

***The HOUSE of
COMMONS:
Administration***

Resource Accounts

2010-11

(for the year ended 31 March 2011)

Presented to the House of Commons in pursuance of
Section 3 (as amended) of the House of Commons (Administration) Act 1978

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Foreword to the Accounts

For the year ended 31 March 2011

Scope of the accounts

The Accounts of the House of Commons Administration cover:

- General administration including staff costs, general expenses, stationery, printing, broadcasting, IT, catering, accommodation services and associated non-cash costs;
- Some travel costs of Members of Parliament in connection with select committees and delegations to international parliamentary assemblies; and
- Grants-in-aid paid to various Parliamentary bodies, the History of Parliament Trust and to the Association of Former Members of Parliament.

These accounts have been prepared on the basis of International Financial Reporting Standards (IFRS). The main cost of Members' salaries and allowances up until the General Election are accounted for separately and will be reported in the House of Commons: Members Resource Accounts. Members' salaries and allowances after the General Election are reported in the accounts of the Independent Parliamentary Standards Authority which are publicly available on their website.

Purpose

The House of Commons Service supports, informs and records the work of the House of Commons as an elected parliamentary chamber in accordance with the decisions of the House and the House of Commons Commission. It makes its work and information about that work accessible to the general public, and contributes to parliamentary democracy by sharing its knowledge with parliaments and assemblies worldwide. It also maintains the heritage of parliamentary buildings and documents in trust for the public and future generations.

The House of Commons and the House of Lords have joint stewardship of the Palace of Westminster. The parliamentary estate, including the Palace, is maintained by the Parliamentary Estates Directorate within the House of Commons Administration. The House of Lords is recharged for its share of costs relating to the parliamentary estate. In addition, the two Houses also incur administration costs on each other's behalf and these are also recharged. Security running costs are monitored jointly but billed separately to the two Houses by the Metropolitan Police Service.

Core objectives

The House of Commons Commission adopted a revised strategy following the 2010 General Election. The *New Parliament: Strategy for the House of Commons Service 2010-15* has the aim that by 2015:

- The House of Commons will be valued as the central institution in our democracy: effective in holding the Government to account, scrutinising legislation, and representing the diverse views of the electorate. It will be seen both in the UK and abroad as a model of good practice and innovation, and will cost less money;
- Members of Parliament will have the information, advice, support and technology they need to be effective in their work and to engage closely with their constituents;
- The House Service will have earned the respect of Members of Parliament and of the public for its independence, integrity and professionalism, and for its commitment to making Parliament work

ever more effectively. It will be seen as modern, efficient and responsive. House staff will feel proud to work in the institution and confident that their contribution is valued;

- The House Service will be engaged on an agreed plan of work to ensure both that the Palace of Westminster is preserved for future generations and that Parliament has the accommodation it needs to operate in a modern democracy.

To achieve this aim the House Service will:

- Work at every level to earn **RESPECT** for the House of Commons by:
 - having an open and transparent way of doing business;
 - encouraging public participation in parliamentary business, including the work of select committees and the legislative process, developing outreach and education services and making the House more welcoming to the public;
 - having clear and accepted standards of behaviour for Members and for staff, and taking action against breaches of these standards;
 - engaging proactively with the media to encourage full and accurate reporting of House matters.
- Make the House of Commons more **EFFECTIVE** by:
 - supporting the House in implementing reforms to the way in which the Government is held to account and in strengthening the scrutiny of legislation;
 - developing new ways to represent the diverse views of the electorate;
 - influencing decisions on constitutional reform, and being ready to respond to the outcomes.
- Make the House Administration more **EFFICIENT** by:
 - cutting costs – the initial commitment was to reduce costs by 9% by 2012-13, but the Commission subsequently agreed in October 2010 to refocus this target on a four-year timetable, in line with the rest of the public sector. At the same time the target was redefined so that it was expressed on the same basis as the rest of the public sector, which takes account of inflation over the four-year period. The target is now defined to be equivalent to 17% by 2014-15. The delivery of the target will mean reviewing what the House Administration does and how it is done;
 - supporting and learning from the experience of other Parliaments;
 - becoming a greener, more sustainable Parliament, on track to meet our agreed long-term targets for reductions in carbon emissions, water consumption and waste generation, and increases in recycling;
 - doing the work required to enable decisions to be taken on the long-term future of the Palace of Westminster;
 - making Parliament a leader in the use of IT, exploiting the potential of online services and reducing the volume of printing;
 - speeding up administrative decision-making, simplifying our processes and developing effective relationships between staff, unions and management.
- Ensure that Members, staff and the public are well-**INFORMED** by:
 - giving Members the support and access to the information they require to be effective in their role;
 - making sure that staff have the skills and capability to play their part in helping the House innovate and develop for the future, and to deliver excellent service through high quality people development and unified leadership;
 - giving the public the information needed to understand and appreciate the work of the House and its Members, by continuing to develop information, education and outreach services and opening the new Education Centre at Westminster.

Values

The corporate values of the House Administration, brought forward from the Strategic Plan 2006-11 and included in the Corporate Business Plan 2010-11, state that:

The House of Commons Service seeks to serve the House of Commons, its committees and Members, and the public with honesty, probity and political impartiality; strives to achieve high ethical standards, value for money and professional excellence in all that it does; and seeks to be responsive to changing requirements. As an employer, the House of Commons Commission is committed to maximising the personal development of House staff, to valuing diversity and the contribution of all individuals, and to equality of opportunity.

In support of this strategy the core values for House staff are:

Integrity

Serve the House of Commons, its committees and Members, and the public, with honesty, probity and political impartiality.

Professionalism

Strive for excellence, effectiveness, efficiency and accuracy, remaining always open-minded on the prospects for better ways of delivering.

Teamwork

Value co-operative approach, based on mutual support, trust and respect.

Recognition

Be committed to maximising personal development, to valuing diversity and the contribution of all individuals, and to equality of opportunity.

Commitment

Seek to ensure that the House of Commons is a good place to work, recognising the importance of work-life balance, and seeking to get the most out of the jobs we do.

Managing performance

The Management Board continued to use the balanced scorecard introduced in 2009-10 as an additional internal management tool to assist the delivery of the Corporate Business Plan. A further goal about public respect and trust for the House of Commons as an institution was added for 2010-11.



The Board worked during 2010-11 on a strategic plan to support the strategy, but postponed further work on this until the position on the Savings Programme became clearer. The balanced scorecard was revised in line with the new strategy and latest Corporate Business Plan.

Management

The House of Commons Commission is the statutory body with responsibility for the administration of the House of Commons. It is responsible for the appointment, pay and conditions of House staff, and also has responsibility for preparing the Estimate for the House administration.

The membership of the House of Commons Commission is composed according to section 1(2) of the House of Commons (Administration) Act 1978. At the start of the financial year the membership of the Commission was:

The Rt Hon John Bercow MP	Speaker (<i>Chairman by virtue of office</i>)
The Rt Hon Harriet Harman QC MP	Leader of the House of Commons (<i>by virtue of office</i>)
The Rt Hon Sir George Young Bt MP	nominated by the Leader of the Opposition
Sir Stuart Bell MP	also Chairman of the Finance & Services Committee
Nick Harvey MP	
The Rt Hon David Maclean MP	

The following changes to the Commission arose during the year:

20 April 2010:	The Rt Hon David Maclean MP resigned, not having been nominated as a candidate at the ensuing General Election and was replaced by Sir Paul Beresford MP on 14 September 2010 .
11 May 2010:	The Rt Hon Sir George Young Bt MP was retained as a member by virtue of his office of Leader of the House, in place of The Rt Hon Harriet Harman QC MP.
18 May 2010:	The Rt Hon Rosie Winterton MP was nominated by the Leader of the Opposition.
14 September 2010:	John Thurso MP replaced Nick Harvey MP.
12 October 2010:	The Rt Hon Hilary Benn MP was nominated by the Leader of the Opposition in place of The Rt Hon Rosie Winterton MP.
24 November 2010:	Frank Doran MP replaced Sir Stuart Bell MP.

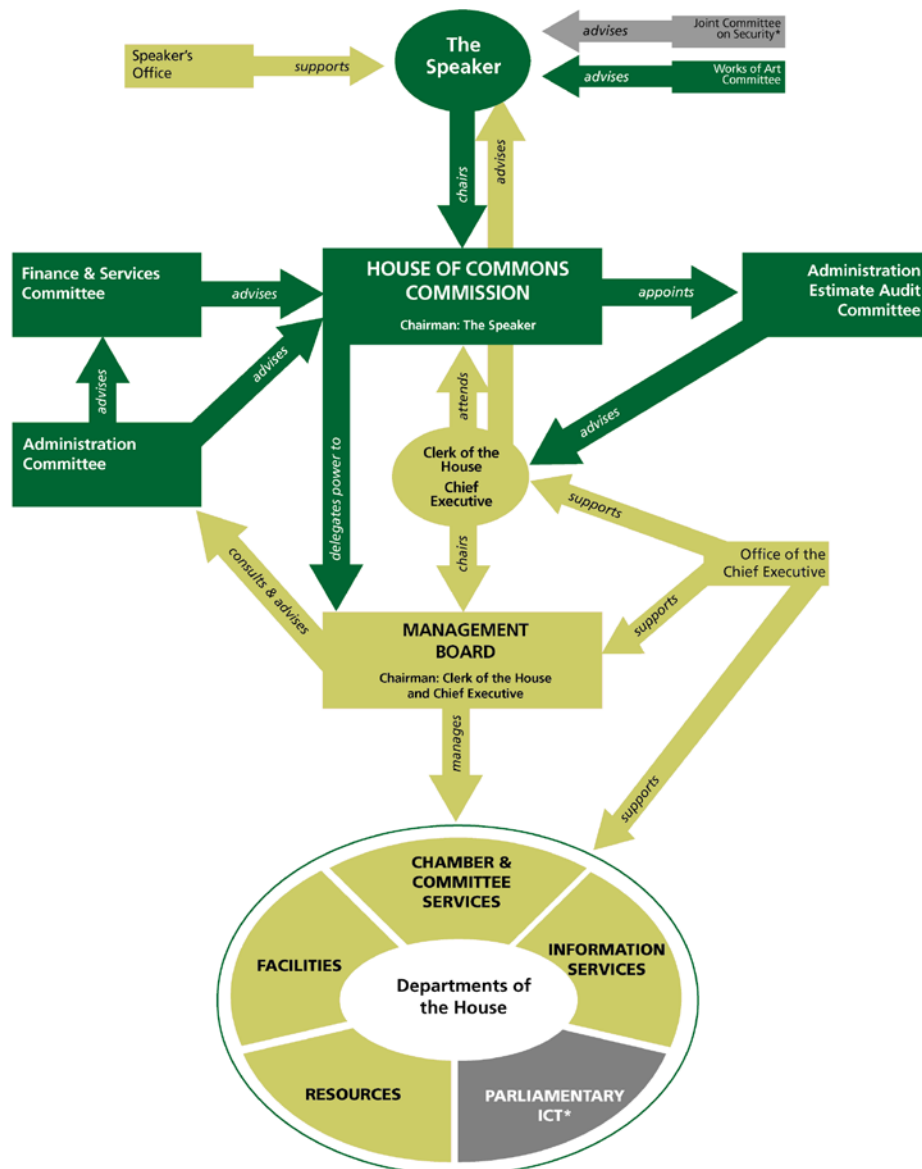
The most senior official of the House of Commons is the Clerk of the House, who is Chief Executive, Corporate Officer and Accounting Officer. The Queen formally appoints the Clerk of the House. He is assisted in his role as Chief Executive by the Management Board. At the start of the financial year, members of the Management Board were as follows:

Malcolm Jack	Chairman, Clerk of the House and Chief Executive
John Borley CB	Director General, Facilities

Robert Rogers	Director General, Chamber and Committee Services
John Pullinger	Director General, Information Services
Andrew Walker	Director General, Resources
Joan Miller	Director of PICT
Alex Jablonowski	External member

Myfanwy Barrett joined the Management Board as the Director of Finance on 14 March 2011. The former Department of Resources was replaced by the Department of Finance and Department of Human Resources and Change from 1 April 2011.

The Governance Structure of the House of Commons Administration



*Joint services with the House of Lords

The House of Commons Commission is the statutory body with responsibility for the administration of the House of Commons. It is responsible for the appointment, pay and conditions of House staff, and also has responsibility for preparing the Estimate for the House administration.

Under the House of Commons (Administration) Act 1978 the Commission may delegate functions to heads of department individually or jointly. The Commission has used these powers to establish the Management Board. The detailed instruments of delegation are revised from time to time. Appointments may be terminated according to the rules and procedures laid down in the conditions of service for House of Commons staff. The Parliament (Joint Departments) Act 2007 provides for joint departments to be established with the House of Lords. There is currently one joint department, the Parliamentary Information and Communication Technology (PICT) Service, which was set up on 1 January 2006 before being formally vested as a joint department from 1 April 2008.

Management commentary

Resources

A Savings Programme was launched during the year to support the *New Parliament: Strategy for the House of Commons Service 2010-15* target to achieve resource savings of at least 17% by 2014-15. The Commission originally agreed a resource Estimate of £231 million for 2010-11 in December 2009. This was subsequently reduced to £219 million in June 2010 to take account of the impact of the General Election, whose date had been uncertain when the Estimate was originally agreed, and subsequent adjustments to planned expenditure that emerged following the Election.

The Statement of Parliamentary Supply shows an outturn of £169.7 million against the revised Estimate of £219 million for the year. This represents an underspend of £49.3 million (22.5%) which has primarily arisen from an accounting adjustment (£46.5 million) for pension liabilities which is discussed in greater detail below.

The resource underspend (£49.3 million) is comprised:

	£ million	£ million
Cash equivalent:		
- General Election	3.1	
- Staff related	1.4	
- Accommodation & IT	0.6	
- Improved contractual arrangements	0.9	
- Project slippage	0.6	
- Grant-in-Aid payments to parliamentary bodies	0.6	
- Unused funds held in reserve	1.8	9.0
Non-cash equivalent:		
- Depreciation charges	2.3	
- Property dilapidations	(2.7)	
- Early departures	(0.6)	
- Pension provision	(5.2)	(6.2)
Operational resource underspend		2.8
- Changed indexation of pension liabilities		46.5
Total resource underpend		49.3

Operational activities gave rise to a net resource outturn of £216.2 million against the Estimate of £219 million. This represents an underspend of £2.8 million (1.3%) for the year. The outturn in 2009-10 had been £278.9 million, which equates to an operational outturn of £216.5 million if an accounting adjustment relating to the valuation of the Estate in that year (£40.5 million) and cost of capital charge (£21.9 million) since abolished are excluded.

On 8 July 2010 the Minister for Pensions announced the Government's intention to move to using the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI) as the inflation measure for determining the minimum pension increase to be applied to statutory index-linked retirement benefit

schemes. This followed the announcement of the same change for public sector schemes made on 22 June 2010 as part of the Government's emergency budget. As the House of Commons (Administration) Act 1978 requires the terms and conditions of the House Service to be broadly kept in line with the Home Civil Service, a similar change will apply to the House of Commons Staff Pension Scheme (HoCSPS) from 1 April 2011. Guidance on the presentation of this change in annual accounts was issued on 17 December 2010 (UITF 48) by the Accounting Standards Board. This required a view to be taken on whether the modification represented a change in benefits to pension scheme members, giving rise to an adjustment for past charges against the Estimate, or should be represented by simply amending the liabilities brought forward in the Statement of Financial Position. Following discussions it has been determined the alteration represents a change to benefits.

The net impact has been to reduce the existing pension liability by £46.5 million. This liability will be redeemed through the pension payments made to current and former staff members, and as such will not be fully realised for many years. The accounting standards however, require the adjustment to be recognised immediately giving rise to a £46.5 million credit to the operating expenditure.

The actuarial review of the HoCSPS shows the future liability reducing from £471.0 million at the 31 March 2010 to £425.3 million at the date of these accounts. The drop of £45.7 million represents the change to CPI indexation (£46.5 million) plus changes to the assumptions adopted (£28.9 million) and benefits paid out (£9.5 million) less contributions (£18.3 million), interest costs (£20.3 million) and the balance of pension benefit transfers into the scheme (£0.5 million). Further details of the pension scheme benefits provided and changes in the funds liabilities are given in Note 21(a).

Income

The House of Commons (Administration) Act 1978 allows relevant expenditure to be set off against income received. In 2010-11 income of £9.6 million was generated and offset against the expenditure incurred. This was similar to the outcome for 2009-10 (£9.7 million) despite reduced levels of activity arising from the Election, representing increased income from visitors and catering price increases during the year.

Capital

A capital outturn of £14.5 million was achieved against an Estimate of £20.0 million representing an underspend of £5.5 million (27.5%). This arose from changes to programmes alongside savings achieved on the purchase of assets.

Cash

A net cash requirement of £180.6 million was achieved against an Estimate limit of £200.0 million. The underspend of £19.4 million (9.7%) includes the cash equivalent element within the resource underspend (£9.0 million) plus capital underspend (£5.5 million) and working capital movements at the year end (£4.9 million).

Net Assets

Total assets employed by the House of Commons less current liabilities decreased from £851.6 million to £828.0 million at the year end, a reduction of £23.6 million (2.8%). The value of the Estate reduced by £17.5 million after incurring depreciation charges of £11.8 million, while IT equipment held reduced in value by (£1.2 million). In addition, there were movements on monetary working capital (£4.9 million) which further reduced the net asset worth.

Payment of Suppliers

Performance on the payment of supplier invoices within 30 days of receipt of an invoice improved to a monthly average of 86.3% (85% in 2009-10). Payment performance in one area of the business is restricted by the existing system. This deficiency is being addressed as part of the House Administration Information System (HAIS) renewal programme due to go live on 1 April 2012.

Excluding these invoices would raise the 2010-11 performance level to 92.9%. Performance is reported monthly and steps taken to improve the payment turnaround currently achieved.

Further information

The House of Commons Commission publishes an Annual Report reviewing the performance of the House Administration. The 33rd Annual Report, about to be published, contains information from the Management Board as well as the annual report from the Accounting Officer. The Annual Report of the Administration Estimate Audit Committee is published with the Commission's Report.

Resources Required for 2011-12

The Commission has agreed to an Estimate with a net resource requirement of £228.0 million for 2011-12. This is £9.0 million more than the previous year reflecting Parliament's return to normal activity levels after the General Election. With the Savings Programme this is planned to reduce to a level no more than £210.0 million by 2014-15 after absorbing inflationary pressures. This represents a real reduction of 17%. The capital provision remains unchanged at £20.0 million.

Public interest

At the 31 March 2010 the House of Commons consisted of 646 Members elected by their constituents. This number rose to 650 Members following the 2010 General Election. The Commons is constitutionally separate from the Government. The House Administration seeks to maintain good practice in employment and business matters. In particular it is committed to the principles of diversity and equality of opportunity, and to the prompt payment of invoices. Further details are contained in the annual report of the House of Commons Commission.

Auditors

The Comptroller and Auditor General is currently appointed under a letter of engagement to audit the financial statements of the House of Commons.

As far as the Accounting Officer is aware, there is no relevant audit information of which the auditors are unaware. The Accounting Officer has taken all reasonable steps to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

Sir Malcolm Jack KCB
Accounting Officer

13 July 2011

Remuneration Report

For the year ended 31 March 2011

Remuneration policy

The House of Commons Commission has delegated to the Clerk of the House responsibility for ensuring that staff complement, grading, pay and conditions of service of staff in departments are broadly in line with those of the Home Civil Service.

The level of remuneration provided to Senior Commons Structure is overseen by a Senior Pay Panel and is in line with Senior Civil Service awards based on the recommendations of the Review Body on Senior Salaries (Cm 7804).

Performance awards had been agreed by the Commission for staff at those grades below the Senior Commons Staff pay bands, as part of a 3-year pay deal ending on 31 March 2011. A performance award scheme (PAS) established during 2009-10 ceased at the end of this period. During 2010-11 performance awards worth 1.4% of total pay were paid.

Salary entitlements (audited)

The salary and benefits in kind of members of the Management Board were:

	2010-11			2009-10		
	Salary (a)	Performance Award ¹	Benefits in kind (b)	Salary (a)	Performance Award	Benefits in kind (b)
	£000	£000	£000	£000	£000	£000
Malcolm Jack	195 – 200	-	- ²	195 - 200	-	27.0
Myfanwy Barrett ³ (from 14 March 2011)	5 – 10 (105 – 110 full year equivalent)	-	-	-	-	-
John Borley CB	120 - 125	-	-	120 – 125	-	-
Douglas Millar CB (to 30 September 2009)	-	-	-	70 – 75 (140 – 145 full year equivalent)	-	-
Robert Rogers (from 1 October 2009)	135 - 140	5-10 ⁴	-	65 – 70 (135 – 140 full year equivalent)	-	-
John Pullinger	120 - 125	0 - 5	-	120 – 125	-	-
Andrew Walker	120 – 125	-	-	120 – 125	-	-
Joan Miller	100 – 105(c)	-	-	100 – 105	-	-
Alex Jablonowski	15 – 20 (d)	-	-	20 – 25	-	-

Notes:

¹ Performance Awards are non-consolidated and are based on performance during the previous reporting year.

² Following advice from HM Revenue and Customs it has been agreed that no benefit in kind liability arose in 2010-11.

³ Myfanwy Barrett was appointed on a permanent contract commencing on 14 March 2011.

⁴ Performance award relates to work performed in a previous role prior to him joining the Board.

(a) Salary includes gross salary and allowances.

(b) Benefits in kind: The monetary value covers any benefits provided by the House and treated by HM Revenue and Customs as a taxable emolument. These figures represent the benefit from the official residences that the officers are required to use in the course of their duties.

(c) The salary and pension benefits for the Director of Parliamentary Information Communications and Technology are paid directly by the House of Commons; 20% of the costs are recharged to the House of Lords. The salary and pension benefits disclosed represent the total remuneration package paid between the two Houses.

(d) Alex Jablonowski is an external Board member and is paid a daily rate.

Pension benefits (audited)

The pension entitlements of the members of the Management Board, covering the period during which they were on the Board, were as follows (for 2009-10 figures, see House of Commons Resource Accounts, HC 365):

	Accrued pension and related lump sum at 31/3/11	Real increase in pension and related lump sum at 31/3/10	CETV at 31/3/11	CETV at 31/3/10 ⁵ (restated)	Real increase In CETV
	(£000)	(£000)	(£000)	(£000)	(£000)
Malcolm Jack	130 – 135 (lump sum n/a)	(2.5) ⁶ – 0 (lump sum n/a)	2,462	2,429	(21) ⁷
Myfanwy Barrett (from 14 March 2011)	0 – 5 (lump sum n/a)	0 – 2.5 (lump sum n/a)	1	- ⁸	1
John Borley CB	5 – 10 (lump sum n/a)	5.0 – 7.5 (lump sum n/a)	122	41	74
Robert Rogers	65 – 70 plus lump sum 200 – 205	(2.5) ⁶ – 0 plus lump sum (2.5) ⁶ – 0	1,551	1,516	(4) ⁷
John Pullinger	45 – 50 plus lump sum 135 - 140	0 – 2.5 plus lump sum 0 – 2.5	793	731	-
Andrew Walker	50 – 55 plus lump sum 155 - 160	(2.5) ⁶ – 0 plus lump sum (2.5) ⁶ - 0	1,084	1,001	(3) ⁷
Joan Miller	10 – 15 (lump sum n/a)	2.5 – 5.0 (lump sum n/a)	231	155	69
Alex Jablonowski ⁹	n/a	n/a	n/a	n/a	n/a

⁵ The actuarial factors used to calculate CETVs were changed in 2010-11. The CETVs at 31/3/10 and 31/3/11 have both been calculated using the new factors, for consistency. The CETV at 31/3/10 therefore differs from the corresponding figure in last year's report which was calculated using the previous factors.

⁶ After taking account of inflation, the pension and related lump sum have decreased in real terms as a result of either no or very small salary increases during the year.

⁷ After taking account of inflation, the CETV funded by the employer has decreased in real terms as a result of either no or very small salary increases during the year.

⁸ CETV at 14 March 2011

⁹ Not a member of the House of Commons Staff Pension Scheme

Pension benefits are provided through the House of Commons Staff Pension Scheme (HOCSPS). Further details of the pension benefits provided and current pension scheme liabilities are provided in Note 21(a).

The Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued. It represents the payment required to secure pension benefits in another pension scheme or arrangement should an individual leave the scheme and choose to transfer the benefits accrued. The CETV includes both the value of any benefits previously transferred into the HOCSPS or added benefits in the pension scheme purchased directly by the individual. CETVs are worked out within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in CETV reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors at the start and end of the period.

Sir Malcolm Jack KCB
Accounting Officer

13 July 2011

Statement of Accounting Officer's Responsibilities

The House of Commons (Administration) Act 1978 gives the House of Commons Commission the power to appoint the Accounting Officer. The Accounting Officer is responsible for accounting for the use of resources for the service of the House of Commons.

The House of Commons Commission has directed that the accounts be prepared on a resource basis.

The resource accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the House of Commons Administration, the net operating cost, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the House of Commons Financial Reporting Manual. He should ensure that the accounts:

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

The responsibilities of the 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 Managing Public Money published by HM Treasury.

Statement on Internal Control

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the policies, aims and objectives of the House of Commons, whilst safeguarding the public funds and the assets of the House for which I am personally responsible. These responsibilities are broadly in line with those set out in *Managing Public Money* published by HM Treasury.

The activities of the House of Commons are funded by two Estimates, the House of Commons: Administration Estimate and the House of Commons: Members Estimate. The Administration Estimate focuses on the administrative costs of running the House of Commons as an institution, covering the staff costs of the House Service, the maintenance costs of the Estate, the running costs of the Chamber and associated activities, and travel costs of Members and officers undertaking parliamentary business such as select committee work. The focus of the Members Estimate is mainly on Members of Parliament as individual elected representatives. It has significantly reduced since the Independent Parliamentary Standards Authority (IPSA) took over administration of Members' salaries and parliamentary allowances in May 2010. I am Accounting Officer for both Estimates and account separately to the House for each. This Statement refers to the Administration Estimate.

The governance structure of the House of Commons Administration Estimate is complex and differs from that of most other public sector estimates. Whilst the House of Commons Commission is the statutory body with responsibility for the administration of the House of Commons, I have responsibility for ensuring that the House's resolutions are properly put into effect through my role as Chief Executive and Chairman of the Management Board. I am directed by the decisions of the House of Commons Commission, which in turn is advised by its associated Member Committees, principally the Finance and Services Committee. The structure of the House of Commons Administration is set out in the Foreword to these accounts.

I have delegated certain responsibilities to each Head of Department. These are set down and considered as part of the annual reporting system. Each Head of Department is required to provide me with an annual letter of assurance reporting on the delivery of business plans, management of risk and maintenance of internal controls within their areas of responsibility.

I will be retiring from the House on 30 September 2011 and have started planning for the transfer of my responsibilities as Accounting Officer to my successor.

Purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable, and not absolute, assurance of effectiveness.

The system of internal control includes a wide range of governance, management activities, policies and procedures, as outlined in the guidance on the annual assurance process. It is designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of the House of Commons, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively, efficiently and economically. The system is supported by policies and procedures, set out in the Resource Framework and other guidance, to inform House staff of the governance arrangements and internal controls to be followed.

The system of internal control has been in place in the House of Commons for the year ended 31 March 2011 and up to the date of approval of the Annual Report and Accounts, and is broadly in line with HM Treasury guidance.

Capacity to handle risk

The Management Board continues to develop its Risk Management System, according to best practice as recommended by HM Treasury. A revised House of Commons Risk Management Policy and Strategy was adopted by the Management Board in July 2010 and implementation continued during the year. PICT, operating as a corporate body for both House of Commons and House of Lords, has adopted its risk management policy to ensure it continues to be closely aligned to the House of Commons' policy.

The House of Commons Risk Management Policy sets out clear management roles and responsibilities for the House Service, including the application of the 'single platform' risk management framework which has been chosen by the Management Board as the most effective means of embedding risk management within the House service. The 'single platform' works on the premise that risk should be managed at the most appropriate level within the organisation.

The project to develop the House's system of risk management continued in 2010-11. As part of the project, a revised Risk Management Handbook and Quick Guide were issued to staff in January 2011, giving clearer guidance to staff on how to manage and deal with risks. This guidance is supplemented by professional advice and support from the Corporate Risk Management Team within the Office of the Chief Executive. The Team are responsible for ensuring that proper systems of risk management are in place across the House Service. A risk management training programme has started, aimed initially at senior staff responsible for handling and managing risk across the organisation, and an intranet based e-learning training initiative for all staff has been developed.

The Risk Management System is reviewed annually by Internal Audit as part of the agreed internal audit plan. The most recent Internal Audit review (May 2011) highlighted the work of the Risk Management Project and the progress made since the audit in July 2009, although the overall assurance opinions have not changed. The Management Board have accepted the recommendation of the review that the focus of the next phase of the Project (to March 2012) should be on developing a system of risk management that maximises the benefits of the existing system, so that risk is managed in a way which effectively supports the delivery of the House Service's objectives.

Risk and Control framework

The Management Board reviewed its high-level risks during the year and identified five new board level risks, which came into operation at the start of 2011-12. These cover ineffective management of the House Service's relationship with Member bodies, differing interests between the two Houses, loss of reputation, capability to deliver change and business as usual, and low staff morale. They are collectively owned by the Board, but individual Board members act as 'board leads' for particular risks, based broadly on their functional responsibilities. The previous ten corporate risks have been delegated to departments and are escalated as needed.

Risk monitoring and reporting is a regular feature of the performance management process and emerging, changing or increasing risks are highlighted for the Board's attention. The monthly Balanced Scorecard was developed during the year to improve the information available to the Board. In line with the action plan put in place following an internal audit review in 2009-10, a new Performance and Risk Report was developed and replaced the Balanced Scorecard with effect from 2011-12.

At departmental level, integration is sought between risk identification and departmental business planning processes. Departmental risk registers are in place in all departments and work is in hand to ensure consistency of approach. All departments have mechanisms in place for reporting risks to senior departmental management and an escalation process exists to bring increasingly significant risks to the attention of the Management Board. Departments have their own risk co-ordinators to co-ordinate and update their respective risk registers and to liaise with the Corporate Risk Management Team. Departmental risk co-ordinators also attend the Departmental Risk Forum which meets on a quarterly basis to discuss risk management best practice and overlapping departmental risk

management issues. There is regular contact between the Corporate Risk Management Team and risk owners at all levels of the organisation.

A Resource Framework and other supporting guidance set out the procedures and controls that operate, including where financial responsibilities rest. This was updated and re-issued during 2010-11 both on the intranet and for the Internal Control Framework as a standalone reference booklet. The launch of the updated guidance was supplemented with a series of workshops in December 2010. Attendance at these events was monitored to ensure all relevant staff were updated on the revised guidance.

A Parliamentary Business Risk and Resilience Group has been established to co-ordinate contingency planning and disaster recovery procedures for both Houses to ensure Parliament can continue to operate effectively if subjected to adverse events. These were tested during the year to ensure they remained effective. The Security Co-ordinator for both Houses chairs the Security Review Implementation Board (SRIB) which oversees the implementation of agreed recommendations arising from the review of security arrangements.

A Senior Information Risk Owner (SIRO) is responsible for the policy and procedures adopted for managing sensitive information data held by the House of Commons. He is supported in this role by Departmental Information Risk Owners (DIROs) and the Information Rights Information Security (IRIS) team. The DIROs each produce an annual risk assurance statement which covers the steps taken to raise staff awareness of their responsibilities for protecting sensitive data, and the maintenance of the departmental register of sensitive information assets. The SIRO uses the evidence provided by DIROs to inform his own statement of assurance to myself, as Accounting Officer. The SIRO has reported a significant improvement in the level of assurance he can give, noting that information and security systems and controls have been improved during 2010-11.

Review of effectiveness

As Accounting Officer I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the House of Commons who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. The heads of House Departments and PICT are required to send me letters giving me assurance as to the effective management of their departments.

The Administration Estimate Audit Committee (AEAC) advises me in my role as Accounting Officer. It comprises three Members of Parliament (who must include a member of the Commission and a member of the Finance and Services Committee), and three external members who are independent. One of the external members is Chairman of the AEAC. The Committee takes a close interest in the work of Internal Audit, with particular emphasis on promoting economy, efficiency and effectiveness, risk management and internal control. I regularly attend the meetings of the Audit Committee, together with the Director General of Resources; from 2011-12 his place has been taken by the Director of Finance, following the restructuring of House departments in April 2011.

The Internal Audit function, which operates broadly to Government Internal Audit Standards, reports directly to me. The Director of Internal Audit also attends meetings of the AEAC. The work of Internal Audit is increasingly being informed by an analysis of the risk to which the House of Commons is exposed. This focus will develop as the management of risk is further embedded allowing annual internal audit plans, including Value for Money studies, to be informed by this analysis to ensure adequate coverage of risk across the operational areas in the House of Commons.

The internal audit plans are approved by me in the light of advice from the AEAC and the Management Board. At least annually, the Director of Internal Audit provides me with an independent report on governance, risk management and internal control within the House of Commons. The report includes his opinion on the adequacy and effectiveness of the House of Commons system of internal control.

The Director of Internal Audit concluded that the main systems and processes were operating effectively, but some controls had not always been fully effective which exposed the House to some degree of risk. Internal Audit reports have identified the need to:

- Further embed risk management within departments with links to the revised corporate system of risk management;
- Continue the improvements on the operation of financial controls, especially around budget setting, financial reporting, forecasting, investment decision making;
- Ensure compliance with agreed policies and procedures, particularly with regard to procurement;
- Build on the improvements delivered by the Parliamentary Protective Marking Scheme and further embed the scheme within departments.

Although no risks had crystallised during the year further management actions have been agreed to address issues identified. These findings led to a moderate level of assurance being given by the Director of Internal Audit.

Assurances from Heads of Department highlighted concerns about the quality of financial management information and procurement. It was also noted that the House Service had faced significant challenges in delivering some functions following the General Election, including transfer of staff to IPSA, and the significant use of temporary staff, without any failure in relevant control systems. A new Director of Finance has been appointed with effect from April 2011; she has drawn up an action plan in consultation with Members, senior managers, the auditors and finance staff. This plan is now being implemented. Later in 2011-12 an action plan for procurement will be developed, building on the internal audit review that is being carried out and a range of other inputs. As Accounting Officer I am convinced of the importance of strengthening our systems of financial control, in the light of the challenging economic situation currently facing public sector organisations.

The Administration Estimate Audit Committee's Annual Report is included within the thirty-third Report of the House of Commons Commission about to be published. The Committee has asked for improvements to be delivered that are evidenced by an increase in the level of assurance. It acknowledges the appointment of the Finance Director and the creation of a new Finance Department, and although progress has been made in addressing the issues raised by Internal Audit further improvements remain to be delivered. The Committee is also concerned that risk management is not sufficiently embedded within the House Service and suggests that the pace of change should be increased. They support the approach of building on the benefits of the existing system of risk management and the stronger mandate given to the Corporate Risk Management Team to direct risk management practice across departments. Since 1 April, the Finance Director has developed a financial management improvement plan and is now implementing changes. Regular reports will be submitted to the Committee.

In the light of the assurance from Heads of Department, work carried out by Internal Audit and my office, the continuing development of the House's system of risk management, and the finance and procurement action plans proposed, I am confident that further improvements can be delivered to manage those risks that remain, and for those improvements to be evidenced by an increase in the level of assurance provided in future financial years.

Sir Malcolm Jack KCB
Accounting Officer

13 July 2011

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

I certify that I have audited the financial statements of the House of Commons: Administration for the year ended 31 March 2011. These comprise the Statement of Parliamentary Supply, the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cashflows, the Statement of Changes in Taxpayers' Equity, and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and Auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and report on the financial statements. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the House of Commons: Administration and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the House; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Foreword, the Statement of Accounting Officer's Responsibilities and the Statement on Internal Control to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on Regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on Financial Statements

In my opinion:

- the financial statements give a true and fair view of the state of the House's affairs as at 31 March 2011 and of its net cash requirement, net resource outturn, and net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the House of Commons Financial Reporting Manual.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the House of Commons Financial Reporting Manual; and
- the information given in the Foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect House of Commons application of best practice guidance, including HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse

Date: 15 July 2011

*Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria, London, SW1W 9SP*

Statement of Parliamentary Supply

Summary of Resource Outturn 2010-11

Request for Resources	Estimate			Outturn			Net Total outturn compared with Estimate: saving/(excess) ¹⁰	2009-10
	Admin Costs	Grants	Net Total	Admin Costs	Grants	Net Total		Outturn
	£000	£000	£000	£000	£000	£000		Net Total £000
1 Administrative expenditure	215,300	-	215,300	213,126	-	213,126	2,174	275,258
Pension liabilities adjustment ¹⁰	-	-	-	(46,500)	-	(46,500)	46,500	-
2 Grants to other bodies	-	3,700	3,700	-	3,100	3,100	600	3,669
Total resources	215,300	3,700	219,000	166,626	3,100	169,726	49,274	278,927
Non-operating income						(21)	21	-

Net cash requirement 2010-11

	Note	Estimate	Outturn	Net Total outturn compared with Estimate: saving/(excess) ¹⁰	2009-10
		£000	£000	£000	Outturn
		£000	£000	£000	£000
Net cash requirement	3	200,000	180,581	19,419	186,281

Summary of income payable to the Consolidated Fund

In addition to appropriations in aid, the following income relates to the House of Commons and is payable to the Consolidated Fund (cash receipts being shown in italics)

	Note	Forecast 2010-11		Outturn 2010-11	
		Income	Receipts	Income	Receipts
		£000	£000	£000	£000
Total income payable to the Consolidated Fund	4	-	-	201	201

¹⁰ Explanations of variances between the Estimate and Outturn and Pension liabilities adjustment are given in the Management Commentary (Page 9).

Statement of Comprehensive Net Expenditure

for the year ended 31 March 2011

		2010-11	2009-10
			(restated) ¹¹
	Note	£000	£000
Administration Costs			
Staff Costs	7	87,845	80,488
Other administration costs	8	88,386	182,620
Operating income	10	(9,605)	(9,745)
Programme Costs			
Expenditure	9	3,100	3,669
Net Operating Cost	2	169,726	257,032

Other Comprehensive Expenditure

		2010-11	2009-10
		£000	£000
Net (gain)/loss on revaluation of Property, Plant and Equipment	11	21,058	305,771
Net (gain)/loss on pension liabilities due to changes in actuarial assumptions	21a	(28,900)	115,400
Total Comprehensive Expenditure for the year ended 31 March 2011		161,884	678,203

¹¹ Restated figures are explained per note 1.24

Statement of Financial Position

as at 31 March 2011

		31 Mar 2011	31 Mar 2010	31 Mar 2009
	Note	£000	£000	£000
Non-current assets:				
Property, plant and equipment	11	836,680	855,522	1,201,913
Intangible assets	13	640	508	324
Total non-current assets		837,320	856,030	1,202,237
Current assets:				
Inventories	16	341	406	515
Trade and other receivables	17	11,969	10,899	9,646
Cash and cash equivalents	18	4,204	4,482	5,351
Total current assets		16,514	15,787	15,512
Total assets		853,834	871,817	1,217,749
Current liabilities				
Trade and other payables	20	(25,799)	(20,206)	(18,647)
Total current liabilities		(25,799)	(20,206)	(18,647)
Total assets less current liabilities		828,035	851,611	1,199,102
Non-current liabilities				
Provisions	21a, 21b	(429,802)	(472,182)	(327,866)
Total non-current liabilities		(429,802)	(472,182)	(327,866)
Assets less liabilities		398,233	379,429	871,236
Taxpayers' equity:				
General fund		255,640	213,337	392,988
Revaluation reserve		138,833	162,339	474,495
House of Commons Commission reserve	18	3,396	3,389	3,389
Donated asset reserve		364	364	364
Total taxpayers' equity		398,233	379,429	871,236

Sir Malcolm Jack KCB

13 July 2011

Statement of Cash Flows

for year ended 31 March 2011

		2010-11	2009-10
			(restated) ¹²
	Note	£000	£000
Cash flows from operating activities			
Net operating cost	2	(169,726)	(257,032)
Adjustments for non-cash transactions	7,8	6,162	90,297
(Increase)/Decrease in trade and other receivables	17	(1,070)	(1,253)
(Increase)/Decrease in inventories	16	65	109
Increase/(Decrease) in trade payables	20	5,593	1,559
<i>Less (increase)/decrease in amounts due the Consolidated Fund</i>	20	285	869
Use of provisions	21a, 21b	(7,402)	(4,511)
Net cash outflow from operating activities		(166,093)	(169,962)
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(14,148)	(15,934)
Purchase of intangible assets	13	(361)	(385)
Proceeds of disposal of property, plant and equipment	6	21	-
Net cash outflow from investing activities		(14,488)	(16,319)
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year	19	180,200	185,450
Interest received on HoCC Reserve Balance	19	7	-
Net financing		180,207	185,450
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		(374)	(831)
Receipts due to the Consolidated Fund which are outside the scope of the House of Commons' activities	19	201	105
Payments of amounts due to the Consolidated Fund	19	(105)	(143)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		(278)	(869)
Cash and cash equivalents at the beginning of the period	18	4,482	5,351
Cash and cash equivalents at the end of the period	18	4,204	4,482

¹² Restated figures are explained per note 1.24

Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2011

	Note	General Fund	Revaluation Reserve	Commission Reserve	Donated Asset Reserve	Total Reserves
		£000	£000	£000	£000	£000
Balance at 31 March 2009		392,988	474,495	3,389	364	871,236
Net Parliamentary Funding – drawn down	19	185,450	-	-	-	185,450
Net Parliamentary Funding – deemed	20	1,819	-	-	-	1,819
Supply payable/(receivable) adjustment	20	(988)	-	-	-	(988)
Comprehensive Expenditure for the Year		(257,032)	-	-	-	(257,032)
Non-Cash Adjustments						
Non-cash charges – auditor's remuneration	8	115	-	-	-	115
Movement in Reserves						
Additions		-	-	-	-	-
Recognised in Statement of Comprehensive Expenditure		(115,400)	(305,771)	-	-	(421,171)
Transfers between reserves		6,385	(6,385)	-	-	-
Balance at 31 March 2010		213,337	162,339	3,389	364	379,429
Net Parliamentary Funding – drawn down	19	180,200	-	-	-	180,200
Net Parliamentary Funding - deemed	20	988	-	-	-	988
Supply payable/(receivable) adjustment	20	(607)	-	-	-	(607)
Comprehensive Expenditure for the year		(169,726)	-	-	-	(169,726)
Non-Cash Adjustments						
Non-cash charges – auditor's remuneration	8	100	-	-	-	100
Movement in Reserves						
Additions	19	-	-	7	-	7
Recognised in Statement of Comprehensive Expenditure		28,900	(21,058)	-	-	7,842
Transfers between reserves		2,448	(2,448)	-	-	-
Balance at 31 March 2011		255,640	138,833	3,396	364	398,233

Notes to the Resource Accounts

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2010-11 *House of Commons Financial Reporting Manual (FReM)*. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the House of Commons context. Where the FReM permits a choice of accounting policy, the policy which is judged to be the most appropriate to give a true and fair view has been selected. The particular policies adopted by the HoC are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

In addition to the primary statements prepared under IFRS, the FReM also requires the House to prepare an additional primary statement. The *Statement of Parliamentary Supply* and supporting Notes show outturn against Estimate in terms of the net resource requirement and the net cash requirement.

1.1 Accounting convention

These accounts have been prepared under the historical cost accounting convention modified to account for the revaluation of property. Other non-current assets are not generally re-valued unless the adjustments are material.

1.2 Relationship with House of Lords

The House of Commons and the House of Lords hold joint stewardship of the Palace of Westminster. Responsibility for maintenance of the Palace and the remaining parts of the parliamentary estate is a centralised function resting with the Parliamentary Estates Directorate within the Department of Facilities in the House of Commons. General estates expenditure, individual maintenance and building projects are shared by the House of Commons and the House of Lords on a 60:40 basis and recharged accordingly, or solely allocated to the House of Commons or House of Lords. Other shared costs are split at agreed ratios for that service.

The Parliamentary Archives are a shared facility, operated on behalf of both Houses by the House of Lords. The costs of the Archives are split between the House of Commons and House of Lords on a 40:60 ratio.

Arrangements for security are agreed jointly by the authorities of both Houses of Parliament with the Metropolitan Police. These costs are monitored jointly by the authorities in the two Houses but are billed individually to the House of Commons and House of Lords in a pre-determined ratio (69:31 for 2010-11).

The management of the ICT services for both Houses has been centralised within the Parliamentary Information and Communications Technology (PICT) service. PICT formally became a joint department of both Houses on 1 April 2008 under the terms of the Parliament (Joint Departments) Act 2007. Each House pays for its own ICT hardware with the costs of shared services being split on an 80:20 ratio. Joint ICT development project costs are shared on an agreed project by project basis.

1.3 Property, plant and equipment

Property

In accordance with International Accounting Standards (IAS 16), property assets (excluding the Palace of Westminster and special adaptations of Portcullis House) are valued at fair value using a method determined by the Valuation Office Agency (VOA). The Palace of Westminster and special adaptations of Portcullis House are valued at depreciated replacement cost due to their specialised nature.

All property is subject to a full professional valuation at least every five years. Annual interim reviews are undertaken to ensure that asset values remain in line with their fair value.

Revaluation losses are taken first to reserves and then to the Statement of Comprehensive Net Expenditure for any loss in excess of previous revaluation gains.

Freehold properties

Title to freehold land and buildings is held as follows:

- the Palace of Westminster by the Sovereign; and
- property on the House of Commons part of the parliamentary estate by the Corporate Officer of the House of Commons (the Clerk of the House).

The whole of the parliamentary estate was re-valued by the VOA as at 31 March 2011.

Long leasehold

A property, 102 Rochester Row, is held on a long leasehold and valued at fair value by the VOA.

Investment properties

The House of Commons holds interests in land and buildings which are classified as investment properties with the rental income being negotiated at arm's length. All contracts are treated on an operating lease basis. These properties are the car park at Abingdon Street, 11 Bridge Street, 49 and 50 Parliament Street and Units A, B and C in Portcullis House.

In accordance with IAS 40 investment property is valued at fair value and not depreciated. A full VOA valuation is carried out at least every five years, with an annual interim review to ensure that asset values are in line with their fair value.

There is a restriction on Abingdon Street car park. Its use is restricted to that of an underground car park with public garden at ground level.

Equipment

In accordance with IAS 16 computers, contemporary furniture and other equipment are recognised at depreciated historic cost due to short life and / or low value. Although the capitalisation threshold is £1,000, desktop computers, monitors and printers below £1,000 are considered to be grouped assets and therefore are capitalised.

Plant and machinery

Plant and machinery includes the Great Clock mechanism, Department of Facilities kitchen equipment and vehicles. The Great Clock was re-valued using appropriate indices at 31 March 2006. Consideration was given to undertaking a revaluation in 2010-11, but it was considered not cost effective given the unique nature of the asset. Kitchen equipment and vehicles are not re-valued.

1.4 Donated assets

Donated assets are capitalised at fair value with the credit entry made to the donated asset reserve.

Donated assets currently comprise works of art only and will not be subject to a depreciation charge in line with House policy on works of art (see Note 1.6).

1.5 Heritage Assets

The introduction of a new financial reporting standard during 2010-11 (FRS30: Heritage Assets) requires organisations to provide additional information, within the financial statements, of any heritage assets held by them as at 31 March 2011. The standard defines Heritage Assets as:

'A tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.'

Each category of heritage asset held by the House of Commons, along with their applicable accounting policy is detailed below. Further information regarding asset management policies can be found in Note 12.

Antique furniture and Speaker's silver

The House's collection of antique furniture and the Speaker's silver is reported in the Statement of Financial Position at market value. The furniture collection consists mainly of historical furniture, silver, clocks and ceramics. Due to the importance of these collections, all assets have been capitalised regardless of their individual value.

Antique furniture and the Speaker's silver are re-valued every five years, of which the last professional valuation was carried out in February 2010 by Paul Davidson MRICS (Bonhams). Each year the Furniture Manager in the Parliamentary Estates Directorate carries out an internal review to assess if any material revaluation adjustment is required.

It is the House's policy to maintain its collection of antique furniture and Speaker's silver in full working order and maintenance costs are charged to the Statement of Comprehensive Net Expenditure when incurred. Both the antique furniture collection and the Speaker's silver are deemed to have indeterminate lives and as such the House does not consider it appropriate to charge depreciation.

Parliamentary Art Collection

The Parliamentary Art Collection is the national collection of art relating to the history of Parliament. It contains images of important parliamentary events past and present, and includes the murals, mosaics and tapestries within the Palace of

Westminster. There is also a collection of medals with associations to former parliamentarians.

For valuation purposes, the parliamentary art collection is divided into two categories; those items held as at 31 March 2000 and those items acquired since that date. The value of the Parliamentary Art Collection at 31 March 2000 is not currently included on the Statement of Financial Position due to the diverse nature of the assets and the large volume of items held by the House. To obtain a value for a collection of this size and diversity would be costly. The benefit received by a valuation exercise at this time would not justify the expense incurred. However, this position will be reviewed during 2011-12.

Acquisitions since 1 April 2000 have either been made by purchase or donation. Purchases are recorded at cost and donations are recorded at current value ascertained by the House's Curator with reference where possible, to commercial markets using recent transaction information from auctions.

It is the House's policy to maintain its collection of parliamentary art and any maintenance costs incurred are charged to the Statement of Comprehensive Net Expenditure when incurred. The Parliamentary Art Collection is deemed to have indeterminate lives and as such the House do not therefore consider it appropriate to charge depreciation.

Antiquarian books

Almost all the House of Commons Library's books were acquired after the 1834 fire in the Palace of Westminster, when most of the earlier stock was lost. During the second half of the nineteenth century, there was a deliberate policy of acquiring books that would have been found in a country house library of that period. As a result, the Library acquired through a mixture of purchase, gifts and legacies a wide-ranging collection of books, including some that are now of considerable antiquarian or scholarly interest.

The House of Commons antiquarian book collection was moved to the British Museum in June 2003 when the restoration of the King's Library was finished. The Library has retained at Westminster any books with parliamentary connections or which might be needed for its normal services for MPs. All the books that have been moved to the British Museum remain in the Library's catalogue and can be used at Westminster if required. They also appear in the British Museum's Central Library catalogue who are responsible for routine conservation and are available under supervision for public use in the Museum.

The value of the antiquarian books held by the British Museum is not included on the Statement of Financial Position.

The Speaker's state coach

The Speaker's state coach is a late seventeenth century giltwood and painted carriage on which some restoration work was undertaken in 2007-08. It is not in a roadworthy condition and has been put on public display at Arlington Court (National Trust Carriage Museum).

The value of the Speaker's state coach is not currently included on the Statement of Financial Position as a reasonable estimate of its value could not be obtained.

Broadcasting archives

The broadcasting archive consists of audio and video tape recordings of broadcast coverage from the Chambers in both Houses and also Committees selected by the broadcasters. Currently these are produced on Beta SX broadcast format tape media and are stored for about two years on site at 7 Millbank. After this period they are then transferred to a specialist archive facility run by the British Film Institute (BFI) at Berkhamstead. The BFI are acknowledged as being the leader in broadcast tape preservation and storage in the UK, and Parliament has a contract to store the large number of tapes in a climatically controlled storage environment indefinitely. Currently they hold approximately 38,000 video tapes and approximately 36,000 audio tapes (from before 1989 when televising started).

The archive is valuable in an historical sense but is difficult to quantify in practice. The content is made freely available as duplicated copies on video tapes to anyone who orders it. Consequently, the value for this archive is not included on the Statement of Financial Position.

Parliamentary Archives

The Parliamentary Archives comprise several million documents that have been preserved at the Palace of Westminster from 1497 to date in a variety of formats from medieval vellum and parchment to modern computer disk. Parliamentary records prior to 1497 form part of the National Archives. Most of the records are unique and irreplaceable and have been preserved for their historical, legal and administrative value, consequently it is not deemed cost effective to obtain a value.

The Parliamentary Archives was established within the House of Lords in 1946 who provide the service. The administration costs of this service have been shared with the House of Commons since 1999. Any operational assets held by the Parliamentary Archives are disclosed within the House of Lords Resource Accounts.

The Parliamentary Archives publishes an Annual Report which is available via www.parliament.uk. Full details of the Parliamentary Archives acquisition policy are also available at this web address.

Ceremonial items

The House's collection of ceremonial items consists of four swords used by the Speaker's Office.

The value of the ceremonial items is not currently included on the Statement of Financial Position as it is not deemed practical to do so.

Architectural salvage and estate archives

The architectural salvage collection consists of examples of architectural fragments from the Parliamentary Estate such as pieces of decorative stonework and wood carving. Many of these pieces have been retained to provide a record of the craftsmanship used in the Palace and Estate buildings throughout their life. Cost information is not readily available and the benefit of obtaining valuations would not justify the cost, therefore it has not been recognised in the Statement of Financial Position.

The Estate Archive consists of the Parliamentary Estate Directorate's permanent records such as plans and drawings which are not recognised in the Statement of Financial Position because cost information is not readily available and the benefit of obtaining valuations would not be cost effective. Nearly all the items are thought to have nominal financial value and no item is worth more than £1,000.

1.6 Depreciation

Depreciation is charged to expenditure on the historic value or, for buildings, the re-valued amount of assets. For buildings, that element of the depreciation which relates to the increase in valuation in prior years is charged to the Revaluation Reserve. This amount is realised by transferring the Revaluation Reserve to the General Fund over the remaining useful life of the asset. Land assets are not depreciated.

Depreciation is charged on a straight line basis. It is provided at rates calculated to write off the valuation of freehold buildings, plant, equipment and intangible assets by equal instalments over their estimated useful lives, with the exception of heritage assets i.e. antique furniture, speakers silver and the Parliamentary art collection with an estimated life of more than 200 years. Heritage assets are not depreciated (as per accounting standard IAS 16) because the long remaining life or high residual value of the asset makes any such charge immaterial. Capital works on leasehold property are depreciated on a straight line basis over the lease period. The capitalised costs for assets in the course of construction are not depreciated until the assets are brought into use.

For accounting purposes the lives of the property, plant and equipment are in the following ranges:

Property:	Years
Land	not applicable
Palace of Westminster	84
Freehold property (excluding Portcullis House)	20-35
Portcullis House	50-75
Leasehold property	14-20
Plant and equipment:	
Furniture - standard	10
Furniture - antique	400
Plant & machinery – catering	10-30
Plant & machinery - Great Clock mechanism	400
Other plant and machinery	4-5
Works of Art	400
Fixtures and fittings - standard	10
Fixtures and fittings - antique	400
Speaker's Silver	400
General office equipment	3-5
Computer file servers	5
Computer equipment (excluding file servers)	4-5
Broadcasting equipment	10
Telephone equipment	5

1.7 Intangible assets

Intangible non-current assets are licences for software that have been provided by third parties costing in excess of £1,000. Software licences are capitalised and amortised over the expected useful life of the software.

1.8 Current investments

The House of Commons holds short term current investments. These are all held in cash and are included in the "Bank and Cash in Hand" figures. Interest receivable on the House of Commons Commission Reserve is credited to that reserve. Any other interest received is treated as operating income.

1.9 Inventories

Inventories are valued as follows:

- a. Finished goods and goods for resale are valued at cost or, where materially different, at current replacement cost, and at net realisable value only when they either cannot or will not be used.
- b. Work in progress is valued at the lower of cost, including appropriate overheads, and net realisable value.

1.10 Research and development expenditure

The House of Commons does not engage in research and development activity.

1.11 Operating income

Such income relates directly to the operating activities of the House of Commons. It principally comprises private bill fees, royalties and the sale of refreshments, books, videos, souvenirs and visitor ticket sales.

1.12 Administration and programme costs

The Statement of Comprehensive Net Expenditure is analysed between administration and programme income and expenditure. Administration costs reflect the costs of running the House of Commons, together with associated operating income. Income is analysed between that which is allowed to be offset against the gross administrative cost and other income. Programme costs are non-administration costs consisting of grant-in-aid to various Parliamentary bodies, the History of Parliament Trust and the Association of Former Members of Parliament.

1.13 Foreign exchange

Transactions which are denominated in foreign currency are translated into sterling at the exchange rate ruling on the date of each transaction.

1.14 Pensions

Past and present employees are covered by the provisions of the House of Commons Staff Pension Scheme (HOCSPS) which operates by analogy to the Principal Civil Service Pension Scheme (PCSPS). The defined benefit schemes are unfunded and non-contributory except in respect of dependants' benefits. The House recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the HOCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the HOCSPS. In respect of the defined contribution schemes, the House recognises the contributions payable for the year. Further details are provided in Note 21.

1.15 Early departure costs

The House of Commons meets the cost of benefits beyond the main pension benefits in respect of employees who retire early. These costs are identified separately in the accounts.

1.16 Leases

In accordance with IAS17, leases are capitalised only when substantially all risks and rewards of ownership are transferred to the lessee.

1.17 Private Finance Initiative (PFI) transactions

The House of Commons has no PFI transactions.

1.18 Provisions

The House of Commons makes provision for pensions, early departure costs and legal costs. The House of Commons Staff Pension Scheme (HOCSPS) was valued in accordance with the accounting standard IAS 26 for 2010-11.

1.19 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, the House discloses for parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the HM Treasury publication Managing Public Money.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to Parliament.

1.20 VAT and Corporation Tax

Most of the activities of the House of Commons are outside the scope of VAT and, in general 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. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

The House is not subject to Corporation Tax.

1.21 Third party assets

The House of Commons holds third party assets in the form of gratuities and service charges on behalf of catering.

1.22 Segmental Reporting

International Financial Reporting Standard, Operating Segments (IFRS 8), is only applicable to the House at the highest level. As such no further analysis is required.

1.23 House of Commons Commission Reserve

Under the powers provided by the House of Commons (Administration) Act 1978 as amended by the Government Resources and Accounts Act 2000, the House of Commons Commission has established a reserve for any excess income generated. Agreement of the Commission is required before any sums can be drawn down. Further details are provided at Note 18.

1.24 Abolition Cost of Capital Charge

The 2010-11 Estimate reflected the abolition of the Cost of Capital Charge. This had represented a notional charge of the average value of net assets held over the year using the rate (3.5%) adopted by HM Treasury. The comparable figures shown in these accounts for 2009-10 and earlier years, with the exception of the Statement of Parliamentary Supply, have been re-stated for this change.

	2009-10
	£000
Net Resource Outturn (Statement of Parliamentary Supply)	278,927
Removal of cost of capital charge	(21,895)
Adjusted Net Resource Outturn	257,032

2. Reconciliation of net resource outturn to net operating cost

			2010-11	2009-10
			£000	£000
	Note	Outturn	Supply Estimate	Outturn compared with Estimate
Net Resource Outturn	3	169,726	219,000	49,274
Non-supply income (CFERs)	5	-	-	-
Net Operating Cost		169,726	219,000	49,274
				257,032

3. Reconciliation of net resource outturn to net cash requirement

		Estimate	Outturn	Net total outturn compared with estimate: saving/(excess)
	Note	£000	£000	£000
Resource Outturn	2	219,000	169,726	49,274
Capital				
Acquisition of property, plant and equipment	11, 13	20,000	14,509	5,491
Non operating Income				
Proceeds of asset disposals	6	-	(21)	21
Accruals adjustments				
Non-cash items – other administration costs	8	(35,967)	10,135	(46,102)
Non-cash items – staff costs	7	(12,733)	(16,297)	3,564
Changes in working capital other than cash	16, 17, 20	-	(4,873)	4,873
Use of provision	21a, 21b	9,700	7,402	2,298
Net Cash Requirement		200,000	180,581	19,419

4. Analysis of income payable to the Consolidated Fund

In addition to Appropriations in Aid, the following income is payable to the Consolidated Fund (cash receipts being shown in italics)

	Forecast 2010-11		Outturn 2010-11	
	Income	<i>Receipts</i>	Income	<i>Receipts</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Excess cash to be surrendered to the Consolidated Fund	-	-	201	201

5. Reconciliation of income recorded within the Statement of Comprehensive Net Expenditure to operating income payable to the Consolidated Fund

	Note	2010-11 £000	2009-10 £000
Operating Income	10	9,605	9,745
Income authorised to be appropriated-in-aid		(9,605)	(9,745)
Operating Income payable to the Consolidated Fund		-	-

6. Non-Operating income – Excess appropriations in aid

	2010-11 £000	2009-10 £000
Proceeds on disposal of property, plant and equipment	21	-

7. Staff numbers and related costs

Staff costs comprise:

	2010-11	2009-10
	£000	£000
Wages and salaries	62,420	59,359
Social security costs	5,051	4,772
Other pension costs (non-cash)	16,297	11,658
Contributions to stakeholder pensions	136	98
Sub Total	83,904	75,887
Inward secondments/agency staff	5,493	5,292
Sub Total	89,397	81,179
Less recoveries in respect of outward secondments	(1,552)	(691)
Total net costs	87,845	80,488

All permanent staff of the House of Commons are entitled to join the House of Commons Staff Pension Scheme (HOCSPS). It operates by analogy with the Principal Civil Service Pension Scheme as a defined benefits scheme and is funded on a pay-as-you-go basis. The Statement of Financial Position includes a provision against which future pension benefits will be charged when paid. The accruing cost of benefits is charged to the Statement of Comprehensive Net Expenditure in the annual resource accounts.

By agreement between the House of Commons and the House of Lords, the whole cost of the pension provision for staff in some shared services falls on the House of Commons, regardless of whether the salary costs are shared.

For 2010-11 contributions of £16,297,000 were payable to the HOCSPS (2009-10 £11,658,000) at a rate determined by the Government Actuary. The scheme's actuary reviews employer contributions on a periodic basis. The contribution rate reflects benefits as they accrue, not when the costs are actually incurred, and reflects past experience of the scheme.

Employees joining after 1 October 2002 can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £135,922 were paid to one or more of the panel of three appointed. The House of Commons pays a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product. The employees do not have to contribute but, where they do, their contributions are matched by the employer up to a limit of 3% (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of risk benefit cover (death in service and ill health retirement). The member may retire at any time between the ages of 50 and 75 and use the accumulated fund to purchase a pension. The member may choose to take up to 25% of the fund as a lump sum.

Contributions due to the partnership pension providers at the balance sheet date were £12,424. Contributions prepaid at that date were nil.

Three persons retired early on ill health grounds during 2010-11 (2009-10: 6 persons). The total additional accrued pension liabilities in the year amounted to £94,000 (2009-10: £396,000).

Average number of persons employed

The average number of full-time equivalent (FTE) persons employed during the year including those staff involved in delivering shared services funded by the House of Lords, were:

	2010-11	2009-10
Average Number (<i>permanent staff</i>)	1,868	1,839
Average Number (<i>agency staff</i>)	35	37

The increase in the number of staff was primarily due to the TUPE transfer of Fire Office staff.

7.1 Reporting of compensation schemes – exit packages

Exit package cost	¹³ Number of compulsory redundancies	¹³ Number of other departures agreed
<£10,000	- (-)	9 (-)
£10,000 - £25,000	- (-)	22 (1)
£25,000 - £50,000	- (-)	16 (1)
£50,000 - £100,000	- (-)	6 (-)
£100,000 - £150,000	- (-)	2 (-)
£150,000 - £200,000	- (-)	3 (1)
Total number of exit packages by type	- (-)	58 (3)
Total Resource cost / £	- (-)	2,078,817 (235,350)

Where the House has paid compensation this mirrors the provisions of the Civil Service Compensation scheme. Payments are accounted for in full in the year of departure.

Where the department has agreed early retirements, the additional costs are met by the House and not by the House of Commons Staff Pension scheme. Ill-health retirement costs are not included in the table.

¹³ Prior year figures are in brackets.

8. Other Administration Costs

	Note	2010-11		2009-10 (restated) ¹⁴	
		£000	£000	£000	£000
Rentals under operating leases					
Buildings rental		10,731		10,733	
Other rental		418		518	
Subtotal			11,149		11,251
Non-cash items					
Depreciation	11	15,530		16,208	
Amortisation	13	229		177	
(Profit)/loss on disposal of property, plant & equipment	6,11,13	121		30	
Net (gain)/loss on revaluation of property, plant and equipment	11	(3,740)		40,340	
Auditors' remuneration and expenses ¹⁵		100		115	
Interest cost	21a	20,300		20,000	
Past Service cost	21a	(46,500)		-	
Provision provided in year	21b	3,824		1,754	
Unwinding of discount on provisions	21b	1		15	
Total non-cash items			(10,135)		78,639
Accommodation services		23,796		20,717	
Security		21,798		21,679	
Information		13,128		15,750	
Computer maintenance		6,836		8,490	
Communications		6,094		6,642	
Finance and specialist services		6,084		6,618	
Catering and other supplies		3,837		4,328	
Other staff costs		2,400		2,823	
Travel and subsistence		1,981		4,108	
Office supplies		1,235		1,333	
Broadcasting		183		242	
			87,372		92,730
Grand Total			88,386		182,620

¹⁴ Restated figures are explained per note 1.24¹⁵ Auditors have received no remuneration for non audit work

9. Programme Costs

	2010-11	2009-10
	£000	£000
Grant-in-aid payable:		
History of Parliament Trust	1,179	1,179
Commonwealth Parliamentary Association (UK Branch)	1,023	1,364
Inter Parliamentary Union (British Group)	685	913
British Irish Parliamentary Assembly	130	130
British American Parliamentary Group	77	77
Association of Former Members of Parliament	6	6
	3,100	3,669

10. Income

	2010-11	2009-10
	£000	£000
Receipts from sales	8,749	9,247
Rental receipts and associated charges	817	474
Fees on private bills	24	17
Other receipts	15	7
	9,605	9,745

11. Property, plant and equipment

2010-11

	Land & Buildings excluding dwellings	Dwellings	Heritage Assets	Fixtures & Fittings	Plant and Machinery	Equipment and computers	Other assets under construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation								
As at 1 April 2010	1,346,947	9,290	17,729	4,590	2,731	27,762	-	1,409,049
Additions	11,758	-	51	179	21	2,033	106	14,148
Disposals	-	-	-	(1,201)	(117)	(4,080)	-	(5,398)
Reclassifications	-	-	-	-	-	-	-	-
Revaluations ¹⁶	(47,399)	278	-	-	-	-	-	(47,121)
At 31 March 2011	1,311,306	9,568	17,780	3,568	2,635	25,715	106	1,370,678
Depreciation								
At 1 April 2010	530,827	-	-	2,858	400	19,442	-	553,527
Charge in the year	11,785	199	-	353	136	3,057	-	15,530
Disposals	-	-	-	(1,201)	(117)	(3,938)	-	(5,256)
Revaluations	(29,604)	(199)	-	-	-	-	-	(29,803)
At 31 March 2011	513,008	-	-	2,010	419	18,561	-	533,998
Net Book Value 31/03/11	798,298	9,568	17,780	1,558	2,216	7,154	106	836,680
Net Book Value 31/03/10	816,120	9,290	17,729	1,732	2,331	8,320	-	855,522

Analysis of land and buildings (includes dwellings)

Analysed into freehold, long leasehold, short leasehold, improvements and investments

	Land		Buildings Improvements to short leasehold			Investments	Total
	Freehold	Long leasehold	Freehold	Long leasehold	to short leasehold		
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation							
At 1 April 2010	94,890	297	1,249,087	233	3,090	8,640	1,356,237
Additions	-	-	9,918	-	1,840	-	11,758
Disposals	-	-	-	-	-	-	-
Reclassifications	997	-	(2,567)	-	-	1,570	-
Revaluations	5,622	5	(53,088)	5	-	335	(47,121)
At 31 March 2011	101,509	302	1,203,350	238	4,930	10,545	1,320,874
Depreciation							
At 1 April 2010	-	-	530,183	-	644	-	530,827
Charge in the year	-	-	11,627	6	351	-	11,984
Disposals	-	-	-	-	-	-	-
Revaluations	-	-	(29,797)	(6)	-	-	(29,803)
At 31 March 2011	-	-	512,013	-	995	-	513,008
Net Book Value 31/03/11	101,509	302	691,337	238	3,935	10,545	807,866
Net Book Value 31/03/10	94,890	297	718,904	233	2,446	8,640	825,410

¹⁶ Figure of £47,121,000 relates to £68,141,000 of revaluation losses offset by £21,020,000 of revaluation gains.

£6,725,000 of the revaluation gain has been credited to the Revaluation Reserve, the remaining £14,295,000 offsets previous losses charged to the Statement of Comprehensive Expenditure. £10,555,000 of the revaluation loss has been charged to the Statement of Comprehensive Expenditure, the remaining £57,586,000 offsets previous gains on the Revaluation Reserve.

The net gain in revaluation charged to the Statement of Comprehensive Expenditure is £3,740,000 (£14,295,000 minus £10,555,000)

Land and Buildings were valued in March 2011 by Peter Snow, FRICS of Valuation Office Agency.

2009-10

	Land & Buildings excluding dwellings	Dwellings	Heritage Assets	Fixtures & Fittings	Plant and Machinery	Equipment and computers	Other assets under construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation								
As at 1 April 2009	1,886,527	11,321	14,382	4,228	2,735	25,208	-	1,944,401
Additions	12,494	-	79	362	-	2,999	-	15,934
Disposals	-	-	-	-	(4)	(445)	-	(449)
Reclassifications	-	-	-	-	-	-	-	-
Revaluations ¹⁷	(552,074)	(2,031)	3,268	-	-	-	-	(550,837)
At 31 March 2010	1,346,947	9,290	17,729	4,590	2,731	27,762	-	1,409,049
Depreciation								
At 1 April 2009	723,756	214	-	2,406	269	15,843	-	742,488
Charge in the year	11,394	189	-	452	135	4,038	-	16,208
Disposals	-	-	-	-	(4)	(439)	-	(443)
Revaluations	(204,323)	(403)	-	-	-	-	-	(204,726)
At 31 March 2010	530,827	-	-	2,858	400	19,442	-	553,527
Net Book Value 31/03/10	816,120	9,290	17,729	1,732	2,331	8,320	-	855,522
Net Book Value 31/03/09	1,162,771	11,107	14,382	1,822	2,466	9,365	-	1,201,913

Analysis of land and buildings (includes dwellings)

Analysed into freehold, long leasehold, short leasehold, improvements and investments

	Land		Buildings Improvements to short leasehold		Investments	Total
	Freehold	Long leasehold	Freehold	Long leasehold		
	£000	£000	£000	£000	£000	£000
Cost or Valuation						
At 1 April 2009	173,823	181	1,710,926	272	1,688	10,958
Additions	-	-	11,092	-	1,402	-
Disposals	-	-	-	-	-	-
Revaluation	(78,933)	116	(472,931)	(39)	-	(2,318)
At 31 March 2010	94,890	297	1,249,087	233	3,090	8,640
Depreciation						
At 1 April 2009	-	-	723,513	14	443	-
Charge in the year	-	-	11,376	6	201	-
Disposals	-	-	-	-	-	-
Revaluations	-	-	(204,706)	(20)	-	-
At 31 March 2010	-	-	530,183	-	644	-
Net Book Value 31/03/10	94,890	297	718,904	233	2,446	8,640
Net Book Value 31/03/09	173,823	181	987,413	258	1,245	10,958

¹⁷ Figure of £550,837,000 relates to £555,253,000 of revaluation losses less £4,416,000 of revaluation gains.

£4,252,000 of the revaluation gain has been credited to the Revaluation Reserve, the remaining £164,000 previous gains charged to the Statement of Comprehensive Expenditure. £40,504,000 of the revaluation loss has been charged to the Statement of Comprehensive Expenditure, the remaining £514,749,000 offsets previous gains on the Revaluation Reserve.

The net loss in revaluation charged to the Statement of Comprehensive Expenditure is £40,340,000 (£40,504,000 minus £164,000).

Land and Buildings were valued in December 2009 by Peter Snow, FRICS of Valuation Office Agency.
Antique Furniture and Speakers Silver were valued in February 2010 by Paul Davidson MRICS of Bonhams.

Land and Buildings analysed by Net Book Value

Analysed by individual land, buildings and investment property

	31 March 2011			
	Land £000	Buildings £000	Investment £000	Total £000
Palace of Westminster ¹⁸	60,000	430,065	-	490,065
Portcullis House	18,375	189,545	-	207,920
Norman Shaw South	3,619	10,858	-	14,477
1 Parliament Street	5,520	16,560	-	22,080
Norman Shaw North	5,103	15,310	-	20,413
1 Derby Gate	2,850	8,550	-	11,400
1 Canon Row	1,843	5,527	-	7,370
Visitors Reception building	-	6,131	-	6,131
53 Parliament Street	998	2,992	-	3,990
Abingdon St Car Park	-	-	4,000	4,000
Units A, B & C Portcullis House	-	-	3,710	3,710
49 Parliament Street	-	-	985	985
50 Parliament Street	-	-	585	585
3 Parliament Street	924	1,876	-	2,800
2 Parliament Street	874	1,426	-	2,300
4 Canon Row	760	1,140	-	1,900
2 Canon Row	436	964	-	1,400
11 Bridge Street	-	-	1,265	1,265
Improvements to leasehold buildings	-	3,935	-	3,935
22 John Islip Street	208	392	-	600
102 Rochester Row	302	238	-	540
NBV at 31 March 2011	101,812	695,509	10,545	807,866

	31 March 2010			
	Land £000	Buildings £000	Investment £000	Total £000
Palace of Westminster ¹⁹	60,000	458,726	-	518,726
Portcullis House	15,875	194,982	-	210,857
Norman Shaw South	3,043	9,127	-	12,170
1 Parliament Street	4,655	13,965	-	18,620
Norman Shaw North	4,250	12,750	-	17,000
1 Derby Gate	2,390	7,170	-	9,560
1 Canon Row	1,535	4,605	-	6,140
Visitors Reception building	-	6,535	-	6,535
53 Parliament Street ²⁰	-	5,426	-	5,426
Abingdon St Car Park	-	-	4,000	4,000
Units A, B & C Portcullis House	-	-	3,470	3,470
3 Parliament Street	909	1,811	-	2,720
2 Parliament Street	857	1,423	-	2,280
4 Canon Row	763	1,087	-	1,850
2 Canon Row	405	905	-	1,310
11 Bridge Street	-	-	1,170	1,170
Improvements to leasehold buildings	-	2,446	-	2,446
22 John Islip Street	208	392	-	600
102 Rochester Row	297	233	-	530
NBV at 31 March 2010	95,187	721,583	8,640	825,410

¹⁸ The total value of the Palace at 31 March 2011 was £816,775,293 (House of Commons' share £490,065,176).

¹⁹ The total value of the Palace at 31 March 2010 was £864,543,726 (House of Commons' share £518,726,236).

²⁰ 53 Parliament Street was purchased towards the end of 2009-10.

1 April 2009

	Land £000	Buildings £000	Investment £000	Total £000
Palace of Westminster ²¹	101,582	642,309	-	743,891
Portcullis House	35,220	279,110	-	314,330
Norman Shaw South	5,494	9,904	-	15,398
1 Parliament Street	9,801	14,500	-	24,301
Norman Shaw North	8,770	15,843	-	24,613
1 Derby Gate	5,474	7,896	-	13,370
1 Canon Row	3,171	5,818	-	8,989
Visitors Reception building	-	5,677	-	5,677
Abingdon St Car Park	-	-	5,388	5,388
Units A, B & C Portcullis House	-	-	4,136	4,136
3 Parliament Street	1,408	2,049	-	3,457
2 Parliament Street	1,107	1,612	-	2,719
4 Canon Row	845	1,231	-	2,076
2 Canon Row	704	1,026	-	1,730
11 Bridge Street	-	-	1,434	1,434
Improvements to leasehold buildings	-	1,244	-	1,244
22 John Islip Street	247	439	-	686
102 Rochester Row	181	258	-	439
NBV at 1 April 2009	174,004	988,916	10,958	1,173,878

The Great Clock

The clock was last valued as at 31 March 2006 using appropriate indices from Historic Table 4 of the Office for National Statistics publication MM17 at £3,233,581 (House of Commons share £1,940,149). The House of Commons share is included in Plant and Machinery.

12. Heritage assets

Antique furniture and Speaker's silver

The collection consists of:

	House of Commons Number	Shared with House of Lords Number
Clocks	98	6
Silver (non Speaker's silver)	67	-
Furniture	3,639	1,782
Other	198	10
Total	4,002	1,798
Speaker's silver	1,098	-

Many of the items are in continual use throughout the estate. Some of the items are in storage; both on-site and held by a third party in secured off-site storage facilities.

The House's detailed management, preservation, disposal and access policy will be drafted during the 2011-12 financial year. Subject to the approval of the House, the Furniture Manager in the Parliamentary Estates Directorate may dispose of items from the collection, although this will only happen in exceptional circumstances. The vast majority of items in the collection were acquired over forty years ago.

²¹ The total value of the Palace at 1 April 2009 was £1,239,817,852 (House of Commons' share £743,890,711).

The value of the Antique furniture, £13,716,730, is included on the Heritage Asset Group in Note 11.

The value of the Speaker's silver, £2,537,485, is included on the Heritage Asset Group in Note 11.

Parliamentary Art Collection

The collection has over 8,000 works of art, over 80% of which are on display throughout the buildings of the Parliamentary Estate. The earliest pieces date from the mediaeval age, with major holdings dating from the 18th, 19th and 20th centuries, and significant contemporary holdings also. Although historically a single collection of art for the Palace of Westminster, in 1992 the Parliamentary Art Collection was divided between the two Houses, with each House assuming ownership responsibilities for their share.

The collection comprises the following categories:

	Purchased prior to 31 March 2000	Donated prior to 31 March 2000
	Number	Number
Paintings & prints	4,796	1,534
Busts	170	49
Medieval statuary	6	-
Murals & mosaics	122	17
Tapestries	9	1
	5,103	1,601

Acquisitions since 1 April 2000 have either been made by purchase or donation, the value of which is included in the Heritage asset group in note 11, £1,526,084.

The Parliamentary Art collection is managed by the House's Curator, who is responsible for all aspects of the management, care, conservation, preservation and interpretation of the Parliamentary Art Collection at the Palace of Westminster in accordance with the policies that are approved by the Works of Art Advisory committee. Further details, including examples of some of the artwork, can be found on the 'Art in Parliament' website at www.parliament.uk.

The Advisory Committee seeks to collect works of art for the House of Commons Collection which fall into one or more of the following categories:

- Portraiture
- Parliamentary history
- Political satire
- Political commemoratives
- The United Kingdom and Parliament today.

Loans of works of art falling within these categories will be sought to fill gaps in the collection whether from public bodies or private individuals. Loans will not be accepted from bodies or individuals which would be seen to compromise the integrity of the House, and therefore the identity of each lender must be made known in advance of the loan proceeding.

The House of Commons Collection will not acquire, whether by purchase, gift, bequest or exchange, any work of art or object unless the Works of Art Committee is satisfied that the Collection can acquire a valid title to the item in question, and that in particular it has not been acquired in, or exported from, its country of origin (or any intermediate country in which it may have been legally owned) in violation of that country's laws.

The House's disposal and access policy will be drafted during the 2011-12 financial year.

Medals

The Parliamentary Art Collection also includes a medal collection. The collection consists of awards instituted by the British Crown and issued to the Armed Forces over the last two centuries as well as medals for gallantry awarded to civilians.

A total of 486 medals are recorded in the medals collection which is on public display in the Medals Corridor in the House of Commons where it can be viewed.

Ceremonial items

The House's collection of ceremonial items consists of Mace, Swords and Medallions. Not all the items are owned by the House; many are owned by the Crown and are returned to St James Palace for safekeeping when the House is in recess:

- The Mace is on loan from the Royal Household who bear the cost of any repairs that are required,
- The Speaker's Office own four ceremonial swords and maintenance costs are charged to the Statement of Comprehensive Net Expenditure when incurred.
- There are forty two medallions which are worn by the Doorkeepers during parliamentary term time. Like the Mace, these are not owned by the House but are on loan from the Royal Household, hence their value is not included in the Statement of Financial Position. However, unlike the Mace, the House is responsible for the maintenance of the Medallions and costs are charged to the Statement of Comprehensive Net Expenditure when incurred.

13. Intangible assets

The House's intangible assets comprise purchased software licences.

	2010-11	2009-10
	£000	£000
Cost or valuation		
At 1 April	858	602
Additions	361	385
Disposals	-	(129)
At 31 March	1,219	858
Amortisation		
At 1 April	350	278
Charged in year	229	177
Disposals	-	(105)
At 31 March	579	350
Closing Net book value	640	508
Opening Net book value	508	324

14. Financial instruments

As the cash requirements of the House are met through the Estimates process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts for non-financial items in line with the House's expected purchase and usage requirements and the House is therefore exposed to little credit, liquidity or market risk.

Liquidity risk

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

Interest rate risk

All of the House's financial assets and liabilities carry fixed or nil rates of interest. The House is not therefore exposed to significant interest rate risk.

Foreign currency risk

Foreign currency would not usually form part of the House's assets or liabilities and as such it is not exposed to any significant exchange risks.

Fair values

Set out below is a comparison by category of book values and fair values of the House primary financial assets and liabilities as at 31 March 2011.

	Note	Book Value	Fair Value
		£000	£000
Primary financial instruments			
Financial assets			
Cash and cash equivalents	18	4,204	4,204
Trade and other receivables	17	5,630	5,630
Financial liabilities			
Trade and other payables	20	24,991	24,991
Early Departures	21b	1,663	1,663

15. Revaluation

The revaluation exercise for the Parliamentary Estate during the financial year resulted in a £10,555,000 revaluation loss being charged to the Statement of Comprehensive Expenditure, with the remaining £57,586,000 offsetting previous gains on the Revaluation Reserve.

16. Inventories

	31 Mar 2011	31 Mar 2010	31 Mar 2009
	£000	£000	£000
Catering	210	284	322
Store equipment	72	56	59
Other	59	66	134
	341	406	515

17. Trade receivables and other current assets

	31 Mar 2011	31 Mar 2010	31 Mar 2009
	£000	£000	£000
Amounts falling due within one year:			
Trade receivables	2,876	2,936	2,689
Deposits and advances	550	658	711
VAT and other taxes	2,184	1,937	1,225
Other receivables	20	4	2
Prepayments and accrued income	6,339	5,364	5,019
	11,969	10,899	9,646

There are no amounts due to be received after one year

18. Cash and cash equivalents

	31 Mar 2011	31 Mar 2010	31 Mar 2009
	£000	£000	£000
Balance at 1 Apr 2009			5,351
Net change in cash and cash equivalent balances			(869)
Balance at 31 Mar 2010			4,482
Net change in cash and cash equivalent balances			(278)
Balance at 31 Mar 2011			4,204
	31 Mar 2011	31 Mar 2010	31 Mar 2009
	£000	£000	£000
The following balances at 31 March were held at:			
Government Banking Service	653	931	1,628
Commercial banks and cash in hand	155	162	334
House of Commons Commission Reserve account	3,396	3,389	3,389
Balance at 31 March	4,204	4,482	5,351

19. Reconciliation of Net Cash Requirement to increase/(decrease) in cash

	2010-11	2009-10
	£000	£000
Net cash requirement	(180,581)	(186,281)
From the Consolidated Fund (Supply) – current year	180,200	185,450
Amounts due to the Consolidated Fund received in prior year and paid over	(105)	(143)
Amounts due to the Consolidated Fund received and not paid	201	105
Interest received on HOCC Reserve balance	7	-
Increase/(decrease) in cash	(278)	(869)

20. Trade payables and other current liabilities

	31 Mar 2011	31 Mar 2010	31 Mar 2009
	£000	£000	£000
Amounts falling due within one year:			
Other taxation and social security	2,323	1,865	1,776
Trade payables – current	1,920	2,465	1,528
Capital - accruals	2,901	1,336	1,389
Members	4	7	8
Other payables	3,507	2,478	1,491
Accruals and deferred income	14,336	10,962	10,493
	24,991	19,113	16,685
Amounts issued from the Consolidated Fund for supply but not spent at year end	607	988	1,819
Consolidated Fund extra receipts due to be paid to the Consolidated Fund	201	105	143
	25,799	20,206	18,647

There are no amounts due to be paid after one year

21. Provisions for liabilities and charges**21(a) Pensions****Overview**

The House of Commons Staff Pension Scheme is an unfunded pension scheme which generates a significant liability on the Statement of Financial Position. This liability will be redeemed through the pension payments made to current and former staff members, and as such will not be fully realised for many years. The House of Commons (Administration) Act 1978 requires staff remuneration to be kept broadly in line with the Home Civil Service. It will therefore need to mirror any future changes that arise from the Independent Public Service Pensions Commission: Final Report (Hutton Report) published on 10 March 2011.

A major adjustment during 2010-11 was the change, from RPI to CPI, of the indexation rate to be applied to pension payments. The management commentary in the Foreword to these accounts provides further details. This has reduced the existing pension liability by £46.5 million. Although the liability will not be realised for many years the accounting standards require the adjustment to be recognised immediately giving rise to a £46.5 million credit to the operating expenditure.

Annual costs against the Estimate include the employer's contribution to fund the benefits earned during the financial year (current service cost) and the interest charge on the historic liability arising from the accumulated past service benefits earned. By agreement between the House of Commons and the House of Lords, the whole cost of the pension provision for staff (PICT excluded) within shared services falls on the House of Commons. The remaining shared service belongs to the House and is not material.

Benefits provided

Pension benefits are provided through the House of Commons Staff Pension Scheme (HOCSPS). From 30 July 2007, staff may be in one of four defined benefit schemes; either a final salary scheme (classic, premium or classic plus); or a whole career scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with the statutory index-linked increases applied by the Government to public sector schemes. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. Benefits in the classic scheme accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For the premium scheme, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike the classic scheme, there is no automatic lump sum. The classic plus scheme is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per the classic scheme and benefits for service from October 2002 worked out as in the premium scheme. In the nuvos scheme a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is up-rated in line with statutory index-linked increase. In all cases members may opt to give up (commute) pension for a lump sum payment up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of the classic, premium and classic plus schemes, and 65 for members of the nuvos scheme.

Assumptions adopted for calculating the pension fund liabilities

The actuarial valuation involves placing a current value on the benefit payments due to be paid in future years. It covers a considerable period and includes liabilities accrued during 2010-11 and previous years for current and former employees. The accounting standard IAS 19 requires the value of the accrued pension liabilities and current service cost (or contribution rate) to be assessed using the standard actuarial methodology known as the Projected Unit Credit Method.

The demographic assumptions adopted include mortality rates, withdrawals from services, promotional salary increases and the ages of dependants. Assumed levels of future mortality improvements are in accordance with the 2008 population projections for the UK prepared by the Office for National Statistics (ONS). With the exception of the rate of earnings inflation, advised by the Government's Actuary's Department (GAD) on the basis of historic trends, the main financial assumptions adopted are in accordance with HM Treasury guidance (PES(2010)17) issued in December 2010. :

	As at 31 March 2011	As at 31 March 2010
Rate of increase in salaries	4.9%	4.3%
Rate of increase in pensions	2.65%	2.75%
Rate used to discount scheme liabilities	5.6%	4.6%
CPI rate	3.0%	3.2%
RPI rate	3.8%	3.9%

The public sector pay freeze for the next two years is not considered to impact significantly on the longer term trend for pay increases. Based on the financial and demographic assumptions applicable at the start of 2010-11 outlined above, the employer's contribution rate for the year ended 31 March 2011 was 27.7% of pensionable salary (20.55% in 2009-10). This has added around £4.2 million to the employer's contribution for pension benefits earned during the year.

Movement on pension liability

In the Budget on 22 June 2010 the Government announced the adoption of CPI instead of RPI for indexing public service pensions in payment from April 2011. This has resulted in a £46.5 million reduction to the pension liability.

An actuarial valuation of the scheme's liabilities was carried out at during 2010-11 by GAD. The House of Commons Staff Pension Scheme (HOCSPS) is valued under IAS 26. Based on the financial and demographic assumptions the net impact on the total liability is:

	2010-11	2009-10
	£000	£000
Balance at 1 April	471,017	327,664
Current service cost ²²		
Employer's contribution	16,297	11,658
Employees' contribution ²³	1,986	2,056
Past Service costs (CPI indexation change)	(46,500)	-
Change in assumptions plus experienced gains/losses ²⁴	(28,900)	115,400
Interest cost ²⁵	20,300	20,000
Benefits paid ²³	(9,456)	(8,364)
Transfers in less transfers out ²³	515	2,603
Balance at 31 March	425,259	471,017

The results of actuarial calculation are inherently uncertain because of the assumptions made. A sensitivity analysis prepared by the actuaries suggests that minor changes to the main assumptions adopted could have a significant impact on the total pension liability:

	£million
Rate:	
- Change of 0.5% in earnings	17.0
- Change of 0.5% in pensions	34.0
Pensioner mortality:	
- Increase of 2 years	25.5

History of Actuarial Gains and Losses

	2010-11	2009-10	2008-09	2007-08	2006-07
	£000	£000	£000	£000	£000
Total Actuarial (Gain)/Loss					
Amount	(28,900)	115,400	(39,900)	(22,000)	63,100
As a percentage of the present value of the scheme liabilities at 31 March	6.8%	24.5%	12.2%	6.4%	18.7%

²² The current service cost represents the increase in the value of pension scheme future liabilities arising from the benefits earned by employees during 2010-11. The employer's contribution is calculated at 27.7% of pensionable pay. The pension scheme is unfunded except for employee contributions towards additional pension rights and partner pension benefits.

²³ Provision used in year was £6,955,000 (£9,456,000 less £1,986,000 and £515,000).

²⁴ Changes in the assumptions adopted can have a significant impact on the adjustment shown. For example, the discount rate changed from 4.6% at the 31 March 2010 to 5.6% at 31 March 2011.

²⁵ The Interest cost is based on the previous year's discount rate (4.6%) applied to the previous year's liability (£471 million) before other minor actuarial adjustments. In effect it represents the unwinding of the discount previously applied to the total pension liability. The figures for 2009-10 were based on a discount rate of 6.04% applied to a total pension liability of £328 million.

21(b) Early departure costs, legal, dilapidation and voluntary exit costs

	Early Departure Costs £000	Legal Claims £000	Dilapidation Costs £000	Voluntary Exits £000	Total £000
Balance at 1 April 2009	122	80	-	-	202
Provided in the year	1,655	99	-	-	1,754
Provisions utilised in the year	(726)	(80)	-	-	(806)
Unwinding of discount	15	-	-	-	15
Balance at 31 March 2010	1,066	99	-	-	1,165
Provided in the year	944	-	2,752	128	3,824
Provisions utilised in the year	(348)	(99)	-	-	(447)
Unwinding of discount	1	-	-	-	1
Balance at 31 March 2011	1,663	-	2,752	128	4,543

Early departure costs

The House meets the additional cost of benefits beyond the normal HOCSPS benefits in respect of employees who retire early by transferring the required amounts annually to the HOCSPS over the period between early departure and normal retirement age. The House provides for this in full if and when the early departure becomes binding on the House by establishing a provision for the estimated payments discounted by 2.9% in real terms.

Legal claims

Provision has been made for various legal claims against the House of Commons. This reflects all known claims where legal advice indicates that it is more than 50% likely that the claim will be successful and the amount of the claim can be reliably estimated. The previous provision raised in 2009-10 was paid during the financial year.

Legal claims which may succeed but are less likely to do so or cannot be estimated reliably are disclosed as contingent liabilities in Note 24.

Dilapidation costs

This reflects the legal obligation of the House, in accordance with the terms of the lease agreement of four leasehold properties, to provide for re-instatement and dilapidations.

Voluntary Exits

This reflects appeals that were successful in 2011-12 but relate to the 2010-11 Voluntary Exit scheme.

22. Capital commitments

	31 Mar 2011 £000	31 Mar 2010 £000	31 Mar 2009 £000
Contracted capital commitments not otherwise included in these financial statements for property, plant and equipment.	8,525	1,171	2,253

23. Commitments under leases*23.1 Operating leases*

Total future minimum lease payments based on current operating lease agreements are given in the table below for each of the following periods.

	31 Mar 2011	31 Mar 2010 <i>(restated)</i> ²⁶	31 Mar 2009 <i>(restated)</i> ²⁶
	£000	£000	£000
Obligations under operating leases comprise:			
Buildings			
Not later than one year	11,755	10,933	10,933
Later than one year and not later than five years	49,427	42,978	43,109
Later than five years	69,785	67,543	76,816
Total	130,968	121,454	130,858
Other			
Not later than one year	158	88	343
Later than one year and not later than five years	170	283	405
Later than five years	-	-	-
Total	328	371	748

23.2 Finance leases

There were no significant finance leases held during 2010-11 (2009-10 £nil).

24. Contingent liabilities disclosed under IAS 37

The House of Commons has the following contingent liabilities:

	At 1 April 2010	Increase in year	Liabilities crystallised in year	Obligation expired in year	At 31 March 2011
	£000	£000	£000	£000	£000
Personal injuries claims	66	1	-	(46)	21
Works of Art on loan from various collections	7,137	142	(223)	(4,978)	2,078
Total	7,203	143	(223)	(5,024)	2,099

²⁶ Commitments have been restated to take account of changes of life of the leases.

25. Losses and special payments

25(a) Losses Statement

	2010-11	2009-10
	£000	£000
Total – 77 cases (2009-10: 73 cases)	1,231	334

Details of cases over £250,000

The House of Commons had planned to occupy three floors of 14 Tothill Street in October 2010; but this was postponed whilst a strategic review of accommodation across the Parliamentary Estate was undertaken. The rental payment made by the House during this period (£0.9m) has been classified as a constructive loss. Initial plans suggest that shared services will occupy the premises after the House of Lords vacate the building in the autumn 2011. This will result in the Lords incurring a charge for the shared service accommodation areas that is unlikely to be significantly different from the costs previously incurred.

There were no constructive losses to report from the prior year.

25(b) Special Payments

There were no special payments in 2010-11 that require separate disclosure (2009-10: £nil).

26. Related-party transactions

As Members of Parliament, any related party transactions of Commission Members should be recorded in the register of Members interest.

The House of Lords and the House of Commons share some buildings and services. These include the Palace of Westminster, together with services provided by the Parliamentary Estates Directorate, the Parliamentary Archives and the Parliamentary Information and Communications Technology (PICT) service.

These joint arrangements are charged between the two Houses on an agreed percentage basis of underlying costs for each service (certain accommodation and overhead costs are excluded). Each House includes their share of the relevant asset base and/or service cost in their Resource Accounts.

The major shared services, excluding minor shared services, are recharged on the following basis:

	House of Commons	House of Lords
Communications services	80%	20%
Visitor Tours	70%	30%
Accommodation and Works services	60%	40%
Broadcasting services	60%	40%
The Parliamentary Archives	40%	60%

The House of Commons incurred expenditure of £42,522,000 on behalf of the House of Lords during 2010-11. The balance as at 31 March 2011 relating to accommodation, works and other shared services owed to the House of Commons by the House of Lords was £133,000.

The House of Lords incurred expenditure of £464,000 on behalf of the House of Commons during 2010-11. The balance as at 31 March 2011 owed to the House of Lords by the House of Commons was £32,000.

PICT manages the ICT for both Houses. Each House pays for its own IT hardware, with the costs of shared services being split on an agreed 80:20 ratio (Commons: Lords). Joint ICT development projects are shared on an agreed project by project basis.

The British-Irish Parliamentary Assembly (BIPA) is provided with accounting services and accommodation. The House made payments of £137,000 on behalf of the BIPA in 2010-11. At the year end, the balance due from BIPA in respect of

2010-11 expenditure was £2,900. Accommodation is also provided to the British American Parliamentary Group, Commonwealth Parliamentary Association (UK Branch) and the British Group of the Inter-Parliamentary Union.

Prior to the 2010 General Election the House of Commons administered the pay and allowances for Members of Parliament. These costs have been accounted for in the House of Commons: Members Resource Accounts.

27. Third-party assets

The House of Commons holds the following third party assets in a public bank account. These are not the House's assets and are not included in the accounts. The assets held at the reporting period date to which it was practical to ascribe monetary assets, such as bank balances were:

	31 March 2010	Gross inflows	Gross outflows	31 March 2011
	£000	£000	£000	£000
Gratuities and service charges	48	325	(336)	37

28. Entities within the departmental boundary

The entities within the boundary during 2010-11 were as follows:

PICT, the Parliamentary Information and Communication Technology service, was established under the Parliament (Joint Departments) Act 2007 and is managed jointly by the Clerks as Corporate Officers of each House. Both Clerks have full access to the service and its control processes. The Head of PICT is subject to control of both Accounting Officers in respect of expenditure. The Joint Department is not a corporate body.

Shared Service assets are jointly and separately owned by the two Corporate Officers and where they are managed by PICT this will be on a mutually agreed basis. Strategic aims, objectives and performance monitoring are agreed jointly with both Clerks on behalf of the Authorities of each House. Each House recognises, in its financial statements, the assets, liabilities and expenses incurred by PICT.

Decisions do not require unanimous consent. PICT can undertake work for one House or the other without reference to the other House.

29. Events after the Reporting Period

In accordance with the requirements of IAS 10, post Statement of Financial Position events are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General.

As outlined in Note 21, the decision to uprate public service pensions using the Consumer Prices Index rather than the Retail Prices Index has been recognised in these accounts in line with the requirement in the House of Commons (Administration) Act 1978 for remuneration to be kept broadly in line with the Home Civil Service. This decision is currently before the courts in judicial review proceedings.

The Clerk of the House was knighted in the 2011 Queen's Birthday Honours List. Robert Rogers has been appointed to take over as Clerk of the House, Chief Executive, and Accounting Officer from 1 October 2011.