages 14 to 31. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out in pages 19 to 21.

Respective responsibilities of the Accounting Officer and Auditor

As described on page 9, the Accounting Officer is responsible for the preparation of the financial statements in accordance with the House of Commons Resource Accounting Manual and for ensuring the regularity of financial transactions. The Accounting Officer is also responsible for the preparation of the Foreword. My responsibilities, as independent auditor, are in general terms, established by statute and are guided by the Auditing Practices Board and the auditing profession's ethical guidance.

I report my opinion as to whether the financial statements give a true and fair view, and whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I report if, in my opinion, the Foreword is not consistent with the financial statements. I also report if the House of Commons Service (the Department of Finance and Administration) has not kept proper accounting records to support the Members resource accounts, or if I have not received all the information and explanation I require for my audit.

I read the other information contained in the Foreword, and consider whether it is consistent with the audited financial statements. I consider the implications for my certificate if I become aware of any apparent mis-statements or material inconsistencies with the financial statements.

I review whether the statement on pages 10 and 11 reflects the House of Commons' application, as best practice, of Treasury's guidance "Corporate Governance: Statement on Internal Control". I report if the statement does not reflect appropriate application of the Treasury guidance, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Houses' corporate governance procedures or its risk and control procedures.

As set out in the Statement on Internal Control, the framework of rules governing the administration of Members' allowances is drawn from resolutions of the House of Commons. The framework is based on the principle that Members are primarily responsible for identifying, claiming and certifying their own expenditure on allowances. The House of Commons Service (the Department of Finance and Administration) is responsible for ensuring that the stated purpose of Members' claims falls within the agreed framework. The controls on allowance expenditure therefore ensure that payments are correctly accounted for and paid to the correct recipient; but it is primarily the responsibility of Members to ensure the regularity and propriety of expenditure for which they claim reimbursement. My audit of these allowances considers whether payments from the House of Commons: Members Estimate are supported by Members' claims, whether the purpose of the expenditure stated on the claims meet that of the relevant allowance, and whether the House of Commons Service (the Department of Finance and Administration) have properly accounted for these claims.

As further set out in the Statement on Internal Control, financial assistance to Opposition parties is paid in accordance with resolutions of the House of Commons. These resolutions require each recipient party to certify, through an external auditor, that expenditure has been incurred for parliamentary purposes. My audit of these amounts considers whether payments to recipient parties are properly calculated, whether the House of Commons Service have properly accounted for these amounts and received certificates from external auditors, in accordance with the resolutions, which confirm that expenditure has been incurred for parliamentary purposes.

Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the House of Commons in the preparation of the financial statements for the House of Commons: Members, and whether the accounting policies are appropriate to the 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 mis-statement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the House of Commons: Members at 31 March 2004 and of the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the year then ended, and have been properly prepared; 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

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

29 October 2004

SCHEDULE 1

Summary of Resource Outturn

for the year ended 31 March 2004

	Estimate			Outturn			Net total outturn compared with Estimate saving/ (excess) £000	2002–03 Prior Year Outturn £000
	Gross Expenditure	A in A	NET TOTAL	Gross Expenditure	A in A	NET TOTAL		
	£000	£000	£000	£000	£000	£000		
Request for Resources 1: Members' Salaries, etc (See Notes 7 & 29)	135,354	—	135,354	128,537	—	128,537	6,817	123,285
Request for Resources 2: Grants to other bodies (See Notes 7 & 29)	5,439	—	5,439	5,365	—	5,365	74	5,238
Total Resources	140,793	—	140,793	133,902	—	133,902	6,891	128,523
Non-operating cost Appropriations in Aid			—	—		—	—	—
Net cash requirement			139,438			133,320	6,118	130,022

Reconciliation of resources to cash requirement

	Note	£000	£000	£000	£000
Net total resources		140,793	133,902	6,891	128,523
Capital					
Acquisition of fixed assets	9 & 10	350	234	116	1,229
Accruals adjustments					
Non-cash items	3a	(1,735)	(1,396)	(339)	(1,176)
Changes in working capital other than cash	11	80	580	(500)	1,467
Changes in creditors falling due after one year		—	—	—	—
Use of provision		—	—	—	—
Adjustment to reflect departmental underspending on cash		(50)	—	(50)	—
Book value of fixed assets disposals		—	—	—	(21)
Net cash requirement (Schedule 4)		139,438	133,320	6,118	130,022

Summary of income payable to the Consolidated Fund

The following income relates to the House and it is payable to the Consolidated Fund (cash receipts being show in italics).

	Note	2003–04 Forecast		2003–04 Outturn	
		Income	Receipts	Income	Receipts
		£000	£000	£000	£000
Total	4	—	—	364	364

The notes on pages 19 to 31 form part of these accounts

SCHEDULE 2

Operating Cost Statement

for the year ended 31 March 2004

	Note	2003–04		2002–03	
		£000	£000	£000	£000
Programme Costs					
Request for Resources 1 — Members Salaries etc					
Members' salaries	2	41,254		39,801	
Members' pensions	2	9,811		3,267	
Other costs	3a	77,472		80,217	
			128,537		123,285
Less: income			—		—
			128,537		123,285
Request for Resources 2 — Grants to other bodies					
Other costs	3b	5,365		5,238	
			5,365		5,238
Less: income			—		—
			5,365		5,238
Net operating cost	5		133,902		128,523
Net resource outturn	5		133,902		128,523

All income and expenditure are derived from continuing operations.

There were no recognised gains or losses during the year.

SCHEDULE 3

Balance Sheet

as at 31 March 2004

	Note	2003–04		2002–03	
		£000	£000	£000	£000
Fixed Assets					
Tangible assets	9	1,133		2,172	
Intangible assets	10	433		673	
			1,566		2,845
Current Assets					
Debtors	12	310		1,167	
Cash at bank and in hand	13	1,882		1,670	
		2,192		2,837	
Creditors (amounts falling due within one year)	14	(10,059)		(11,275)	
Net current assets			(7,867)		(8,438)
Total assets less current liabilities			(6,301)		(5,593)
Taxpayers' equity					
General Fund	15		(6,301)		(5,593)
Revaluation reserve	16		—		—
			(6,301)		(5,593)

Roger Sands
Accounting Officer

27 October 2004

The notes on pages 19 to 31 form part of these accounts

SCHEDULE 4

Cash Flow Statement

For the year ended 31 March 2004

	Note	2003–04 £000	2002–03 £000
Net cash outflow from operating activities	Note a	(133,086)	(128,475)
Capital expenditure and financial investment	Note b	(234)	(1,412)
Receipts due to the Consolidated Fund which are outside the scope of the House of Commons: Members		364	112
Payments of amounts due to the Consolidated Fund		(355)	(89)
Financing	Note c	133,523	129,367
Increase/(decrease) in cash during the period		212	(497)

Note a — Reconciliation of operating cost to operating cash flows

	Note	2003–04 £000	2002–03 £000
Net operating cost		133,902	128,523
Adjustments for non cash transactions	3	(1,396)	(1,197)
Adjustments for movements in working capital other than cash	11	580	1,149
Net cash outflow from operating activities		133,086	128,475

Note b — Analysis of capital expenditure and financial investment

	Note	2003–04 £000	2002–03 £000
Intangible fixed asset additions	10	42	793
Tangible fixed asset additions	9	192	619
Net cash outflow from investing activities		234	1,412

Note c — Analysis of financing and reconciliation to the net cash requirement

	Note	2003–04 £000	2002–03 £000
From the Consolidated Fund (Supply): current year ¹		133,523	129,367
From the Consolidated Fund (Supply): prior year ²		—	—
Net financing		133,523	129,367
(Increase)/decrease in cash	13	(212)	497
Net cash flows other than financing		133,311	129,864
Adjustments for payments and receipts not related to supply			
Amounts due to the Consolidated Fund — received in a prior year and paid over		(24)	—
Amounts due to the Consolidated Fund — received not paid over	13	33	23
Transitional adjustment		—	135
Net cash requirement for the year (Schedule 1)		133,320	130,022

¹ Amount of grant actually issued to support the net cash requirement equalled £133,522,978.00.

² Amount of grant actually issued to support the prior year net cash requirement equalled £nil.

SCHEDULE 5

Resources by Aims

For the year ended 31 March 2004

	Note	Gross £000	2003–04 Income £000	Net £000	Gross £000	2002–03 Income £000	Net £000
Request for Resources 1: Members' Salaries etc	a	128,537	—	128,537	123,285	—	123,285
Request for Resources 2: Grants to other bodies	b & c	5,365	—	5,365	5,238	—	5,238
Net Operating Costs		133,902	—	133,902	128,523	—	128,523

The objectives of the House of Commons: Members supply are as follows:

- a. To put elected Members of Parliament in a position to conduct their work on behalf of their constituents by meeting:
 - salary and related costs of Members and their staff;
 - office expenses wholly, necessarily and exclusively incurred in the performance of their duties;
 - appropriate travel costs of Members, their staff, and their families;
 - the cost of centrally provided services including insurance, computers and other IT equipment, help for Members with disabilities, litigation, security, and training for staff.
- b. To put Opposition parties in a position to conduct their parliamentary business effectively.
- c. To provide an annual grant to the Members' Fund.

See Note 17.

The notes on pages 19 to 31 form part of these accounts

Notes to the Accounts

1. Statement of Accounting Policies

The financial statements have been prepared in accordance with the House of Commons' Resource Accounting Manual. Accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting convention

These accounts have been prepared under the modified historical cost method of accounting for fixed assets.

1.2 Programme expenditure

The Operating Cost Statement (Schedule 2) shows details of programme costs, which include Members' salaries, allowances and pension costs. Details of how these may be claimed are outlined in the Green Book, issued by the Department of Finance and Administration at the House of Commons.

From 2003-04 Members who have specific spending plans have been able to apply to carry forward up to 10% of their Incidental Expenses Provision and Staffing Allowance. In certain circumstances they can also ask for an advance. Apart from exceptional circumstances, approved by the Speaker, any claim must be submitted within 2 months of the end of the financial year (i.e. by 31 May). Movements between years will be managed within the overall resources and net cash requirement for those years.

1.3 Tangible fixed assets

IT equipment has been stated at current cost and has been valued using appropriate indices from the historical tables 1 and 4 of the Office of National Statistics publication MM17 "Price index numbers for current cost accounting". Other equipment is stated at historic cost. IT equipment that is attributable to specific workstations is grouped and capitalised. Other equipment is capitalised if its value exceeds £1,000 at the time of acquisition.

An electric wheel chair purchased for the use of a Member, is not revalued.

1.4 Depreciation

Depreciation is charged to expenditure on the re-valued amount of assets. That element of the depreciation which relates to the increase in valuation will be charged to the Revaluation Reserve.

Depreciation is charged on a straight line basis and is calculated at rates sufficient to write off the value of tangible fixed assets by equal instalments over their estimated useful lives.

For accounting purposes the lives are:

Computer equipment	4 years
Other equipment	3 years

1.5 Intangible fixed assets

Intangible fixed assets comprise extended warranty covers and software licences purchased through the Members' Central IT provision (CIT). These assets are amortised over the life of the warranty or the life of the hardware on which it is installed.

1.6 Research and development

There was no research and development activity during the financial year 2003–04.

1.7 Investments

There are no short term current investments.

1.8 Stocks and work in progress

No stocks are held and there is no work in progress.

Notes to the Accounts—*continued*

1.9 Operating income

No operating income is anticipated or collected under the House of Commons: Members supply regime and no appropriation in aid is included in the Supply Estimate. However, if a Member was found to have been overpaid an allowance then the debt would be recovered either directly by cash payment, by delaying costs to be claimed until a later allowance period, or through reducing the subsequent year's allowance. Any cash receipts over and above those identified as debts at the year end are surrendered to the Consolidated Fund. Receipts of insurance payments for lost or damaged IT equipment are surrendered to the Consolidated Fund.

1.10 Capital charge

A charge, reflecting the cost of capital utilised, is calculated at the Government's standard rate of 3.5% (2002–03 6%) on all assets (except cash balances with the Paymaster General) less liabilities. There is negative capital charge to the accounts in 2003–04 since liabilities in respect of unclaimed allowances exceed assets.

1.11 Foreign exchange

Those transactions which are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the date of each transaction. There were no foreign exchange transactions during 2003–04.

1.12 Pensions

Members of Parliament receive a pension from the Parliamentary Contributory Pension Fund (PCPF). The scheme is a defined benefit scheme funded by contributions from Members and the Exchequer. The scheme is a final salary scheme. As at 1 April 2002 this was based on an accrual rate of $\frac{1}{50}$ th for every year of service subject to a maximum of $33\frac{1}{3}$ years. The Parliamentary Pension (Amendment) Act 2002 gave Members the option, on an individual basis, to increase the accrual rate from 15 July 2002 to $\frac{1}{40}$ th of final pensionable pay for each year of service if they increased their personal contribution from 6% to 9% of pay.

The Government Actuary determines the amount the Exchequer pays after each triennial valuation of the fund. The rate of contribution in 2003–04 was 24% of salary per member of the PCPF.

The maximum pension available at 65 is $\frac{2}{3}$ of final salary. There is an option to commute part of the pension for a tax-free lump sum dependent on age and length of service. The introduction of a $\frac{1}{40}$ ths scheme resulted in a number of longer serving MPs reaching their maximum period of service and therefore ceasing to contribute.

The supplementary pension contributions associated with the Ministerial element of an MP's salary are funded by the House of Commons: Members Estimate and are included in the pensions figure in Note 2. The Ministerial salary supplement is funded by the relevant Departments' resources.

The Managing Trustees are current Members of the House of Commons plus one pensioner (retired) Member. In April 2001, the Managing Trustees transferred the custody of the scheme's investments from the Public Trustee to the Bank of New York. On 1 April 2003, the administration of the scheme was transferred from Capita Hartshead to Superannuation of the University of London. The cost of administering the scheme is included as an administration cost within the House of Commons: Administration accounts.

The accounts of the PCPF are published separately. Further information about the Parliamentary Contributory Pension 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.

1.13 Early departure costs

Under the PCPF scheme rules, normal retiring age is 65, but a Member with at least 20 years' service can retire at 60 with an immediate pension. It is also possible for Members over the age of 50 to retire with an immediate pension that will be subject to an actuarial reduction dependent on age and length of service. In addition, if the Trustees of the PCPF are satisfied that a Member's ill health permanently prevents them from carrying out their duties, they can retire early with an immediate pension. All early retirement costs are met from the Fund and are not identified separately.

Notes to the Accounts—continued**1.14 Grants to other Bodies**

Financial assistance is provided to Opposition parties and the Members' Fund.

1.15 Leases

Any operating lease costs are charged to the Operating Cost Statement (Schedule 2) as incurred. There were no operating or finance leases in operation during 2003–04.

1.16 Private Finance Initiative (PFI) transactions

There were no PFI transactions.

1.17 VAT

This account is outside the scope of VAT. Output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets.

1.18 Allowance expenditure

The allowance expenditure disclosed in these resource accounts relates to Members' claims arising from the accounting period covered by the accounts. It includes claims received after year-end to pay for activity arising within the accounting period. The Green book requires that claims against each year's allowance budget may be submitted for up to two months after the allowance year; however, in exceptional circumstances claims received more than two months after the accounting year-end may be paid. The year-end accrual balance is determined by recording the payments made during the two months after year-end, which relate to the accounting period covered by the resource accounts, this balance is supplemented by an estimate for subsequent exceptional claims that may be authorized for payment after the two months cut-off period has expired.

Prepayments are disclosed only for purchases of insurance and season tickets, which cover a large number of Members, where the services will be delivered in the next accounting period.

1.19 Going Concern

Although the closing balance on the General Fund is negative and is likely to be so in future years, the Members will continue to receive annual funds voted by Parliament, which will cover Members' salaries and allowances.

1.20 Costs of administering the Members' salaries and allowances

The cost of administering the Members' allowances and salaries is included as an administration cost within the House of Commons: Administration accounts.

2.1 Member numbers and costs

	<u>2003–04</u>	<u>2002–03</u>
	<u>£000</u>	<u>£000</u>
Members' salaries	37,105	36,200
London Supplement	183	175
Social security costs	3,966	3,426
Pensions	9,811	3,267
Total	<u>51,065</u>	<u>43,068</u>

There are 659 seats in the House of Commons. During 2003–04 655 Members took up their seats with 4 Members abstaining from taking the oath. The annual salary of each Member was £56,358. Members representing Inner London constituencies, Office Holders and Ministers receive London Supplement. All salary costs relate to Request for Resources 1. Included in the Members' salary costs are the additional salaries for the Chairman of Ways and Means (£37,055), two Deputy Chairmen of Ways and Means (£32,564 each) and the twelve Chairmen of the Select Committees (£12,750 each).

Notes to the Accounts—*continued***2.2 Retirement Benefits**

The Government Actuary's Department provided an estimate of the financial position of the Parliamentary Contributory Pension Fund as at 31 March 2004. This was based on the approach taken for its full actuarial valuation of the Parliamentary Contributory Pension Fund as at 31 March 2002. The assumptions for valuing the liabilities (set out below) were chosen from a range of possible actuarial assumptions which may not necessarily be borne out in practice.

- Rate of inflation — 4.348% per annum
- Rate of salary growth — 5.882% per annum
- Increases to pre-88 Guaranteed Minimum Pension in payment — 0% per annum
- Increases to post-88 Guaranteed Minimum Pension in payment — 3% per annum
- Increases to excess over Guaranteed Minimum Pension in payment — 4.348% per annum
- Increases to total deferred pension — 4.348% per annum
- Increases to Guaranteed Minimum Pension in deferment — 5.882% per annum
- Rate used to discount liabilities — 8% per annum

The value of assets is assessed by discounting the future stream of income expected to be produced by the assets on assumptions that are consistent with those used for valuing the liabilities. On this basis, the assets and liabilities of the Parliamentary Contributory Pension Fund as at 31 March 2004 were as follows:

	UK value at 31 March 2004 <u>£000</u>	UK value at 31 March 2003 <u>£000</u>
Equities	219,000	216,000
Bonds	28,000	19,000
Others	14,000	17,000
Total value of assets	261,000	252,000
Present value of Fund liabilities	<u>(309,000)</u>	<u>(294,000)</u>
Deficit in the Parliamentary Contributory Pension Fund at 31 March	<u>(48,000)</u>	<u>(42,000)</u>

2.3 The House of Commons Members Fund (HCMF)

The HCMF was set up by the House of Commons Members' Fund Act 1939 as amended by subsequent Acts between 1948 to 1991. The Fund is not a pension scheme as defined by the Resource Accounting Manual but it functions primarily as a hardship fund and operates to provide for ex-Members and their dependants who find themselves in difficult circumstances. These accounts only show the contribution paid into HCMF each year on behalf of all Members. Separate accounts for the HCMF are published. The most recent valuation of the HCMF was as at 30 September 2003. As at 30 September 2003, the Government Actuary assessed the value of the assets at £3.307million. The total liability of the fund was £2.030 million, which results in a surplus of £1.277 million.

Notes to the Accounts—*continued*

3. Net Programme Costs

	2003–04		2002–03	
	£000	£000	£000	£000
3a Other Costs — Members' Staff Salaries, Staff Pensions and Other Expenses				
Staffing Allowance	42,794		42,733	
Incidental Expenses Provision	10,510		12,174	
Additional Costs Allowance	9,713		11,968	
Travel	7,853		8,535	
Contributions to Members' staff pensions	3,440		2,727	
Central service provision	968		261	
Insurance	408		229	
Temporary secretarial assistance	319		367	
Write off of bad debt	41		16	
Winding Up Allowance	29		2	
Secretarial redundancy	1		—	
Bad debt provision	—		8	
		76,076		79,020
Non Cash Items (see notes)				
Depreciation and amortisation of fixed assets	1,028		1,262	
Loss on revaluation of tangible fixed assets	455		200	
Loss on disposal of fixed assets	40		21	
Audit fee	82		82	
Capital charge	(209)		(368)	
		1,396		1,197
		77,472		80,217

Note

(a) No remuneration was paid for non-audit work performed by the National Audit Office.

(b) Recipients claim for expenditure incurred up to a particular allowance limit each year. In some cases this may include items relating to a previous financial year.

3b Other costs — Grants to Other Bodies

	2003–04		2002–03	
	£000	£000	£000	£000
Financial Assistance to Opposition Parties	5,150		5,023	
Members' Fund	215		215	
		5,365		5,238

Notes to the Accounts—*continued***4. Analysis of income payable to the Consolidated Fund**

The following income relates to the House and it is payable to the Consolidated Fund (cash receipts being show in italics).

	2003–04 Forecast		2003–04 Outturn	
	Income	Receipts	Income	Receipts
	£000	£000	£000	£000
Operating income and receipts — excess				
Appropriations in Aid	—	—	—	—
Non-operating income and receipts — excess				
Appropriations in Aid	—	—	—	—
Subtotal	—	—	—	—
Other operating income not classified as				
Appropriations in Aid	—	—	—	—
Other non-operating income not classified as				
Appropriations in Aid	—	—	—	—
Other amounts collectable on behalf of the				
Consolidated Fund	—	—	364	<i>364</i>
Excess cash receipts surrenderable to the				
Consolidated Fund	—	—	—	—
Total	—	—	364	<i>364</i>

5. Reconciliation of net operating cost net resource outturn

	2003–04 Outturn	2002–03 Outturn
	£000	£000
Net operating cost (see note)	133,902	128,523
Plus operating income not classified as A in A but within public expenditure.	—	—
Net resource outturn (see note)	133,902	128,523

Note

Net operating cost is the total of expenditure and income appearing in the Operating Cost Statement (Schedule 2). Net resource outturn is the total of those elements of expenditure and income that are subject to parliamentary approval and included in the Supply Estimate. The outturn against the Estimate is shown in the Summary of Resource Outturn (Schedule 1).

6. Analysis of net operating cost by spending body

	2003–04		2002–03	
	Estimate	Outturn	Estimate	Outturn
	£000	£000	£000	£000
Spending Body:				
Members	135,354	128,537	130,807	123,285
House of Commons Members' Fund	215	215	215	215
Financial Assistance to Opposition Parties	5,224	5,150	5,140	5,023
	140,793	133,902	136,162	128,523

Notes to the Accounts—*continued*

7. Analysis of net resource outturn by function and reconciliation to Operating Cost Statement

	2003–04				2002–03	
	Gross Resource Expenditure	A in A	Net Total Outturn	Estimate	Net Total Outturn compared with Estimate	Net Total Outturn
	£000	£000	£000	£000	£000	£000
Request for Resources 1: Members' salaries, etc	128,537	—	128,537	135,354	(6,817)	123,285
Request for Resources 2: Grants to other bodies	5,365	—	5,365	5,439	(74)	5,238
Resource outturn	133,902	—	133,902	140,793	(6,891)	128,523
<i>Reconciliation to Operating Cost Statement</i>						
Non-supply expenditure	—	—	—			—
Gross operating expenditure	133,902					
Operating income						
Net operating cost			133,902			128,523

8. Analysis of capital expenditure, financial investments and associated Appropriations in Aid (A in A)

	Capital expenditure	Loans etc	A in A	Net Total
	£000	£000	£000	£000
Request for Resources 1: Members' salaries, etc (Notes 9 & 10)	244	—	—	244
Request for Resources 2: Grants to other bodies	—	—	—	—
Total 2003-04	244	—	—	244
Total 2002-03	1,229	—	—	1,229

Notes to the Accounts—*continued*

9. Tangible Fixed Assets

	IT Equipment £000	Other Equipment £000	Total £000
Cost			
At 1 April 2003	4,133	3	4,136
Additions	202	—	202
Disposals	(79)	—	(79)
(Loss) on revaluation	(455)	—	(455)
Gain on revaluation	—	—	—
At 31 March 2004	3,801	3	3,804
Depreciation			
At 1 April 2003	1,962	2	1,964
Charge in the year	745	1	746
Disposals	(39)	—	(39)
Revaluation	—	—	—
At 31 March 2004	2,668	3	2,671
Net Book Value at 31 March 2004	1,133	—	1,133
Net Book Value at 31 March 2003	2,171	1	2,172

Treatment of tangible fixed asset additions

	Note	£000	£000
Total additions			202
Movement in creditors:			
Creditors as at 31 March 2003	14	4	
Creditors as at 31 March 2004		14	(10)
Cash fixed asset additions			192

Calculation of loss on disposals

	£000
Gross book value	79
Accumulated depreciation	39
Loss on disposal in 2003–04	40

Insurance receipts of £25,556 were received for lost or damaged assets.

Notes to the Accounts—*continued*

10. Intangible Fixed Assets

	IT Extended Warranties and software licences <u>£000</u>
Cost or valuation	
At 1 April 2003	1,017
Additions	42
Disposals	—
Revaluation	—
At 31 March 2004	<u>1,059</u>
Amortisation	
At 1 April 2003	344
Charged in year	282
Disposals	—
Revaluation	—
At 31 March 2004	<u>626</u>
Net book value at 31 March 2004	<u>433</u>
Net book value at 31 March 2003	<u>673</u>

11. Movements in working capital other than cash

The movement in working capital other than cash used in the Cash Flow Statement (Schedule 4) comprises:

	<u>2003–04</u>	<u>2002–03</u>
	<u>£000</u>	<u>£000</u>
(Decrease)/increase in debtors	(857)	539
Decrease in creditors	1,428	793
Movements in working capital other than cash excluding amounts due to the Consolidated Fund	571	1,332
Increase/(decrease) in capital creditors	9	(183)
Adjustments for movements in working capital other than cash per Schedule 4	<u>580</u>	<u>1,149</u>

The movement in working capital used in the Reconciliation of resources to cash requirement (Schedule 1) comprises:

	<u>2003–04</u>	<u>2002–03</u>
	<u>£000</u>	<u>£000</u>
(Decrease)/increase in debtors	(857)	539
Decrease in creditors	1,428	793
Movements in working capital other than cash excluding amounts due to the Consolidated Fund	571	1,332
Adjustment: movement in working capital not related to net operating costs		
(Increase) in capital creditors	9	—
Transitional adjustments	—	135
Changes in working capital other than cash per Schedule 1	<u>580</u>	<u>1,467</u>

Notes to the Accounts—continued

12. Debtors

	2003–04		2002–03	
	£000	£000	£000	£000
Amounts falling due within one year				
Members	215		188	
Bad debt provision	(7)		(13)	
		208		175
Deposits and advances		9		7
Other debtors		75		25
Prepayments and accrued income		18		960
		310		1,167

There are no amounts included in the other debtors which will be due to the Consolidated Fund once the debts are collected.

13. Cash at bank and in hand

	2003–04	2002–03
	£000	£000
Balance at 1 April	1,670	2,167
Net cash inflow/(outflow)	212	(497)
Balance at 31 March	1,882	1,670
The Office of HM Paymaster General (OPG) provides a current account banking service. The following balances were held at 31 March:		
Balances at OPG	1,882	1,670
Commercial banks and cash in hand	—	—
Balance at 31 March	1,882	1,670
The balance at 31 March comprises:		
Cash due to be paid to the Consolidated Fund:		
Amounts issued from the Consolidated Fund but not spent at year end	1,849	1,647
Consolidated Fund extra receipts received and due to be paid to the Consolidated Fund	33	23
	1,882	1,670

14. Creditors: amounts falling due within one year

	2003–04	2002–03
	£000	£000
Tax and social security	1,432	1,217
Members	103	—
Other creditors — current	1,150	154
Other creditors — capital	14	4
Accruals and deferred income	5,478	8,230
	8,177	9,605
Amounts issued from the Consolidated Fund for supply but not spent at year end	1,849	1,647
Consolidated Fund extra receipts received and due to be paid to the Consolidated Fund	33	23
	10,059	11,275

Notes to the Accounts—continued

15. Reconciliation of net operating cost to changes in General Fund

	2003–04		2002–03	
	£000	£000	£000	£000
Net operating cost for the year (Schedule 2)		(133,902)		(128,523)
Net parliamentary funding		133,523		129,367
Previous year grant transferred		1,647		2,302
Consolidated Fund creditor for cash unspent		(1,849)		(1,647)
Non-cash charges:				
Capital charge	(209)		(368)	
Audit fee	82	(127)	82	(286)
Transitional adjustment for outstanding balances relating to the Members' Appropriation Accounts 2000–01		—		(135)
Net (decrease)/increase in general fund		(708)		1,078
General fund at 1 April		(5,593)		(6,671)
General fund at 31 March		(6,301)		(5,593)

16. Revaluation Reserve

The reduction in value on the IT equipment has been charged to the Operating Cost Statement. There is no revaluation reserve.

17. Notes to Schedule 5

Capital is employed exclusively for programme purposes.

Programme expenditure has been allocated as follows:

	2003–04	2002–03
	£000	£000
Request for Resources 1: Members' salaries, etc	128,537	123,285
Request for Resources 2: Grants to other bodies	5,365	5,238
	133,902	128,523

Capital employed by aims and objectives

	2003–04	2002–03
	£000	£000
Request for Resources 1: Members' Salaries, etc	(6,049)	(5,365)
Request for Resources 2: Grants to other bodies	(252)	(228)
	(6,301)	(5,593)

18. Capital commitments

There were no capital commitments as at 31 March 2004.

19. Commitments under leases

There were no commitments under leases.

20. Commitments under PFI contracts

There were no PFI contracts in 2003–04.

21. Other financial commitments

There were no other financial commitments.

Notes to the Accounts—continued**22. Contingent liabilities**

There are currently no contingent liabilities falling within the requirements of FRS12 that need to be disclosed for parliamentary reporting and accountability purposes.

23. Related-party transactions

The House of Commons: Administration Estimate is regarded as a related party. The House of Commons Commission provide resources for the following services to Members and their staff: accommodation, utilities, catering, security, communications and administration. In addition, the remuneration package for Members of Parliament is approved by Resolution of the House of Commons. Members also act as Managing Trustees for the Parliamentary Contributory Pension Fund and the House of Commons Members' Fund.

The Register of Members' Interests provides information of any pecuniary interest or other material benefit which a Member receives which might reasonably be thought by others to influence his or her actions, speeches, or votes in Parliament, or actions taken in his or her capacity as a Member of Parliament. The Register is published soon after the beginning of a new Parliament under the authority of the Select Committee on Standards and Privileges, and annually thereafter. Between publications the Register is regularly updated in a loose leaf form and this is available for public inspection in the Committee Office of the House of Commons. Employment agreements deposited with the Registrar are available for personal inspection only.

The House of Commons: Members Estimate provides financial assistance to Opposition parties to carry out their parliamentary business. The total payable to each party is linked to a formula based on the number of seats won and the votes cast at the previous General Election.

24. Financial Instruments**Fair Values**

Set out below is a comparison, by category, of book values and fair values of the House's financial assets and liabilities as at 31 March 2004.

	<u>Book Value</u>	<u>Fair Value</u>	<u>Basis of fair valuation</u>
	<u>£000</u>	<u>£000</u>	
Primary financial instruments			
Financial assets:			
Cash at bank and in hand	1,882	1,882	<i>See note</i>
Financial liabilities			
Provisions	—	—	

Note — Fair value is not significantly different from book value since, in the calculation of book value, expected cash flows have been discounted at the Treasury discount rate of 3.5% in real terms.

Risks

FRS13, Derivatives and Other Financial Instruments, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. The House of Commons: Members has limited exposure to risk in relation to its activities.

Liquidity risk

The House of Commons: Members Estimate is financed by resources voted annually by Parliament. As such it is not exposed to significant liquidity risks.

Interest rate risk

Financial assets and liabilities carry nil or a fixed rate of interest. The Estimate is not therefore exposed to significant interest rate risk.

Foreign currency risk

Foreign currency will not usually form part of the assets or liabilities. The Estimate is not therefore exposed to any significant foreign currency risk.

Notes to the Accounts—continued**25. Third party assets**

There were no third party assets held as at 31 March 2004.

26. Entities within the boundary

The House of Commons: Members has no entities within its boundary.

27. Losses and Special Payments

There were no losses or special payments made in 2003–04.

28. Post balance sheet events

There are no post balance sheet events to be reported.

29. Actual outturn — resources to cash**Actual outturn — resources**

Request for resources 1:

Actual amount net resources outturn £128,536,962.58.

Actual amount of savings in resources over estimate £6,817,037.42.

Request for resources 2:

Actual amount net resources outturn £5,364,797.34.

Actual amount of savings in resources over estimate £74,202.66.

Actual outturn — cash

Net cash requirement:

Outturn net cash requirement was £133,320,186.08 which is £6,117,813.92 less than the Estimate.

The actual receipts surrenderable to the Consolidated Fund were £363,692.05.