



HOUSE *of* LORDS

Resource Accounts
2003-04

(FOR THE YEAR ENDED 31st MARCH 2004)

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Foreword to the Accounts

Scope

The House of Lords Administration presents the accounts of the House of Lords for the financial year ended 31st March 2004. The Resource Accounts contain the financial statements relating to the House of Lords Peers' expenses and administration etc. Request for Resources, which includes catering and works services expenditure. Information is also included, by way of notes, on the House of Lords Security Fund, the House of Lords Works of Art Collection Fund and the House of Lords Refreshment Department trading activities.

Aims and Objectives

The aim of the House of Lords Administration is to enable the House, together with its Members, to carry out its parliamentary and judicial functions fully and effectively, and to give value for money.

The four objectives of the House of Lords Administration are:

- To ensure that the House and its committees have the necessary procedural, information, research, administrative and security support to meet at any time and in any circumstances.
- To provide all Members of the House (and their staff) with the services they need, including appropriate accommodation and facilities, in support of their parliamentary and judicial duties, regardless of party or office.
- To provide the public with information and with access to the proceedings of the House, so as to enhance awareness and understanding of the House's work.
- To maintain the heritage and integrity of the House's building, objects and documents.

Principal Activities

The House of Lords is the second Chamber of the United Kingdom Parliament. It plays an important part in revising legislation and scrutinising Government policy. The House of Lords appoints a number of select committees which include the European Union Committee (with 7 sub-committees), the Science and Technology Committee (with 2 sub-committees), the Constitution Committee, the Economic Affairs Committee, the Delegated Powers and Regulatory Reform Committee and other ad-hoc committees.

The House of Lords is the ultimate court of appeal in the United Kingdom for all cases except Scottish criminal cases. This work is carried out by 12 Lords of Appeal in Ordinary (Law Lords).

Members of the Lords are not elected, and most are unpaid.

Significant events during the year

House of Lords Reform

The Joint Committee on House of Lords Reform – a joint committee of both Houses comprising 12 Members of each House – made a Second Report, published on 9th May 2003, which identified where consensus had been achieved and where further work needed to be done.

The Report concluded: “We look forward to a reply from the Government within the customary two months and then acceptance by both Houses that our work should continue on the lines we have set out.” The Government’s reply was made in July 2003 and published in a Special Report from the Joint Committee. The Joint Committee considered the reply in the autumn of 2003, and in November, just before the end of the 2002-03 session, published an exchange of letters with the Lord Chancellor, Lord Falconer of Thoroton, in which it was stated that a majority of the Committee agreed that a successor committee should be appointed in the new session. In the event, however, no action has been taken to set up a successor committee.

In September 2003, the Government announced that in the absence of a consensus on the composition of the House, it intended to carry out a further interim reform by legislating to exclude the remaining 92 hereditary peers from the membership of the House, together with certain other changes. The bill to implement these changes was to have been introduced in the House of Commons in March 2004, but just before the planned date of introduction the Government announced that it had decided not to proceed in the present Parliament.

The Lord Chancellor and a new supreme court

In a Cabinet reshuffle announced on 12th June 2003, Lord Falconer became Lord Chancellor. He was also appointed Secretary of State for Constitutional Affairs, supported by a new Department of Constitutional Affairs, subsuming the former Lord Chancellor’s Department. It was also announced that there was to be a new supreme court, separate from the House of Lords, and that the office of Lord Chancellor was to be abolished.

The Constitutional Reform Bill [HL], setting up a supreme court, abolishing the office of Lord Chancellor, and enacting other reforms in relation to the Lord Chancellor and judicial appointments, was introduced in the House of Lords in February 2004. The Bill was referred to a Select Committee which was appointed on 22nd March 2004.

In relation to the speakership of the House of Lords, a Select Committee was appointed in July 2003, under the chairmanship of Lord Lloyd of Berwick, and reported in November 2003. It recommended that the House should elect a speaker with a greater role than the Lord Chancellor has in relation to the House, but with no significant powers such as those exercised by the Speaker of the House of Commons – the House’s tradition of self regulation would continue.

Important events which have occurred since the financial year end

The Select Committee on the Constitutional Reform Bill [HL] reported on 24th June 2004. The Committee could not reach consensus on the major issues of the establishment of a supreme court and the abolition of the office of Lord Chancellor, and on 13th July the House voted twice to retain the office of Lord Chancellor.

House of Lords Annual Report

The House of Lords Annual Report (HL Paper 154) provides an overview of the work of the House of Lords in 2003-04. The House of Lords Business Plan 2004/05 (HL Paper 155), setting out services to be provided by the administration, was agreed by the House Committee in July 2004. Both are published on behalf of the House of Lords by The Stationery Office and are available via bookshops and on the internet (www.parliament.uk).

Operating and Financial Review

The House of Lords Administration's outturn on net total resources for 2003-04 was £81,119,000 which was £6,602,000 lower than the Estimate. The main explanations for this variation against the Estimate are:

- Administration expenses and the take up of Peers' expenses were lower than expected;
- Delays to capital projects meant that expenditure was not incurred when initially forecast;
- Lower than forecast movements of the asset base led to reduced capital charges.

Against the net cash requirement, outturn of £58,404,000 was £10,132,000 less than the Estimate.

Detailed scrutiny and revision of legislation remains the most important role of the House of Lords. It sat on 165 days during the year, for a total of 1180 hours; the average length of each daily sitting was just over 7 hours. There was also a substantial increase in the use of Grand Committees with 63 days of Grand Committee sittings as against 30 days in 2002-03.

The activity of select committees remained high in 2003-04. In June 2003, the Liaison Committee recommended that the European Union Committee appoint an additional (seventh) sub-committee from the start of the 2003-04 session. The new Finance Bill sub-committee of the Economic Affairs Committee was set up for the first time in 2003, and reported in June 2003. It was reconstituted in February 2004. The Science and Technology Committee, the Constitution Committee, the Joint Committee on Human Rights and several pre-legislative scrutiny and ad-hoc committees continued to meet and report, details of which are contained in the Annual Report. The Delegated Powers and Regulatory Reform Committee made 25 reports during the year and the new Merits of Statutory Instruments Committee was appointed in December 2003.

Following a successful pilot project, the proceedings of the House and some public meetings of committees are now webcast on the website www.parliamentlive.tv. The bicameral Central Tours Office managed a second programme of guided tours for the public in the summer of 2003, and took over the arrangements for providing guides for tours throughout the year. The House of Lords, along with the House of Commons, continued to make plans for improved welcome, reception and information facilities for visitors.

Progress was made with the application of corporate records management policies, which will assist compliance with the Freedom of Information and Data Protection Acts, and bring business benefits in terms of improved access to information by staff to aid decision-making and operational effectiveness.

The administration continues to monitor corporate governance developments in the public sector. The administration has supported the development of the work of the Audit Committee. Risk management is increasingly being embedded within the administration; members of the Management Board have specific responsibility for reporting on identified corporate risks and each Office has now developed a local risk register.

Management

Members of the House of Lords (except ministers, certain office holders and Lords of Appeal in Ordinary) do not receive a salary. They are entitled to recover travel and certain other expenses incurred in connection with their parliamentary duties. Members other than ministers and certain office holders are entitled to recover, up to a specified maximum, the cost of overnight accommodation, subsistence and office costs certified by them as incurred for the purpose of their parliamentary duties at sittings of the House and its committees. The Chairman and Principal Deputy Chairman of Committees' salaries, and that part of the Lord Chancellor's salary attributable to his duties as Speaker of the House, are paid from House of Lords' funds. The salaries as at 31st March 2004 were as follows:

Lord Chancellor (as Speaker of the House of Lords)	£28,383
Chairman of Committees (including £1,574 London Supplement)	£77,280
Principal Deputy Chairman of Committees (including £1,574 London Supplement)	£72,400

The salaries of the three Office Holders shown above are reviewed and adjusted annually in line with Senior Civil Service pay.

The Accounting Officer and, in accordance with the Parliamentary Corporate Bodies Act 1992, the Corporate Officer of the House of Lords is the Clerk of the Parliaments. He is appointed by Her Majesty by Letters Patent and can be removed from office only by the Sovereign upon an address of the House of Lords for that purpose.

Sir Michael Davies KCB retired as Clerk of the Parliaments on 13th July 2003. Paul Hayter, formerly Clerk Assistant, was appointed Clerk of the Parliaments from 14th July 2003.

The Clerk of the Parliaments is supported by a Management Board, the membership of which is designed to reflect the wide range of services provided to the House and its Members. It is chaired by the Clerk of the Parliaments and following the appointment of Paul Hayter as Clerk of the Parliaments the other members of the Management Board were as follows:

Michael Pownall	Parliamentary Services
David Beamish	Information Services
Rhodri Walters	Committee Services
Lieutenant-General Sir Michael Willcocks, KCB	Support Services
Edward Ollard	Finance
Philippa Tudor	Human Resources

The Clerk of the Parliaments and Black Rod are appointed by the Crown and the other Clerks at the Table are appointed by the Lord Chancellor. All staff other than the Clerks at the Table and Black Rod are appointed and removable by the Clerk of the Parliaments as Corporate Officer of the House of Lords.

The salary of the Clerk of Parliaments is linked to Judicial Salary Group 4. Pay for the Management Board members is in line with the pay bands used in the Senior Civil Service. The pay budget available to fund pay awards is determined annually by reference to SSRB recommendations for the Senior Civil Service. Details of the remuneration of the Management Board can be found in note 2 to the accounts.

Pensions

Present and past employees of the House of Lords are covered by the provisions of the House of Lords Staff Pension Scheme (HOLSPS). The scheme is an unfunded defined benefit scheme which is operated 'by analogy' with the Principal Civil Service Pension Scheme. The balance sheet includes a provision against which future pension benefits will be charged when paid. The annual accruing cost of benefits is charged to the operating cost statement (see notes 1.12 and 2.3b).

Public Interest and Other

Equal Opportunities, Diversity and Disability

It is House of Lords policy that its staff shall have equality of opportunity for employment and advancement on the basis of their ability, qualifications and suitability for work. There must be no discrimination on grounds of gender, marital status, age, race, colour, disability, religious affiliation or sexual orientation. This policy is in line with Civil Service policy statements, United Kingdom legislation on equality of opportunity and equal pay, and European Union law. Equal opportunities and diversity training are compulsory for all staff and the Equal Opportunities and Diversity Officer is available to advise staff and managers on equal opportunities and diversity matters.

Payments to Suppliers

The House of Lords Administration is committed to the Better Payment Practice Code. The policy is that all bills should be paid in accordance with credit terms, or where no such terms exist, within 30 days of the receipt of the goods or services, or the presentation of a valid invoice, whichever is the later. Payments with regard to Works Services are made in the first instance by the House of Commons. The calculation of payment performance for 2003-04 has been based on continuous monitoring of payments throughout the year. On this basis 98.85% of payments made by the House of Lords met the policy criteria.

Staff Issues

The Clerk of the Parliaments attaches importance to ensuring effective consultation and involvement of staff. Certain trade union organisations, and the House of Lords (Parliament Office) Staff Association, have been recognised by the House of Lords and are members of the House of Lords Whitley Committee which meets regularly with management. Additionally, staff involvement is also encouraged as part of the day to day process of line management and staff are consulted as part of the annual business planning process.

Auditor

The Comptroller and Auditor General is the external auditor for the House of Lords. The notional audit fee for 2003-04 was £105,000 (2002-03 – £105,000). No further assurance or advisory services were provided by the auditors.

P.D.G. Hayter

Clerk of the Parliaments and Accounting Officer

27th October 2004

Statement of Accounting Officer's Responsibilities

The Government Resources and Accounts Act 2000 requires government departments to prepare Resource Accounts for each financial year detailing the resources acquired, held or disposed of during the year and the use of resources during the year. The House Committee accounts for the House of Lords' Estimate and has determined to apply by analogy the financial reporting provisions of the Act, as required for central government departments. It has delegated responsibility for the preparation of the Annual Accounts to the Clerk of the Parliaments, who is appointed by Her Majesty by Letters Patent and is ex-officio Accounting Officer for the House of Lords.

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 Lords, the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the financial year.

The Accounting Officer is responsible for preparing the House of Lords' accounts. In discharging these responsibilities the Accounting Officer is required to comply with the Resource Accounting Manual prepared by the Treasury, and in particular to:

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

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

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 Lords' Administration, whilst safeguarding the public funds and assets for which I am personally responsible.

Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify all risks to the corporate objectives of the House of Lords Administration; to evaluate the likelihood and impact of those risks being realised; and to manage them efficiently, effectively and economically.

Capacity to Manage Risk

The risk management process is owned by the Management Board. Each of the ten corporate risks of the House of Lords Administration has a nominated risk owner at Management Board level. Corporate risk owners are responsible for ensuring that the risks allocated to them are managed effectively in accordance with the Administration's risk strategy. They are required to report the risk management approach, together with all related actions and decisions, at Management Board meetings. A reporting timetable for corporate risks has been agreed. Although the timetable is designed to ensure that a report on each risk area is made at least once a year, risk owners are expected to report immediately any material variation in the perceived level of exposure.

Heads of Offices have attended a risk management seminar and have been provided with appropriate guidance material and support to allow them to assess risk within their own areas of responsibility. Each Office has been asked to identify key risks to the achievement of its strategic objectives. These risks are referred to in the business plans of each Office and are described in detail in the risk registers that have been prepared by all House of Lords Offices.

The Risk and Control Framework

The Management Board, the Audit Committee and the House Committee have all contributed to the development of the risk and control framework. The Management Board has primary responsibility for considering and agreeing the risk management policy, deciding the Administration's risk approach, and developing appropriate strategies for the effective management of agreed corporate risks. The Audit Committee has responsibility for reviewing the Administration's approach to risk and for evaluating the efficacy of management responses thereto. The Audit Committee provides assurances on the effectiveness of risk management to me, as Accounting Officer, and, where necessary, to the House Committee. Following its formal adoption of the corporate risks, the House Committee has maintained oversight of corporate governance developments and would be required to endorse any significant change of policy in this area.

Further development work undertaken during 2003-04 has concentrated specifically on the management and reporting of Office risks, and full integration of the Office risk management system with that which already exists for the management of corporate risks. The process has been closely guided at each stage by the Principal Finance Officer and other officials and has resulted in the creation of risk registers for each of the House of Lords Offices.

These registers are the primary means by which Heads of Offices report the management of risk. Each register requires an assessment of the extent to which corporate risks are being managed at Office level. A separate operational section details any local risks that have the potential to threaten the delivery of Office objectives. For each risk included, both corporate and local, there is a numerical assessment of the level of exposure and an identified Office level risk owner. Heads of Offices are expected to update their risk registers on a quarterly basis.

I consider that the establishment of Office risk reporting and its integration into the existing system of corporate risk management has introduced an appropriate level of control into all operational activities for which I am responsible.

Internal Financial Control

The system of internal financial control is based on a framework of regular management information, administrative procedures including segregation of duties, and a system of delegation and accountability. During the 2003-04 financial year, it was also subject to overall supervision by the House Committee. Development and maintenance of the system is undertaken by executive managers within the House of Lords, but is also influenced by accounting arrangements for services which are shared with the House of Commons.

All payments made by the House of Lords in respect of current and capital works services take the form of reimbursement to the House of Commons of expenditure incurred on behalf of the House of Lords. Although the House of Lords Internal Auditor includes the activities of the Parliamentary Works and Estates Directorates within his annual programme of work, he does not generally have direct access to certain financial operations undertaken by the House of Commons and subject to audit by the House of Commons Internal Review Service. Accordingly, I have received a statement of assurance from the Accounting Officer of the House of Commons regarding the adequacy of accounting procedures used to determine the level of expenditure charged to the House of Lords, and of the system for periodically reviewing such procedures.

The Accounting Officer of the House of Commons has also provided an assurance on the accuracy of various items of accounting information necessary for the preparation of the House of Lords Resource Account. This information relates principally to the valuation of parliamentary assets between the two Houses, and to the division of joint costs. It is, of necessity, prepared in the first instance by the House of Commons and is subsequently incorporated into the House of Lords Resource Account. I am content to rely on the assurances I have received from the House of Commons.

A scheme for providing financial assistance to opposition parties - generally referred to as Cranborne Money - was introduced in 1996. Although funding for this scheme is subsumed within the House of Lords Request for Resources for which I am responsible, I have no direct control over the expenditure involved. Under the terms of the scheme, I rely upon professional audit certificates provided annually by each of the main opposition parties and by the Convenor of Cross-Bench Peers. I am content to rely upon these assurances.

Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. The review process is informed by the work of the internal auditors and the executive managers within the House of Lords who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors. In assessing the effectiveness of the internal control system I am also guided by the views of the Audit Committee and the Management Board.

I am committed to a process of continuous improvement in the system of internal control in the House of Lords. This process has been continued to my satisfaction during 2003-04.

P.D.G. Hayter

Clerk of the Parliaments and Accounting Officer

27th October 2004

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

I certify that I have audited the financial statements on pages 14 to 39. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 20 to 23.

Respective responsibilities of the Accounting Officer and Auditor

As described on page 8, the Accounting Officer is responsible for the preparation of the financial statements in accordance with the House of Lords Resource Accounting Manual and for ensuring the regularity of financial transactions. The Accounting Officer is also responsible for the preparation of the other contents of the Accounts. My responsibilities, as independent auditor, are in general terms, established by statute and guided by the Auditing Practices Board and the auditing profession's ethical guidance.

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

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

I review whether the statement on pages 9 to 11 reflects the House of Lords' application, as best practice, of Treasury's guidance "Corporate governance: statement on internal control". I report if it does not reflect appropriate application of the Treasury guidance, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Accounting Officer's Statement on Internal Control covers all risk and controls. I am also not required to form an opinion on the effectiveness of the House's corporate governance procedures or its risk and control procedures.

As set out in the Statement on Internal Control (pages 9 – 11), financial assistance to opposition parties is paid in accordance with resolutions of the House of Lords. These resolutions require each recipient party and the Convenor of Cross-Bench Peers to certify, through an external auditor, that expenditure has been incurred for parliamentary purposes. My audit of these amounts considers whether payments to recipients are in line with the resolutions, whether the House of Lords have properly accounted for these amounts and received certificates from external auditors, in accordance with the resolutions, which confirm that expenditure has been incurred for parliamentary purposes.

Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the House of Lords in the preparation of the financial statements, and of whether the accounting policies are appropriate to the House of Lords' circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conformed to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the House of Lords at 31st March 2004 and of the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the year ended, and have been properly prepared; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

John Bourn
Comptroller and Auditor General

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

29th October 2004

SCHEDULE 1**Summary of Resources Outturn**For the year ended 31st March 2004

	Estimate			Outturn			<i>Net Total Outturn compared with Estimate saving/ (excess)</i>	<i>Prior year Outturn</i>
	<i>Gross Expenditure</i>	<i>A in A</i>	<i>Net Total</i>	<i>Gross Expenditure</i>	<i>A in A</i>	<i>Net Total</i>		
	£000	£000	£000	£000	£000	£000	£000	£000
Request for Resources Peers Expenses, Admin. etc.	93,099	(5,378)	87,721	86,161	(5,042)	81,119	6,602	85,817
Total Resources	93,099	(5,378)	87,721	86,161	(5,042)	81,119	6,602	85,817
Non-operating Cost A in A			(45)			(16)	(29)	(45)
Net Cash Requirement			68,536			58,404	10,132	57,173

Summary of income payable to the Consolidated Fund

(In addition to appropriations in aid, the following income relates to the House of Lords and is payable to the Consolidated Fund (cash receipts being shown in italics and figures in £000s).)

	Note	2003-04 Forecast		2003-04 Outturn	
		<i>Income</i>	<i>Receipts</i>	<i>Income</i>	<i>Receipts</i>
		£000	£000	£000	£000
Total	5	-	-	-	-

Explanation of the variation between Estimate and outturn (net total resources):

- i. Administration expenses and the take up of Peers' expenses were lower than expected
- ii. Delays to capital projects meant that expenditure was not incurred when initially forecast
- iii. Lower than forecast movements of the asset base led to reduced capital charges

Explanation of the variation between Estimate net cash requirement and outturn (net cash requirement):

- i. Delays to capital projects meant expenditure was not incurred when initially forecast
- ii. Payments relating to Works and Estates expenditure occurred later than forecast
- iii. Changes in working capital varied from Estimate due to the receipt of large invoices after the year end
- iv. Movement in provisions were greater than anticipated

The notes on pages 20 to 39 form part of the accounts

Reconciliation of resources to cash requirement

		<i>Estimate</i>	<i>Outturn</i>	<i>Net total outturn compared with Estimate saving/(excess)</i>
	Note	£000	£000	£000
Net Total Resources		87,721	81,119	6,602
<i>Capital:</i>				
Acquisition of Fixed Assets	10,11,12	4,856	3,200	1,656
Investments		-	-	-
<i>Non-Operating A in A:</i>				
Proceeds of fixed asset disposals		(45)	(16)	(29)
<i>Accruals adjustments:</i>				
Non cash items	3	(24,681)	(22,159)	(2,522)
Changes in working capital other than cash	13	685	(3,158)	3,843
Changes in creditors falling due after more than one year		-	-	-
Use of provision	17	-	(582)	582
Net Cash Requirement (Schedule 4)		68,536	58,404	10,132

For 2003-04 the House of Lords changed from two Request for Resources (RfR1 – Peers’ expenses and administration; RfR2 - Works services) to one Request for Resources. Separate figures from 2002-03 have been combined to produce the prior year comparative figures.

The notes on pages 20 to 39 form part of the accounts

SCHEDULE 2**Operating Cost Statement**For year ended 31st March 2004

	Note	2003-04		2002-03	
		£000	£000	£000	£000
Programme Costs					
Request for Resources 1					
Staff Costs	2	15,022		13,627	
Non-staff Costs	3	71,139		76,493	
Less: Income	6	(5,042)		(4,303)	
			81,119		85,817
Net Programme Costs	4		81,119		85,817
Net Operating Cost	8 & 9		81,119		85,817
Net Resource Outturn	8 & 9		81,119		85,817

For 2003-04 the House of Lords changed from two Request for Resources (RfR1 – Peers' expenses and administration; RfR2 - Works services) to one Request for Resources. Separate figures from 2002-03 have been combined to produce the prior year comparative figures.

All income and expenditure are derived from continuing operations

Statement of Recognised Gains and LossesFor the year ended 31st March 2004

	Note	2003-04	2002-03
		£000	£000
Net gain on revaluation of tangible fixed assets	19	4,800	41,201
Actuarial (loss)/gain on pension commitments	17	(4,923)	50
Total recognised (loss)/gain for the financial year		(123)	41,251

The notes on pages 20 to 39 form part of the accounts

SCHEDULE 3**Balance Sheet**As at 31st March 2004

	Note	31 st March 2004		31 st March 2003	
		£000	£000	£000	£000
Fixed Assets					
Tangible assets	11	453,047		450,152	
Intangible assets	12	198		149	
			453,245		450,301
Current Assets					
Stocks		229		288	
Debtors	14	1,240		1,733	
Cash at bank and in hand	15	4,618		387	
		6,087		2,408	
Creditors (amounts falling due within one year)	16	(10,012)		(3,191)	
Net Current assets			(3,925)		(783)
Total Assets less Current Liabilities			449,320		449,518
Creditors (amounts falling due after more than one year)					
Provisions for Liabilities and Charges	17	(45,650)		(37,500)	
			(45,650)		(37,500)
			403,670		412,018
Taxpayers' Equity					
General Fund	18		255,686		268,814
Revaluation Reserve	19		147,767		142,987
Donated Assets Reserve	19		217		217
			403,670		412,018

P.D.G. Hayter

Clerk of the Parliaments and Accounting Officer

27th October 2004

The notes on pages 20 to 39 form part of the accounts

SCHEDULE 4**Cash Flow Statement**For the year ended 31st March 2004

	2003-04	2002-03
Note	£000	£000
Net cash outflow from operating activities (a)	(55,220)	(54,089)
Capital expenditure and financial investment (b)	(3,184)	(2,965)
Receipts due to the Consolidated Fund which are outside the scope of the House's activities	-	-
Payments of amounts due to the Consolidated Fund Financing (c)	(16)	-
	62,651	56,696
Increase/(Decrease) in cash for the period	4,231	(358)

*Notes:**a See the table below giving a reconciliation of operating cost to operating cash flows.**b See the table below giving an analysis of capital expenditure and financial investment.**c See the table below giving an analysis of financing and a reconciliation to the net cash requirement.*

	2003-04	2002-03
Reconciliation of operating cost to operating cash flows		
Net Operating Cost (Schedule 2)	81,119	85,817
Adjust for non-cash transactions	3 (22,159)	(31,489)
Adjust for movements in working capital other than cash	13 (3,158)	(239)
Use of provisions	17 (582)	-
Net cash flow from operating activities	55,220	54,089
Analysis of capital expenditure and financial investment		
Intangible fixed asset additions	12 149	64
Tangible fixed asset additions	11 3,051	2,916
Proceeds from disposal of fixed assets	(16)	(15)
Net cash outflow from investing activities	3,184	2,965
Analysis of financing, and reconciliation to the net cash requirement		
From the Consolidated Fund (Supply) – current year ¹	62,651	56,696
Net Financing	62,651	56,696
(Increase)/Decrease in cash	(4,231)	358
Net cash flows other than financing	58,420	57,054
Adjust for payments and receipts not related to Supply;		
Amounts due to the Consolidated Fund - received in prior year and paid over	(16)	-
Amounts due to the Consolidated Fund - received and not paid over	-	16
Transitional adjustment for outstanding balances relating to the 2000-01 Peers' Expenses and Works Services Appropriation Accounts	-	103
Net cash requirement (Schedule 1)	58,404	57,173

¹ Amount of grant actually issued to support the net cash requirement = £62,650,871.00

The notes on pages 20 to 39 form part of the accounts

SCHEDULE 5**Resources by Aim and Objective**For the year ended 31st March 2004

Aim: To enable the House, together with its members, to carry out its parliamentary and judicial functions fully and effectively, and to give value for money.

	2003-04			2002-03		
	<u>Gross</u> <u>£000</u>	<u>Income</u> <u>£000</u>	<u>Net</u> <u>£000</u>	<u>Gross</u> <u>£000</u>	<u>Income</u> <u>£000</u>	<u>Net</u> <u>£000</u>
Objective 1	13,438	(1,067)	12,371	12,139	(875)	11,264
Objective 2	38,275	(2,808)	35,467	38,495	(2,414)	36,081
Objective 3	3,982	(473)	3,509	3,624	(401)	3,223
Objective 4	30,466	(694)	29,772	35,862	(613)	35,249
Net Operating Costs	86,161	(5,042)	81,119	90,120	(4,303)	85,817

Objective 1	To ensure that the House and its committees have the necessary procedural, information, research, administrative and security support to meet at any time and in any circumstances.
Objective 2	To provide all Members of the House (and their staff) with the services they need, including appropriate accommodation and facilities, in support of their parliamentary and judicial duties, regardless of party or office.
Objective 3	To provide the public with information and with access to the proceedings of the House, so as to enhance awareness and understanding of the House's work.
Objective 4	To maintain the heritage and integrity of the House's buildings, objects and documents.

See Note 20

The notes on pages 20 to 39 form part of the accounts

Notes to the Accounts

1. Statement of accounting policies

The financial statements have been prepared with reference to the *Resource Accounting Manual* issued by HM Treasury. The accounting policies contained in the manual follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector. Where the manual permits a choice of accounting policy, the policy that the House of Lords has judged the most appropriate for the purposes of giving a true and fair view has been selected. The particular accounting policies adopted are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting conventions

These accounts have been prepared under the historical cost convention modified to include the revaluation of fixed assets, and stocks where material, at their value to the House of Lords by reference to their current costs.

1.2 Basis of consolidation

These accounts comprise a consolidation of the House of Lords Peers' Expenses and administration costs and the transactions of the House of Lords Refreshment Department and the House of Lords Works of Art Collection Fund, previously published as separate financial statements.

The Palace of Westminster is a Royal Palace and is under the joint stewardship of the House of Lords and the House of Commons. Responsibility for maintenance of the Palace and the Parliamentary Estate is a function resting with the Parliamentary Estates Directorate and the Parliamentary Works Services Directorate within the Serjeant at Arms Department in the House of Commons. Expenditure on the Palace and the Parliamentary Estate is apportioned in a 40:60 ratio (Lords:Commons), or solely allocated to the House of Lords or the House of Commons where appropriate. Expenditure is made on behalf of the House of Lords by the Department of Finance and Administration in the House of Commons, which is then recharged to the House of Lords over the course of the year.

From 1999 onwards, the House of Lords Record Office, which maintains the Parliamentary Archives, became a shared facility with relevant costs split in a 60:40 ratio between the House of Lords and the House of Commons.

Security costs are arranged and monitored jointly but are billed separately to the two Houses by the Metropolitan Police, apportioned in 31:69 ratio (Lords:Commons). Additionally, the two Houses incur administration costs on each other's behalf. These are recharged over the course of the year, on the basis of an agreed proportion.

1.3 Fixed Assets

i. Tangible Fixed Assets

Land and buildings shown in the accounts are as follows:

- a. property on the Parliamentary Estate administered by the House of Lords;
- b. property on the Parliamentary Estate administered by the House of Lords and House of Commons jointly.

ii. Freehold Properties

The Palace of Westminster has previously been revalued every year by the Valuation Office Agency (VOA). From 2003-04 the Palace will be revalued using the Royal Institute of Chartered Surveyors (RICS) 'Tender Price Index'. The remainder of the Parliamentary Estate is revalued every year using appropriate indices from HM Treasury. The Parliamentary Estate is subject to a full revaluation every 5 years and an interim review every 3 years. The valuations are undertaken by the District Valuers of the VOA in accordance with Financial Reporting Standard (FRS) 15 and the Appraisal and Valuation Manual of the RICS, and are subject to instructions issued by the House of Commons.

The Parliamentary Estate was fully revalued by VOA as at 31st March 2003. A further revaluation as at 31st March 2004 was undertaken by the VOA as a comparator given the change of estimation technique.

Properties regarded by the House of Lords as operational are valued on the basis of Existing Use Value or, where this could not be assessed because there was no market for the subject asset, on a Depreciated Replacement Cost Value (DRC) basis.

Notes to the Accounts - continued

iii. Antique Furniture

The antique furniture was professionally valued at 31st March 1998. Each year the Furniture Manager in the Parliamentary Works Services Directorate carries out an internal review to assess if any revaluation adjustment is required.

iv. Plant and Machinery

Plant and Machinery includes the clock mechanism in the Clock Tower, popularly known as 'Big Ben'. It has been revalued using an appropriate index obtained from the Office for National Statistics MM17 '*Price index numbers for current cost accounting*'.

v. Other Tangible Assets

Other tangible assets have been stated at current cost using appropriate indices. The indices are obtained from the Office for National Statistics MM17 '*Price index numbers for current cost accounting*'. The minimum level for capitalisation of a tangible fixed asset is £1,000.

vi. Intangible Fixed Assets

Intangible fixed assets relate to licences to use software developed by third parties. These are valued at cost and the minimum level for capitalisation is £1,000.

1.4 Depreciation and Amortisation

Freehold land is not depreciated.

Depreciation and amortisation is provided at rates calculated to write off the valuation of freehold buildings and other fixed assets by equal instalments over their estimated useful lives. Depreciation is not charged on antique furniture, where, in accordance with FRS 15, the long remaining life or high residual value of the assets makes such a charge immaterial. Lives are normally in the following ranges:

Palace of Westminster	90 years
Other buildings	remaining life (between 25-38 years)
Plant and machinery	10-30 years
Fixtures and fittings	10 years
Refreshment Department silverware	20 years
Broadcasting equipment	10 years
Telephone equipment	10 years
General office equipment	5-10 years
Computer file servers and software	3-5 years
Other IT equipment	3-4 years

1.5 Non-Operational Heritage Assets

The House of Lords has the following categories of non-operational heritage assets – the Works of Art Collection, the Parliamentary Archives, early printed books and Peers' Robes. Owing to the nature of these assets, or their long economic life and high residual value, depreciation is not charged.

i. Works of Art Collection

Parliament has collected Works of Art since 1841, depicting parliamentary institutions and statesmen and stateswomen. The collection originally consisted of works of art commissioned by the Fine Arts Commission, with the purpose of bringing the history of the nation to life on the walls of the interiors of the Houses of Parliament. Many of the works added later were acquired as donations from Members of both Houses. Until 1991 the collection was held jointly by both Houses of Parliament; at that date the works were nominally split between the two Houses on the basis of where works were situated at that date. However, this split did not necessarily reflect actual ownership at the date of acquisition, or the locations for which the works were originally commissioned or intended. The total size of the collection is disclosed in a footnote to note 11.

Notes to the Accounts - *continued*

In accordance with the *Resource Accounting Manual*, the value of the Works of Art Collection as at 31st March 2000 is not included on the balance sheet. House of Lords additions from 1st April 2000 are valued at cost. Details of the House of Lords Works of Art Collection Fund are contained in note 31.

ii. The Parliamentary Archives

The Parliamentary Archives comprise several million documents that have been preserved at the Palace of Westminster from 1497 in a variety of formats, from vellum and parchment to modern computer disk. Parliamentary records prior to 1497 form part of The National Archives. The records are predominantly unique and irreplaceable and have been preserved for their historical, legal and administrative value. The Record Office was established in the House of Lords in 1946, and became a shared facility with the House of Commons in 1999. The Record Office publishes an Annual Report which is available via www.parliament.uk.

In accordance with the *Resource Accounting Manual*, the value of the Parliamentary Archives as at 31st March 2000 is not included on the balance sheet, with acquisitions from 1st April 2000 being valued at cost.

iii. Early Printed Books

The House of Lords Library holds a collection of rare books, which dates back to the Fifteenth century. In accordance with the *Resource Accounting Manual*, the value of early printed books as at 31st March 2000 is not included on the balance sheet, with acquisitions from 1st April 2000 being valued at cost.

iv. Peers' Robes

The House of Lords holds robes which are lent to Peers for ceremonial use on State occasions. These were donated or bequeathed to the House by former Peers, are secured within the Palace and cleaned and repaired as necessary. The Donated Assets reserve is comprised of these robes which, due to their long life, are not depreciated.

1.6 Stock and work in progress

Stock includes goods for resale, other stock held by the Refreshment Department and certain other consumable stores.

Stock and work in progress are valued as follows:

- a. finished goods for resale are valued at cost or, where materially different, current replacement cost, and at net realisable value only when they either cannot or will not be used;
- b. free publications, leaflets, posters, guides etc. and work in progress is valued at the lower of cost, including appropriate overheads, and net realisable value.

1.7 Research and Development

Any expenditure on research and development is treated as an operating cost in the year in which it is incurred.

1.8 Income

Income relates directly to the operating activities of the House of Lords. It includes receipts from fees from Judicial proceedings and taxation of costs, Private Bill proceedings, and reproduction of parliamentary archives, receipts in connection with the provision of catering facilities, staff pension contributions and other pension receipts. It includes not only income appropriated in aid of the Estimate, but may include income to the Consolidated Fund, which is treated as operating income.

1.9 Administration and programme expenditure

The House of Lords is outside HM Treasury's administration costs control regime. To enable the House of Lords to produce the resource accounts with sufficient detail to provide a true and fair view of the state of its affairs, the requirements of the *Resource Accounting Manual* have been adapted. For reporting purposes, the same level of detail has been provided in the Accounts as a whole as would be necessary for a government department to provide for expenditure governed by the administration costs control regime.

Notes to the Accounts - *continued*

1.10 Capital charge

A charge, reflecting the cost of capital utilised by the House of Lords, is included in operating costs. The charge is calculated at the government's standard rate of 3.5% in real terms on all assets less liabilities, except for donated assets, additions to heritage collections where the existing collection has not been capitalised, and cash balances with the Office of the Paymaster General, where the charge is nil.

1.11 Foreign exchange

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

1.12 Pensions

Present and past employees of the House of Lords are covered by the provisions of the House of Lords Staff Pension Scheme (HOLSPS) described in note 2.3b. The pension scheme is accounted for under the terms of *FRS 17 Retirement Benefits*. The annual accruing cost of providing for future benefits is charged to the operating cost statement and is based upon rates determined by the Government Actuary and advised by HM Treasury. These rates were in the range of 12-18.5% of pensionable pay. A provision to meet the liability is included on the balance sheet.

The HOLSPS contains particular arrangements in respect of employees who retire early on medical or structural grounds.

1.13 Operating Leases

Operating lease rentals are charged to the operating cost statement over the lease term.

1.14 Grants payable

The House of Lords makes an annual grant to the History of Parliament Trust (see note 4).

1.15 Third-party assets

The House of Lords Security Fund Account holds monies lodged as security on civil appeals to the House of Lords. The monies in the account are always repaid to one of the parties to the appeal, the House of Lords receiving no benefit. These are categorised as Third Party Assets and the information relating to the House of Lords Security Fund Account is contained in note 30. The Fund has not been included in the list of assets and liabilities on the balance sheet.

The House of Lords Refreshment Department receives and pays gratuities on behalf of its staff; for 2003-04 the amount paid was £294,000 (2002-03 – £277,000).

1.16 Change to estimation technique

With effect from the 2003-04 accounts the following changes in the estimating techniques for fixed assets have been introduced to meet the needs of in-year expenditure control.

Land and Buildings

The Parliamentary Estate will no longer have a professional valuation every year. A full valuation will now be done every 5 years, with an interim review after 3 years. For the intervening years the Estate is revalued each year using appropriate indices.

Other Assets

The useful life of IT assets shared with the House of Commons has been increased from 3 to 5 years for printers, monitors and servers, and 4 years for other IT assets. Assets still in use after their useful economic life now have a nil value on the balance sheet; previously these had been given a nominal value.

Impact of changes in estimating technique

The above changes have had the following effects:

- a. Schedule 1, 2 and 5: an increase in expenditure of £69,000
- b. Schedule 3: an increase in values of fixed assets of £15,666,000

Notes to the Accounts - continued**2. Staff numbers and related costs****2.1 Staff costs**

Staff costs consist of:

	<u>2003-04</u>	<u>2002-03</u>
	£000	£000
Wages and salaries	11,256	10,694
Social security costs	986	755
Other pension costs	3,006	2,358
Sub Total	15,248	13,807
Inward Secondments	40	24
Total	15,288	13,831
Less recoveries in respect of outward secondments	(266)	(204)
Total Net Costs	15,022	13,627

The above is only in respect of staff of the House of Lords. Other pension costs includes some costs of administering the House of Lords Staff Pension Scheme.

The House of Lords Staff Pension Scheme (HOLSPS) is an unfunded defined benefit scheme which is operated 'by analogy' with the Principal Civil Service Pension Scheme. The House of Lords meets the costs of all benefits. A provision to meet the liability is included on the balance sheet. The HOLSPS is a 'by analogy' scheme with less than 1000 members. The Government Actuary's Department has devised a model to assist organisations with small 'by analogy' to the PCSPS schemes to value their liabilities. The amount in the financial statements has been calculated using this valuation method. The date of valuation is 31st March 2004.

For 2003-04, employers' contributions of £1,582,799 were accrued at rates in the range 12 to 18.5% of pensionable pay, based on salary bands. The rates are reviewed every four years by the Government Actuary and advised by the Treasury. Rates will remain the same next year, but will increase from 2005-06. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred.

Employees joining after 1st October 2002 could opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £2,768 were paid to one or more of a panel of appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5% of pensionable pay. Contributions due to the partnership pension providers at the balance sheet date were nil. Contributions prepaid at that date were nil.

2.2 Average number of persons employed

The average number of whole time equivalent (WTE) staff (including senior management) was as follows:

	<u>2003-04</u>	<u>2002-03</u>
	Number	Number
House of Lords Administration	390	374

A further analysis of the complement of House of Lords staff is available in the Annual Report (HL Paper 154).

2.3 Salary and pension entitlements

The salary and pension entitlements of the Management Board were as follows:

Notes to the Accounts - *continued*

A. Remuneration:

	2003-04		2002-03	
	Salary £000	Benefits in kind (to nearest £100)	Salary £000	Benefits in kind (to nearest £100)
Paul Hayter <i>Clerk of the Parliaments (from 14th July 2003)</i> <i>Clerk Assistant (until 13th July 2003)</i>	135-140	-	110-115	-
Michael Pownall <i>Clerk Assistant (from 14th July 2003)</i> <i>Reading Clerk (until 13th July 2003)</i>	105-110	-	90-95	-
David Beamish <i>Reading Clerk (from 14th July 2003)</i>	55-60 <i>(90-95 full year equivalent)</i>	800	N/A	N/A
Lieutenant-General Sir Michael Willcocks, KCB <i>Gentleman Usher of the Black Rod</i>	80-85	see note	70-75	see note
Rhodri Walters <i>Clerk of Committees</i>	90-95	-	80-85	-
Edward Ollard <i>Principal Finance Officer (from 1st September 2003)</i> <i>Establishment Officer (until 31st August 2003)</i>	70-75	-	65-70	-
Philippa Tudor <i>Head of Human Resources (from 1st September 2003)</i>	35-40 <i>(75-80 full year equivalent)</i>	-	N/A	N/A
Sir Michael Davies, KCB <i>Clerk of the Parliaments (until 13th July 2003)</i>	40-45	-	135-140	-

'Salary' includes gross salaries and performance bonuses payable.

The estimated monetary value of benefits in kind covers any benefits provided and treated by the Inland Revenue as taxable income. Black Rod occupies a Parliamentary Residence. For 2003-04 the taxable benefit for the residence was £4,255. David Beamish received childcare vouchers.

B. Pension Benefits:

House of Lords Pensions

Pension benefits are provided through the House of Lords Staff Pension Scheme (HOLSPS). From 1st October 2002, staff may be in one of three statutory "final salary" defined benefit schemes (Classic, Premium or Classic Plus). The scheme is unfunded with the costs of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium and classic plus are increased annually in line with changes in the Retail Prices Index. New entrants after 1st October 2002 may choose between membership of Premium or joining a good quality "money purchase" stakeholder based arrangement with a significant 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 and classic plus. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1st October 2002 calculated broadly as per classic.

Notes to the Accounts - *continued*

	Accrued pension at 31/3/04 and related lump sum	Real increase in pension at 31/3/04 and related lump sum	CETV at 31/3/04	CETV at 31/3/03	Real increase in CETV
	£000	£000	£000	£000	£000
Paul Hayter <i>Clerk of the Parliaments (from 14th July 2003)</i> <i>Clerk Assistant (until 13th July 2003)</i>	65-70 <i>Plus lump sum of 205-210</i>	12.5-15 <i>Plus lump sum of 42.5-45</i>	1,260	985	268
Michael Pownall <i>Clerk Assistant (from 14th July 2003)</i> <i>Reading Clerk (until 13th July 2003)</i>	40-45 <i>Plus lump sum of 125-130</i>	2.5-5 <i>Plus lump sum of 12.5-15</i>	733	624	83
David Beamish <i>Reading Clerk (from 14th July 2003)</i>	20-25 <i>Plus lump sum of 65-70</i>	0-2.5 <i>Plus lump sum of 5-7.5</i>	356	309	29
Lieutenant-General Sir Michael Willcocks, KCB <i>Gentleman Usher of the Black Rod</i>	0-5 <i>Plus lump sum of 5-10</i>	0-2.5 <i>Plus lump sum of 2.5-5</i>	60	37	20
Rhodri Walters <i>Clerk of Committees</i>	30-35 <i>Plus lump sum of 100-105</i>	2.5-5 <i>Plus lump sum of 10-12.5</i>	550	472	59
Edward Ollard <i>Principal Finance Officer (from 1st September 2003)</i> <i>Establishment Officer (until 31st August 2003)</i>	15-20 <i>Plus lump sum of 50-55</i>	0-2.5 <i>Plus lump sum of 5-7.5</i>	236	199	24
Philippa Tudor <i>Head of Human Resources (from 1st September 2003)</i>	15-20 <i>Plus lump sum of 55-60</i>	2.5-5 <i>Plus lump sum of 7.5-10</i>	269	219	36

Cash Equivalent Transfer Values

A cash equivalent transfer value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the HOLSPS arrangements and for which the House of Lords has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of 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 for the start and end of the period.

Notes to the Accounts - *continued***3. Non-staff costs**

	2003-04	2002-03
	<u>£000</u>	<u>£000</u>
Rentals under operating leases:		
Hire of plant and machinery	112	117
Other operating leases	1,706	1,233
	<u>1,818</u>	<u>1,350</u>
Non-cash items:		
Depreciation and amortisation of fixed assets:		
Tangible fixed assets	4,611	4,949
Intangible fixed assets	100	90
Loss on disposal of fixed assets	3	46
Cost of capital charge	14,385	23,684
Loss on revaluation	310	68
Provision provided in year	-	100
Unwinding of discount on provisions	2,645	2,447
Auditor's remuneration and expenses	105	105
	<u>22,159</u>	<u>31,489</u>
Peers' Expenses	13,597	13,773
Security	7,511	6,928
Estates & Works expenditure	15,734	14,069
Other expenditure	10,320	8,884
Total	<u>71,139</u>	<u>76,493</u>

There has been no auditor's remuneration for non-audit work.

Note a – the total of non-cash transactions included in the Reconciliation of Resources to Net Cash Requirement in Schedule 1 and in the Reconciliation of Operating Costs to Operating Cashflows in Schedule 4 comprises:

	Total
	<u>£000</u>
Other administration costs – non cash items (as above)	22,159
Other non-cash amounts charged to operating expenditure	-
Less non-cash income	-
Total non-cash transactions	<u>22,159</u>

4. Net Programme Costs

	2003-04	2002-03
	<u>£000</u>	<u>£000</u>
Grant to History of Parliament Trust	269	260
Other current expenditure	85,892	89,860
	<u>86,161</u>	<u>90,120</u>
Less: income (see note 6)	(5,042)	(4,303)
	<u>81,119</u>	<u>85,817</u>

Notes to the Accounts - *continued***5. Analysis of income payable to the Consolidated Fund**

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

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

6. Income and appropriations in aid (see also Note 1.8)*Operating income*

Operating income not appropriated-in-aid (A in A) (i.e. surrenderable to the Consolidated Fund) is analysed for resource budget purposes between that which is included in public expenditure and that which is not (see Note 8). In 2003-2004, all operating income as A in A was within public expenditure.

	2003-04			
	Resource Outturn		Operating Cost Statement	
	Netted off gross expenditure in sub-head <i>£000</i>	Appropriated in Aid <i>£000</i>	Payable to Consolidated Fund <i>£000</i>	Income included in Operating Cost Statement <i>£000</i>
Operating income analysed by classification and activity is as follows:				
Refreshment Department sales	-	3,387	-	3,387
Pension contributions and transfers in	-	1,039	-	1,039
Judicial fees and taxation	-	581	-	581
Other fees and charges	318	35	-	35
	318	5,042	-	5,042

Notes to the Accounts - *continued*

	2002-03			
	Resource Outturn		Operating Cost Statement	
	Netted off gross expenditure in sub-head	Appropriated in Aid	Payable to Consolidated Fund	Income included in Operating Cost Statement
£000	£000	£000	£000	
Operating income analysed by classification and activity is as follows:				
Refreshment Department sales	-	3,258	-	3,258
Pension contributions and transfers in	-	398	-	398
Judicial fees and taxation	-	572	-	572
Other fees and charges	339	75	-	75
	339	4,303	-	4,303

Non-operating appropriations in aid

	2003-04	2002-03
	£000	£000
Disposals of fixed assets	16	45

7. Administration cost limits

This note is not applicable to the House of Lords (see note 1.9).

8. Reconciliation of net operating cost to control total and net resource outturn

	2003-04	2002-03
	£000	£000
Net operating cost	81,119	85,817
<i>Remove</i> non-supply expenditure (-) and income (+), including income scored as Consolidated Fund extra receipts (CFERs):		
Operating income not classified as A in A	-	-
Consolidated Fund standing services	-	-
<i>Adjust</i> for the effects of prior-period adjustments in the current and prior years	-	-
<i>Adjust</i> for transfer of Estimate cover in respect of transfer of functions	-	-
Net resource outturn	81,119	85,817

Net operating cost is the total of expenditure and income in the operating cost statement (Schedule 2). Net resource outturn is the total of those elements of expenditure and income that are subject to parliamentary approval and included in the House of Lords' Supply Estimate. The outturn against the Estimate is shown in the summary of resource outturn (Schedule 1).

Notes to the Accounts - *continued***9. Analysis of net resource outturn by function and reconciliation to Operating Cost Statement**

	2003-04						2002-03	
	Current	Grants	Gross	A in A	Net Total	Estimate	Net total	Prior-year
	Expenditure	£000	Resource	£000	£000	£000	outturn	Outturn
	£000	£000	Expenditure	£000	£000	£000	compared	£000
			£000	£000	£000	£000	with	£000
							Estimate	
Request for Resources								
Administration	48,908	269	49,177	(5,041)	44,136	46,477	2,341	40,822
Works Services	36,984	-	36,984	(1)	36,983	41,244	4,261	44,995
Resource outturn	85,892	269	86,161	(5,042)	81,119	87,721	6,602	85,817

Reconciliation to Operating Cost Statement

Non-Supply expenditure	-	-	-	-	-			
Non-A in A operating income	-	-	-	-	-			
Gross Operating Expenditure			86,161					
Operating Income				(5,042)				
Net Operating Cost					81,119			

10. Analysis of capital expenditure, financial investment and associated A in A

	2003-04			
	Capital expenditure	Loans, etc.	A in A	Net Total
	£000	£000	£000	£000
Request for resources	3,200	-	(16)	3,184
	3,200	-	(16)	3,184
	2002-03			
	Capital expenditure	Loans, etc.	A in A	Net Total
	£000	£000	£000	£000
Request for resources	2,980	-	(45)	2,935
	2,980	-	(45)	2,935

Notes to the Accounts - *continued***11. Tangible fixed assets**

	Land & Buildings excluding dwellings £000	Dwellings £000	Information Technology £000	Plant & Machinery £000	Heritage Assets & Office Equipment £000	Assets Under Construction £000	Total £000
Cost or valuation							
At 1 st April 2003	756,160	1,488	4,911	1,245	21,107	8,117	793,028
Additions	1,352	-	673	-	254	772	3,051
Donations	-	-	-	-	-	-	-
Disposals	-	-	(122)	-	(985)	-	(1,107)
Revaluation	(4,288)	157	(374)	2	(81)	-	(4,584)
At 31st March 2004	753,224	1,645	5,088	1,247	20,295	8,889	790,388
Depreciation							
At 1 st April 2003	338,619	113	2,704	-	1,440	-	342,876
Charged in year	3,771	39	701	-	100	-	4,611
Disposals	-	-	(100)	-	(983)	-	(1,083)
Revaluation	(8,757)	(113)	(114)	-	(79)	-	(9,063)
At 31st March 2004	333,633	39	3,191	-	478	-	337,341
Net book value at 31st March 2004	419,591	1,606	1,897	1,247	19,817	8,889	453,047
At 31st March 2003	417,541	1,375	2,207	1,245	19,667	8,117	450,152
Asset financing:							
Owned	419,591	1,606	1,897	1,247	19,817	8,889	453,047
Financed leased	-	-	-	-	-	-	-
On-balance sheet PFI contracts	-	-	-	-	-	-	-
PFI residual interests	-	-	-	-	-	-	-
Net book value at 31st March 2004	419,591	1,606	1,897	1,247	19,817	8,889	453,047

Land and buildings

The Palace of Westminster was re-valued using appropriate indices on the basis of Depreciated Replacement Cost. The total value of the Palace as at 31st March 2004 was £1,038,627,000 (House of Lords share £415,451,000). The remainder of the Parliamentary Estate was re-valued using indices, where appropriate, on the basis of Existing Use Value.

Plant and machinery

The clock mechanism in the Clock Tower, popularly known as 'Big Ben', was last valued as at 2nd July 1998 on a replacement cost basis by Thwaites & Reed of London Limited. It has been revalued using an appropriate index obtained from the Office for National Statistics MM17 'Price index numbers for current cost accounting'. The total value as at 31st March 2004 was £3,117,500 (House of Lords share £1,247,000).

Heritage assets and office equipment

The value of antique furniture is based on a professional valuation carried out at 31st March 1998. The Furniture Manager for the Parliamentary Works Department performs a yearly internal review of the antique furniture to identify if any revaluation adjustment is required. For the year ended 31st March 2004, he concluded that no adjustment was required, and the value of the antique furniture was £18,459,000.

The works of art, including the House of Lords Works of Art Collection Fund, are classified as non-operational heritage assets and those acquired prior to 1st April 2000 are not included on the balance sheet. House of Lords' additions since 1st April 2000 are capitalised and included in heritage assets and office equipment. For the year ended 31st March 2004 the value of the works of art was £264,855. The collection held by Parliament, either solely or jointly owned by the House of Lords and House of Commons, prior to 1st April 2000 can be classified as follows:

<i>Purchased Works of Art numbering:</i>		<i>And Donated works of art numbering:</i>	
Paintings and Prints	4,796	Paintings and Prints	1,534
Busts	170	Busts and Statues	49
Medieval Statuary	6	Murals and mosaics	17
Murals and mosaics	122	Tapestries	1
Tapestries	9		

For details of the Works of Art Collection Fund see note 31.

Notes to the Accounts - *continued***12. Intangible fixed assets**

Intangible fixed assets comprise purchased software licences.

	Software Licences £000
Cost or valuation	
At 1 st April 2003	431
Additions	149
Donations	-
Disposals	-
Revaluation	-
At 31st March 2004	<u>580</u>
Depreciation	
At 1 st April 2003	282
Charged in year	100
Disposals	-
Revaluation	-
At 31st March 2004	<u>382</u>
Net book value at 31st March 2004	<u>198</u>
At 31st March 2003	<u>149</u>

13. Movements in working capital other than cash

The movements in working capital other than cash used in the reconciliation of resources to cash requirement comprise:

	2003-04	2002-03
	<u>£000</u>	<u>£000</u>
(Decrease)/Increase in stocks	(59)	20
(Decrease)/Increase in debtors	(493)	31
Increase in creditors exc. Consolidated Fund	<u>(2,590)</u>	<u>(290)</u>
	(3,142)	(239)
Transitional adjustment for outstanding balances relating to the 2000-01 Peers Expenses and Works Services Appropriation Accounts	-	103
Amounts due to the Consolidated Fund received in the prior year and paid over	<u>(16)</u>	<u>-</u>
Movements in working capital other than cash (Schedule 1)	(3,158)	(136)

The movements in working capital other than cash used in the Cash Flow Statement comprise:

	2003-04	2002-03
	<u>£000</u>	<u>£000</u>
(Decrease)/Increase in stocks	(59)	20
(Decrease)/Increase in debtors	(493)	31
Increase in creditors exc. Consolidated Fund	<u>(2,590)</u>	<u>(290)</u>
Movements in working capital other than cash (Schedule 4)	(3,142)	(239)
Amounts due to the Consolidated Fund received in the prior year and paid over	<u>(16)</u>	<u>-</u>
Movements in working capital other than cash (Schedule 1)	(3,158)	(239)

Notes to the Accounts - *continued***14. Debtors**

	2003-04	2002-03
	£000	£000
Amounts falling due within one year:		
Trade debtors	574	628
Deposits and advances	139	207
Other debtors	2	223
Pre-payments and accrued income	525	675
	1,240	1,733

15. Cash at bank and in hand

	2003-04	2002-03
	£000	£000
Balance at 1 st April	387	745
Net change in cash balances	4,231	(358)
Balance at 31st March	4,618	387

The following balances at 31st March are held at:

Office of HM Paymaster General	4,573	332
Commercial banks and cash in hand	45	55
Balance at 31st March	4,618	387

The balance at 31st March comprises:

Cash due to be paid to the Consolidated Fund		
Amounts issued from the Consolidated Fund for supply but not spent at year end	4,618	371
Consolidated Fund extra receipts received and due to be paid to the Consolidated Fund	-	16
	4,618	387

16. Creditors: amounts falling due within one year

	2003-04	2002-03
	£000	£000
Trade creditors	522	671
Other creditors	4,200	1,322
Accruals and deferred income	672	811
Total excluding amounts due to Consolidated Fund	5,394	2,804
Amounts issued from the Consolidated Fund for supply but not spent at year end	4,618	371
Consolidated Fund extra receipts received and due to be paid to the Consolidated Fund	-	16
	10,012	3,191

Notes to the Accounts - *continued***17. Provisions for liabilities and charges (See also Note 1.12)**

The provision for future pension payments and early departure costs is as follows:

	<u>Pension commitments</u>	<u>Early Departure Costs</u>	<u>Total Provision</u>
	£000	£000	£000
Value of liabilities at 1 st April 2003	37,320	180	37,500
Current service cost (net of employee contributions)	1,943	-	1,943
Employee contributions	297	-	297
Actuarial losses/(gains)	4,923	-	4,923
Less benefits paid	(2,055)	(80)	(2,135)
Add net individual transfers in	477	-	477
Interest cost/unwinding of discount	2,632	13	2,645
Balance at 31st March 2004	45,537	113	45,650

The House of Lords Staff Pension Scheme is 'by analogy' to the Principal Civil Service Pension Scheme. The Government Actuary's Department has devised a model to assist organisations with small (less than 1000 members) 'by analogy' to the PCSPS schemes to value their liabilities. The amount in the financial statements has been calculated using this valuation method. The date of valuation is 31st March 2004 and the major assumptions used were:

Financial assumptions	31st March 2004	31st March 2003
	%	%
The inflation assumption	2.50	3.40
The rate of increase in salaries	4.00	4.90
The rate of increase for pensions in payment and deferred pensions	2.50	3.40
The rate used to discount scheme liabilities	6.10	7.00
The effect of accrual during 2003/04	Amount	
	£000	
The current service cost (net of employee contributions)	1,943	
Any past service costs	0	
Gains and losses on any settlements and curtailments	0	
The interest cost	2,645	
Actuarial gains and losses for 2003/04	%*	Amount
		£000
Experience losses/(gains)	0.2	99
Effect of changes in demographic and financial assumptions	10.6	4,824
Total actuarial losses/(gains)	10.8	4,923

*here the amounts are expressed as a percentage of the present value of the scheme liabilities as at the balance sheet date

Liability	31st March 2004	31st March 2003
	£000	£000
Actives	22,350	21,535
Deferreds	4,070	2,905
Age Pensioners	16,450	10,745
Ill Health Pensioners	1,575	1,260
Dependant Pensioners	1,205	1,055
Total Present value of the scheme liabilities	45,650	37,500

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

Notes to the Accounts - *continued***18. Reconciliation of net operating cost to changes in general fund**

	2003-04		2002-03	
	£000	£000	£000	£000
Net operating cost for the year (Schedule 2)		(81,119)		(85,817)
Income not appropriated in aid paid to the Consolidated Fund		-		-
		(81,119)		(85,817)
Net parliamentary funding:				
Drawn Down		62,651		56,696
Transfer to general fund of realised element of revaluation reserve (note 19)		20		93
Non-cash charges:				
Cost of capital (note 3)	14,385		23,684	
Auditor's remuneration (note 3)	105		105	
		14,490		23,789
Balance to be surrendered to Consolidated Fund:				
Cash balance payable for unspent supply	(4,618)		(371)	
Non-operating income not appropriated in aid paid or payable to the Consolidated Fund	-		(16)	
Prior year unspent grant	371		745	
Other adjustments (inc. actuarial loss)	(4,923)		(267)	
		(9,170)		91
Net change in general fund		(13,128)		(5,148)
General fund at 1 st April		268,814		273,962
General fund at 31st March (Schedule 3)		255,686		268,814

19. Reserves

	2003-04		2002-03	
	Revaluation Reserve		Revaluation Reserve	
	£000		£000	
Balance at 1 st April		142,987		101,879
Arising on revaluation during the year (net)		4,800		41,201
Transferred to general fund in respect of realised element of revaluation reserve		(20)		(93)
Balance at 31st March		147,767		142,987

The revaluation reserve reflects the unrealised element of the cumulative balance of indexation and revaluation adjustments (excluding donated assets).

	2003-04		2002-03	
	Donated Asset Reserve		Donated Asset Reserve	
	£000		£000	
Balance at 1 st April		217		217
Additions during the year		-		-
Balance at 31st March		217		217

The donated assets reserve reflects the net book value of assets donated to the House of Lords.

Notes to the Accounts - continued**20. Notes to Schedule 5**

The House of Lords capital is employed exclusively for House of Lords Administration purposes.

With effect from 2003-04, the House of Lords Administration has 4 objectives. Costs have been apportioned based on information provided by individual budget holders, and reflect their assessment of the broad allocation of their resources by objectives.

For comparative purposes the 2002-03 figure has been restated using these objectives. Based on the previous objective the net expenditure for 2003-04 is £81,119,000 (2002-03 - £85,817,000). Further information about the aim, objectives, primary tasks and core values of the House of Lords can be found in the House of Lords' Business Plan (HL Paper 155).

21. Capital Commitments

The House of Lords has capital commitments at 31st March 2004, for which no provision has been made, amounting to £3,328,000 (2003 - £5,075,000).

22. Commitments under leases*Operating Leases*

Commitments under operating leases to pay rentals during the year following the year of these accounts are given in the table below, analysed according to the period in which the lease expires:

	<u>2003-04</u>	<u>2002-03</u>
	£000	£000
Obligations under operating leases comprise:		
Land and buildings:		
Expiry within one year	-	-
Expiry after 1 year but not more than 5 years	-	-
Expiry thereafter	1,290	1,262
	<u>1,290</u>	<u>1,262</u>
Other:		
Expiry within one year	-	-
Expiry after 1 year but not more than 5 years	70	-
Expiry thereafter	2	-
	<u>72</u>	<u>-</u>

23. Other financial commitments

The House of Lords does not have any other material commitments at 31st March 2004.

24. Contingent Liabilities

There were no contingent liabilities as at 31st March 2004.

25. Accountability - losses and special payments

No exceptional kinds of expenditure such as losses and special payments that required separate disclosure because of their nature or amount were incurred.

Notes to the Accounts - *continued***26. Related-party transactions**

The House of Lords and the House of Commons share some buildings and services. These include the Palace of Westminster, the Parliamentary Estates Directorate, the Parliamentary Works Services Directorate, the Parliamentary Communications Directorate and the Parliamentary Archives.

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 percentage for each House for the key areas is as follows:

Service	House of Lords	House of Commons
Accommodation and Works services	40%	60%
Communications services	15%	85%
Parliamentary archives	60%	40%
Broadcasting services	40%	60%

As at 31st March 2004, the balance relating to accommodation and works services owed by the House of Lords to the House of Commons was £2,586,000. In relation to other shared services, the amount owed to the House of Lords by the House of Commons was £115,000. The total amount of expenditure incurred by the House of Commons on behalf of the House of Lords was £21,892,000.

The House of Lords incurred expenditure of £374,000 on behalf of the House of Commons during 2003-04. The balance owed to the House of Lords by the House of Commons was nil.

27. Financial Instruments

FRS 13, *Derivatives and Other Financial Instruments*, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the largely non-trading nature of its activities and the way in which Parliament is financed, the House of Lords is not exposed to the degree of financial risk faced by other business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 13 mainly applies. Financial assets and liabilities are generated by day to day operational activities and are not held to change the risks facing the House of Lords in undertaking its activities.

Liquidity Risk

The House of Lords is financed by supply voted annually by Parliament for the House of Lords Peers' expenses and administration etc. expenditure. As such it is not exposed to significant liquidity risks.

Interest rate risk

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

Foreign currency risk

Foreign currency would not normally form part of the House of Lords' assets and liabilities, and as such it is not exposed to any significant foreign currency risks.

Fair values

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

	Book value £000	Fair value £000	Basis of fair valuation
Primary Financial Instruments			
<i>Financial assets:</i>			
Cash at bank	4,618	4,618	
<i>Financial liabilities:</i>			
Provisions	45,650	45,650	Note a

Note a – Fair value is not significantly different from book value since, in the calculation of the book value, the appropriate discount rate has been applied.

Notes to the Accounts - continued**28. Actual outturn - resources and cash***28.1 Actual outturn – resources*

Actual amount net resource outturn £81,119,465.67

Actual amount of savings in resources over Estimate £6,601,534.33

28.2 Actual outturn - cash

Net cash requirement: Outturn net requirement £58,403,860.58 which is £10,132,139.42 less than Estimate.

The actual receipts surrenderable to the Consolidated Fund were nil.

29. House of Lords Refreshment Department Trading Activities

The House of Lords Refreshment Department provides a wide range of catering facilities to Members and House of Lords' staff. Members may sponsor private functions, and this type of service accounted for 50.7% of sales in 2003-04.

The Refreshment Department operates under a policy first agreed between the House of Lords and HM Treasury in 1981. In accordance with this policy, the department is required to ensure that private function trading and retailing is self financing and the Department is also required to trade on the basis of 50% gross profit on all turnover. Sales of tobacco, confectionery and goods to be consumed or used outside the department, together with the cost of services at functions, are excluded from the turnover figure against which gross profit is measured for the purpose of this target.

Total trading sales for 2003-04 amounted to £3,387,134. Gross profit on sales calculated according to the formula above was 66.3%; gross profit on all sales was 51.9%.

Further performance targets for trading in individual outlets of the department have been agreed, and are reviewed annually, by the Refreshment Committee.

30. The House of Lords Security Fund Account

In all civil cases where an Appeal lies to the House of Lords under the provisions of the Appellate Jurisdiction Act 1876, Appellants must provide security for the costs of such Appeals. The House of Lords Security Fund Account records the receipt, payment and disposition of the lodgements for each financial year. The sum to be lodged by the Appellants is authorised from time to time by the House Committee. The most recent revision was in October 2000 when it was increased from £18,000 to £25,000. No other receipts and payments are entered on the account; no interest is paid on the lodgements, nor are any fees deducted. Security Fund monies are payable to the relevant party, usually on issue of the Final Judgement or Taxation of the Bill of Costs.

	<u>2003-04</u>	<u>2002-03</u>
	£000	£000
Opening Balance of Fund at 1st April	1,601	1,305
Add Receipts:		
Lodgements by Appellants	500	850
	<u>2,101</u>	<u>2,155</u>
Less Repayments:		
Repayments to Appellants/Respondents	(429)	(554)
	<u>(429)</u>	<u>(554)</u>
Closing Balance of Fund at 31 st March	<u>1,672</u>	<u>1,601</u>

The closing balance of £1,672,000 was made up of 1 Deposit of £12,000, 20 Deposits of £18,000 and 52 Deposits of £25,000.

Notes to the Accounts – continued

31. The House of Lords Works of Art Collection Fund

The Works of Art Collection Fund was established for the purpose of acquiring works of art for the House of Lords. Prior to 1st April 1992, it was funded by grant from the Department of the Environment. For the financial years 1992-93 and 1993-94, provision was made to meet expenditure from the House of Lords Works Services Vote. With effect from 1994-95 an annual grant is made to the Works of Art Collection Fund and unspent balances of up to a maximum of £80,000 may be carried forward. The annual grant was increased to £30,000 in April 2003. The Fund is regulated by a scheme of delegation agreed by the Works of Art Committee in October 2003.

	2003-04	2002-03
	£000	£000
Opening balance of Fund at 1 st April	-	28
Add receipts:		
Grant from RfR (see (a) below)	49	29
Net interest received	-	-
	49	57
Less: Purchases during the year (see (b) below)	49	57
	49	57
Closing Balance of Fund as at 31 st March	-	-

(a) To enable the purchase of two specific works of art £19,000 was forwarded from the 2004-05 grant. The grant for 2004-05 will therefore be reduced by £19,000.

(b) Purchases during the year (which are included within additions in fixed assets note 11):

Description	£
View of the Houses of Parliament by Alan Gourlay	482
Life Guards passing Hyde Park Corner and Lord Nelson at the Battle of Trafalgar	176
Two commemorative medals of the Palace of Westminster	40
View of Abingdon Street – <i>Watercolour; English School 19th Century</i>	25
Portrait Commission – <i>Lord Irvine, by James Lloyd</i>	7,000
Portrait Commission – <i>Lord Mackay, by Norman Edgar</i>	7,000
Portrait of 1 st Lord Brougham and Vaux – <i>Oil on canvas, attributed to Thomas Phillip</i>	1,500
The entry of Queen Mary I and Princess Elizabeth into London John Cabot and his sons receive the Charter from Henry VII to sail in search of new lands <i>Two colour prints</i>	588
Supplemental prints to Smith Antiquities of Westminster	200
View of Old Palace Yard – <i>Oil on canvas, English School c.17th Century</i>	29,499
Preparatory sketch for the Baptism of Ethelbert – <i>Watercolour by William Dyce</i>	345
Portrait of Lord Longford – <i>Oil and egg tempera on gilded ground by Brigid Marlin</i>	1,750
Line of submarines outside Houses of Parliament	150
Portrait of Clement Attlee, 1 st Earl Attlee – <i>Photographic print after Yousuf Karsh</i>	299
Total	49,054