

Presented to pursuant the House of Commons the Oil and Pipelines Act 1985, as amended by the Government Resources and Account Act 2000,section 23(8) and (7) of the Government Resources and Accounts Act 2000 (Audit of Public Bodies)

---

## Oil & Pipelines Agency Account 2008-2009

Presented to pursuant the House of Commons the Oil and Pipelines Act 1985, as amended by the Government Resources and Account Act 2000,section 23(8) and (7) of the Government Resources and Accounts Act 2000 (Audit of Public Bodies)

---

# Oil & Pipelines Agency Account 2008-2009

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 20 JULY 2009

The National Audit Office  
scrutinises public spending  
on behalf of Parliament.

The Comptroller and Auditor General, Amyas Morse,  
is an Officer of the House of Commons.  
He is the head of the National Audit Office  
which employs some 900 staff.  
He and the National Audit Office  
are totally independent of Government.

He certifies the accounts of all Government  
departments and a wide range of other public  
sector bodies; and he has statutory authority  
to report to Parliament on the economy, efficiency  
and effectiveness with which departments and  
other bodies have used their resources.

Our work leads to savings and other efficiency  
gains worth many millions of pounds: at  
least £9 for every £1 spent running the Office.

This account can be found on The Stationery Office's  
web site at [www.tsoshop.co.uk](http://www.tsoshop.co.uk)

© Crown copyright 2009

The text in this document may be reproduced  
free of charge in any format or medium providing  
it is reproduced accurately and not used in a misleading context.  
The material must be acknowledged as Crown copyright  
and the title of the document specified.

Where we have identified any third party copyright  
material you will need to obtain permission from  
the copyright holders concerned.

For any other use of this material please write to  
Office of Public Sector Information, Information Policy Team,  
Kew, Richmond, Surrey TW9 4DU or e-mail: [licensing@opsi.gov.uk](mailto:licensing@opsi.gov.uk).

# Contents

	Page
Chairman's statement	2
Report of the Agency	3
Remuneration report	7
Corporate Governance	9
Statement of Members' accounting responsibilities	11
Statement on Internal Control	12
Profit and Loss Account	14
Statement of Total Recognised Gains and Losses	15
Balance Sheet	16
Cash Flow Statement	17
Notes to the Accounts	18
Accounts Direction	27
Report of the Comptroller and Auditor General	28

## Chairman's statement

The Agency manages the Government Pipelines and Storage System, a substantial defence facility, on behalf of its Stakeholder, the Ministry of Defence. The Agency maintains it to a high standard, in accordance with best practice in respect of Health, Safety, and the environment and generates a cash surplus.

Following the investment in current IT systems in the previous year, the Agency has implemented a re-organisation which has created clearly defined, customer focused, Operational, Engineering and Commercial functions and re-structured its Operations and Maintenance contracts to combine pipeline and storage operations on a regional basis. This has already delivered clear operational benefits and will lead to improved safety, quality and efficiency.

The asset management and sales workstrand of the Operational Efficiency Programme launched by the Treasury in July 2008 and led by Gerry Grimstone, will have a significant positive impact on the future of the Agency and GPSS. The Agency, working with various Government Departments, has identified that the OPA and the assets it manages on behalf of the MOD have the potential to make a broader contribution to enhancing the security of energy supply for the UK and to adding to the resilience of important parts of the nation's economic infrastructure. We believe that doing so will enable private-sector users to make greater use of these assets, in particular the spare capacity, and therefore deliver incremental value to the taxpayer.

The Agency is currently in action delivering a GPSS resilience project following a review that took place in 2007-2008. The agency continued its informal and formal consultation with the Regulatory Authorities in relation to the risks associated with the operation of facilities, both pipelines and terminals, that transport or store refined liquid hydrocarbons and remains committed to ensuring a safe, cost-effective regime of regulation of such facilities. As part of the post Buncefield drive to improve storage procedures and equipment the Agency is currently leading a joint industry containment review for semi-buried storage tanks.

Membership of the Agency has changed in the last year. Air Vice-Marshal Matt Wiles, Brigadier Ian Abbott and Dr Edward Libbey have stepped down as non-executive members of the Agency, Dr Libbey has agreed to continue in the role of Chairman of the Agency Audit Committee; I thank them for their contribution and wish them well for the future. I welcome Mr Les Mosco and Mr David Noble to the Agency and I look forward to working with them in the coming years. Finally, I thank Huw Walters, who as a Member of the Agency for five months made a positive contribution to the Agency's work.

The Agency's Audit Committee has been strengthened by the addition of Moira Black and Graham Ellis who are also Defence Equipment & Support board members. The Agency has also established a Health, Safety and Environment Committee (HS&E), under the Chairmanship of Graham Ellis, as part of its commitment to continuous improvement of HS&E standards.

Finally, I must pay tribute to the Agency's staff during this period of significant change. Without their hard work, commitment, skill and expertise, the Agency could not function. They have ensured that the Government Pipelines and Storage System has continued to meet the requirements of its stakeholder and customers whilst delivering a positive cashflow.

*Francis Dobbyn*  
Chairman

6 July 2009

# Report of the Agency

## Introduction

The Oil and Pipelines Agency is a public corporation, formed at the end of 1985 by virtue of the Oil and Pipelines Act 1985. Its duties, powers and general functions are prescribed by this Act. Its task is to provide for the safe, efficient, economic and effective management of the Government Pipeline and Storage System (GPSS). This task includes the maximum development of private sector usage of the GPSS provided this does not impinge upon its primary purpose of supplying the required fuel for defence purposes and where capital investment is required for commercial purposes, public funds are not used. The Agency is the Ministry of Defence's professional expert on bulk fuels storage and transportation by pipeline. The GPSS, a strategic defence asset, is the responsibility of the Secretary of State for Defence and the Ministry of Defence (MoD) sponsors the Agency as its Managing Agent through the Defence Equipment and Support Commercial Directorate.

## The GPSS

The GPSS consists of some 2,500 kilometres of underground cross-country pipelines of differing diameters, together with storage depots, salt cavities, associated pumping stations, receipt and delivery facilities and other ancillary equipment. An outline map of the GPSS is included on page 6. Most of the storage depots are connected to the pipeline ringmain, which in turn is supplied by the majority of the major refining centres and port areas in England. Other self-standing pipelines and depots are situated elsewhere in England and Scotland. The GPSS receives, stores, transports and delivers light oil petroleum products for military and civil users.

## GPSS business activities

The GPSS continued to play a significant role in supplying major civil airports during the year. However, throughputs reduced significantly in the fourth quarter as a result of the general reduction in aviation activity. The full military fuel movement requirement has also been delivered. Major maintenance works on pipelines and storage facilities have been completed on time and to budget.

## GPSS technical and contractual activities

The Agency continued its programme of inspection and repair of bulk fuel storage tanks, terminal pipework and cross-country pipelines to ensure the operational integrity of these assets into the future. The Agency has also implemented a major reorganisation of the structure of its Operating Contractor agreements which brought together the operation of pipelines and storage facilities under one operator on a regional basis. These changes will enable us to make improvements in safety, quality and operational efficiency. As part of its commitment to ensure that there is in place, a cost-effective regime to provide the necessary assurance that oil pipeline and terminal operations are safe, the Agency continues to work with regulatory authorities and other interested parties.

The on-line inspection of pipelines continues at a high level, with some 15 per cent of GPSS pipelines inspected in the year, and necessary repair works to assure the ongoing integrity of a number of key pipelines were completed with minimum disruption to operations. Tank inspection and repair continues at a high level with work on a total of some 26 tanks inspected and repaired in the year.

The Agency benefits from working within a number of industry bodies, including the United Kingdom Onshore Pipeline Operators' Association, the Tank Storage Association and the Pipeline Industries Guild where industry initiatives and good practices are developed and shared. The Agency, with other members of the Linewatch group, works to promote the awareness of organisations involved in excavating, to the risks of working without taking the necessary precautions in the vicinity of buried apparatus. The support that the Linewatch participants have given to a one-call system has ensured that an increasingly wide range of such organisations are now routinely taking the necessary precautions.

## Crude oil supply and trading

There has been no activity in crude oil supply and trading since 1989 and none is anticipated in the future.

## Members and principal officers

The following served as Members and as Principal Officers of the Agency during the year:

### Members

F Dobbyn	Chairman
AR Nicholls	
L Mosco	Appointed 18 November 2008
D Noble	Appointed 18 November 2008
H Walters	Appointed 18 November 2008 – resigned 25 March 2009
Dr ET Libbey	Resigned 31st October 2008
Air Vice-Marshal MJG Wiles	Resigned 18 November 2008
Brigadier IW Abbott	Resigned 18 November 2008

### Principal Officers

AR Nicholls	Chief Executive and Accounting Officer
-------------	--

### Secretary to the Agency

JR Merrett

## Register of interests

The Agency maintains a Register of Interests and requires all Members and staff to sign annually a Conflict of Interest Declaration. There were no conflicts reported during the past year.

## Agency employees

The Agency is an equal opportunity employer, fully committed to equal opportunity policies and aware of its statutory duty to support the employment of disabled persons where possible. The Agency's policy is that there should be no discrimination on any grounds whatsoever other than performance in the job. Employees are key to the ongoing performance of the Agency; access to opportunities within the Agency is based upon competence, knowledge and ability to do the work. An 'open door' policy is encouraged and employees meet regularly in various ways to encourage discussion and the dissemination of information across the Agency.

## Agency administration

The total level of personnel, excluding non executive members and committee members, required by the Agency as at 31 March 2009, remained at nineteen with two positions being filled by temporary contracted staff. The Agency plans to recruit an additional two permanent staff in year to 31 March 2010.

## Retirement benefits plan

Information on the Agency's pension scheme can be found in the Remuneration Report, Accounting Policies note 2 d) and note 13 to the accounts.

## Accounts

The accounts have been prepared in accordance with Paragraph 9 of Schedule 3 to The Oil and Pipelines Act 1985 and with the most recent related Accounts Direction as to the form of the accounts given by the Secretary of State for Defence (page 24).

## Principal activities

The principal activity of the Agency is to manage the GPSS on behalf of the Secretary of State in accordance with the requirements and obligations of the agreement in place between them. The results of the GPSS are not included with those of the Agency, however, are included within MoD's Department Resource Account.

## Agency result

The financial objective of the Agency to contain its normal operating and administrative expenses, before non cash pension fund adjustments, within its allocated budget and to recover actual costs as a management fee from the Secretary of State for Defence was achieved during the year. The Agency generated a net profit of £147,000 (2008: £44,000).

## Payment of creditors

It is the policy of the Agency to negotiate terms with its suppliers and to ensure that they know the terms on which payment will take place when business is agreed. It is the Agency's policy to abide by the Better Payment Practice Code. The number of days of billings from suppliers outstanding at the end of the financial year was ten days (2008: eight days).

## Auditors

Further to the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2003, which came into force on 23 May 2003, the Comptroller and Auditor General was appointed as the independent auditor to the Agency. The cost of the audit was £8,450.

The Certificate and Report of the Comptroller and Auditor General is attached on pages 28 and 29.

## Statement on disclosure to auditors

So far as I am aware there is no relevant information of which the Agency's auditors are unaware, and I have taken all appropriate steps to make myself aware of any relevant audit information and to establish that the auditors are aware of that information.

*AR Nicholls*  
Chief Executive and Accounting Officer

6 July 2009



# General outline of the GPSS



## Remuneration report

### The Remuneration Committee

The members of the Remuneration committee are the Chairman, the Chief Executive and one independent non executive Member of the Agency and the committee is responsible for reviewing the level of remuneration of employees of the Agency. It is not responsible for the remuneration of the non-executive directors. The Secretary of State determines the remuneration of the non-executive members on their appointment. Their remuneration was reviewed last year and changes took effect from 1 April 2008.

### Remuneration policy

The Agency sets its remuneration policy for all employees, including the Chief Executive, by comparison with competitive market rates including by periodic review with external commercial entities in similar industries. The MoD is represented by its appointed Member.

### Remuneration details (section subject to audit)

Non-executive Members are appointed by the Secretary of State for a fixed term with no provision for compensation for early termination as follows:

		Appointed	Appointed to	2009 Salary band £000	2008 Salary band £000
F Dobbyn	Chairman	8 July 2005	7 July 2011	15 – 20	15 – 20
Dr ET Libbey	Member	8 July 2005	31 October 2008	1 – 5	5 – 10
Air Vice-Marshal MJG Wiles	Member	28 January 2008	18 November 2008	–	–
Brigadier IW Abbott	Member	4 May 2007	18 November 2008	–	–
L Mosco	Member	18 November 2008	see below	–	–
D Noble	Member	18 November 2008	see below	–	–
H Walters	Member	18 November 2008	see below	–	–

Brigadier IW Abbott, as Director, Defence Fuels Group, MoD, and Air Vice-Marshal MJG Wiles, as Director General Joint Supply Chain, were ex-officio Members of the Agency until their resignations on 18 November 2008. On that date, Mr L Mosco, Director General Commercial DE&S, Mr D Noble, Director General Finance DE&S and Mr H Walters Director Business Delivery, were appointed to the Agency. As serving members and employees of the MoD, they were and are remunerated outside the Agency. The Agency has not made any pension contributions in respect of non-executive Members, who are not members of the pension scheme, nor did they receive any benefits in kind except for the reimbursement of actual expenses.

The remuneration during the year of Mr AR Nicholls, Chief Executive, Accounting Officer and executive Member was £124,000 (2008: 1 May 2007 to 31 March 2008 £111,000, previous Chief Executive 1 April to 30 April 2007 £9,000) and taxable benefits, derived from medical care and the use of a car, amounted to £6,000 (2008: 1 May 2007 to 31 March 2008 including provided accommodation £12,000, previous Chief Executive 1 April to 30 April 2007 £1,000). Mr AR Nicholls is a member of the Oil and Pipelines Retirement Benefits Plan and, during the period, accrued a real increase in pension payable of between £000 to £2,500 per annum and had a total accrued pension payable at normal retirement age of between £000 and £5,000 per annum at 31 March 2009. His cash equivalent transfer value increased from £19,000 at 31 March 2008 to £44,000 at 31 March 2009 representing a real increase after adjustment for inflation and changes in market investment factors of £18,000.

## Retirement benefits plan

The Agency operates a funded pension scheme providing benefits to employees based on final pensionable pay. The assets of the scheme are held separately from those of the Agency and are invested in a trustee administered fund.

All permanent employees are invited to join the Agency's pension scheme and, if they do so, contribute five per cent of their pensionable salary to the scheme.

The constitution of the Plan and powers and duties of the Trustee were set out in a Trust Deed dated 27 September 1982 as amended. This was replaced by a Second Definitive Trust Deed and Rules dated 1 December 1992 as amended as of 13 December 1995. A Deed of Amendment dated 13 February 1996 was executed, the purpose of which was to make the Second Definitive Trust Deed compliant with the requirements of the Pensions Act 1995. A further Deed of Amendment dated 30 April 2002 was executed to make the Second Definitive Trust Deed compliant with the requirements of the Welfare Reform and Pensions Act 1999. The Second Definitive Trust Deed and Rules, as amended, are being revised to ensure that the retirement benefits plan remains compliant with pension legislation.

An actuarial valuation of the Plan was carried out as at 5 April 2005 and indicated that the value of the assets was at 110 per cent of the value placed upon the liabilities. A review of the options available, prompted by the valuation, resulted in the Agency and the Trustee deciding to maintain the existing defined benefits scheme and to maintain the level of contributions of the Agency and employees at 20 per cent and five per cent respectively. A further actuarial valuation of the Plan as at 5 April 2008 is being finalised.

Pension costs are accounted for under Financial Reporting Standard 17 (notes 2 (d) and 13 to the accounts), which required an independent qualified actuary, Mr P Hardesty BSc FIA of Capita Hartshead, to carry out an actuarial assessment of the pension scheme and, at the year end, the actuary has valued the pension scheme liability before taxation at £1,582,000 (2008: surplus £461,000).

The Agency will close the existing defined benefit pension scheme to new entrants during 2009 and replace it with a defined contribution scheme for new entrants. This will limit the Agency's future pension liability for new employees.

*AR Nicholls*  
Chief Executive and Accounting Officer

6 July 2009

# Corporate Governance

## Best practice

The Oil and Pipelines Agency (the Agency), as a public corporation, is governed according to the Oil and Pipelines Act 1985, Cabinet Office Guidelines and, where appropriate, best practice in corporate governance as represented by the revised Combined Code on Corporate Governance.

## Responsibilities of the Agency and Agency Committees

Responsibility for assuring that high standards of corporate governance are observed at all times rests with Agency Members who are responsible for ensuring the maintenance of a control framework in which they can obtain assurance that risk is properly assessed and managed, appropriate internal controls are in place and complied with and business performance is properly monitored. Agency Members, who are appointed by the Secretary of State, set out the strategic framework within which the Agency operates and matters reserved to them include

- establishing committees of the Agency, reviewing their activities and, where appropriate, ratifying their decisions;
- reviewing and approving the Agency's Annual Report and Accounts and the Government Pipeline and Storage System (GPSS) report and Financial Statements following review by the Audit committee; and
- receiving and considering reports from the Audit committee on the control framework and risk management.

The Agency, which meets quarterly, has one executive Member and four non-executive Members, including the non-executive Chairman. The management of the Agency is delegated by the Agency to the Chief Executive, who is designated the Accounting Officer for the Agency by the Accounting Officer for the Ministry of Defence (MoD).

## The Chairman

The Secretary of State appoints the Chairman of the Agency, who is responsible for the leadership of the Agency and ensuring that the Agency discharges the responsibilities set out above.

## The Chief Executive and Accounting Officer

The Chief Executive, as Accounting Officer for the Agency, is responsible for

- the propriety and regularity of the public finances for which he is answerable;
- the keeping of proper accounts;
- prudent and economical administration;
- the avoidance of waste and extravagance and the effective and efficient use of all available resources.
- the maintenance of public service values within the Agency, and for the transparency and openness of its proceedings; and
- the taking of appropriate action if Agency Members consider taking a course that would not comply with these requirements.

The responsibilities of the Accounting Officer are set out in the Non-Departmental Public Bodies' Accounting Officer's Memorandum, issued by the Treasury and published in 'Government Accounting'.

## The Remuneration Committee

The Remuneration committee has been constituted and empowered as described in the Remuneration report above.

## The Audit Committee

The Audit committee of the Agency is comprised of three appointed members, Dr E Libbey, Ms M Black and Mr G Ellis who are not Members of the Agency. The responsibility of the Audit committee, as set out in terms of reference approved by the Agency, is to provide advice to the Agency on

- strategy for corporate governance, risk management and internal controls;
- statement of internal controls;
- accounting policies, financial statements, including the annual report and accounts, as well as matters arising from external audit;
- status of control framework with actions arising from the control framework questionnaire and any related issues; and
- follow-up to external auditor's management letter and other external reviews including but not limited to quinquennial reviews of the Agency.

Dr Libbey attends Agency meetings as an observer. Ms Black and Mr Ellis are also members of the Defence Equipment and Support board.

The Chief Executive does not sit on the Agency's Audit committee, which is chaired by Dr E Libbey.

## Statement of Members' accounting responsibilities

Under Schedule 3 paragraph 9 of the Oil and Pipelines Act 1985, the Agency is required to prepare a statement of accounts for each financial year, in the form and on the basis determined by the Secretary of State for Defence with the consent of the Treasury. The accounts are prepared to show a true and fair view of the state on the Agency's finances at the year end and of the profit and loss of the Agency for the financial year. In preparing these accounts, Agency Members are required to

- observe the accounts direction issued by the Secretary of State, including relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed and explain any material departures in the financial statements; and
- prepare the financial statements on the ongoing concern basis unless it is inappropriate to presume that the Agency will continue in operation.

## Statement on Internal Control

### Responsibility

As Accounting Officer, the Chief Executive of the Agency is responsible for maintaining a sound system of Internal Control that supports the objectives of the Agency, whilst safeguarding public funds and government assets for which he is responsible. Such funds and assets include those relating to the GPSS, in respect of which the Agency exercises financial and technical control, within the constraints set by the Ministry of Defence, over its operation and maintenance in its capacity as Managing Agent for the Secretary of State. The Agency's Finance Manager assists him in this.

### The System of Internal Control

The Agency has, during the year, developed and implemented formal Governance and Assurance Strategies which clearly set out the governance framework, roles and responsibilities detailed internal controls.

The Agency's corporate governance framework consists of the following, together with effective information and communication systems

- Code of conduct and accountability;
- Roles and responsibilities;
- Risk Management System;
- Internal Financial Control;
- Internal Control System; and
- Assurance System.

The OPA Internal Control Framework comprises

- Committee Structure (Agency & Audit Committee);
- Business Planning Process;
- Risk Management System;
- Performance Management System;
- Human Resources System;
- Review; and
- Monitoring.

### Review of effectiveness

The Accounting Officer is responsible for reviewing the effectiveness of the system of internal control with the support and advice of the Agency's Audit committee. This review is informed by the work of external auditors and departmental managers within the Agency supported by the work of the Agency's Audit committee itself. Any anomalies or unexpected outputs are investigated and discussed with Members, where appropriate.

During the financial year Defence Internal Audit conducted a review of governance and risk management and concluded that significant steps had been taken to both improve the Corporate Governance arrangements within the Agency and, as a result of these actions, the organisation had made good progress towards the achievement of a sound governance and risk management regime.

The audit noted that the Agency has been in a period transition in respect of its relationship with key external stakeholders more specifically, the transfer of the Sponsorship role from Defence Fuels Group (DFG) to DE&S with DFG role changing to that of a customer. They concluded that there is still work to be done, most of which is in hand. A revised Sponsorship Agreement between the Agency and DE&S is in development which will set out the objectives, boundaries and expectations of both parties. In addition, a Customer Service Agreement with DFG will be developed.

The most significant aspects of the audit were that the DIA were unable to obtain evidence from OPA that the Sponsor had set a framework of objectives and targets for the Agency, had approved the Agency's strategic objectives and policy, and had ensured that the internal controls of the Agency conformed to the requirements of regularity, propriety and governance. Improvements had been made to the risk management process and the Agency will further develop the risk management framework.

### Health, Safety and Environment Committee

The Agency has established a Health, Safety & Environment (HSE) Committee as a Committee of the Board to support them in their responsibilities for issues of Health, Safety & Environment. The role of the Committee is to consider the HS&E performance data, the outputs of the assurance process and any external audits and reports and provide the Board with assurance that an effective HS&E management system is operated throughout OPA and provide evidence to support that assurance. The Committee shall also provide the Board with assurance that a strong safety culture and leadership is in place within OPA.

The HSE Committee which is comprised of five members and is Chaired by Mr G Ellis. The other four members are employees of the Agency.

*AR Nicholls*  
Chief Executive and Accounting Officer

6 July 2009



## Profit and Loss Account for the year ended 31 March 2009

	Notes	<b>2009</b> <b>£'000</b>	2008 £'000
Turnover	2 (b)	<b>2,100</b>	1,800
Operating and administrative expenses	5	<b>(2,202)</b>	(2,123)
Notional costs – cost of capital	7	<b>(178)</b>	(213)
Operating (loss) after notional costs		<b>(280)</b>	(536)
Interest receivable from bank accounts		<b>203</b>	285
Other finance income	13	<b>100</b>	101
Profit (loss) on ordinary activities before taxation		<b>23</b>	(150)
Tax on (loss) on ordinary activities	9	<b>(54)</b>	(19)
(Loss) on ordinary activities after taxation		<b>(31)</b>	(169)
Reversal of notional costs	7	<b>178</b>	213
Profit after reversal of notional costs		<b>147</b>	44

All operations undertaken during the year are continuing.

## Statement of Total Recognised Gains and Losses for the year ended 31 March 2009

	Notes	<b>2009</b> <b>£'000</b>	2008 £'000
Profit after reversal of notional costs		<b>147</b>	44
Revaluation of fixed assets	8	<b>1</b>	2
Actuarial (loss) recognised in the pension scheme	13	<b>(2,034)</b>	(735)
Deferred tax arising on loss recognised in the pension scheme		<b>432</b>	143
Total recognised (losses) relating to the year		<b><u>(1,454)</u></b>	<u>(546)</u>

*The accompanying notes on pages 18 to 26 form part of these accounts.*

## Balance Sheet at 31 March 2009

	Notes	2009 £'000	2008 £'000
<b>Fixed assets</b>	8	<b>130</b>	217
<b>Current assets</b>			
Debtors	10	<b>168</b>	183
Bank Short Term Deposit		<b>3,000</b>	0
Cash at bank and in hand		<b>2,514</b>	5,190
		<b>5,682</b>	5,373
<b>Creditors: Amounts falling due within one year</b>	11	<b>(215)</b>	(158)
<b>Net current assets</b>		<b>5,467</b>	5,215
<b>Total assets less current liabilities excluding pension asset</b>		<b>5,597</b>	5,432
Pension (liability) asset	13	<b>(1,250)</b>	369
<b>Net assets</b>		<b>4,347</b>	5,801
<b>Represented By</b>			
Contributed capital	1 (a)	<b>2,380</b>	2,380
Profit and loss account	15	<b>1,962</b>	3,417
Revaluation reserve	16	<b>5</b>	4
		<b>4,347</b>	5,801

*Francis Dobbyn*  
Chairman  
6 July 2009

*AR Nicholls*  
Chief Executive  
6 July 2009

*The accompanying notes on pages 18 to 26 form part of these accounts.*

## Cash Flow Statement for the year ended 31 March 2009

### Reconciliation of operating (loss) profit to net cash (outflow) inflow from operating activities

	<b>2009</b>	2008
	<b>£'000</b>	£'000
Operating (loss) after notional costs	<b>(280)</b>	(536)
Depreciation charges	<b>96</b>	109
Pension fund charge (note 13)	<b>286</b>	245
Notional costs	<b>178</b>	213
Decrease in debtors	<b>4</b>	34
(Decrease) increase in creditors/provisions	<b>18</b>	(51)
<b>Net cash inflow from operating activities</b>	<b>302</b>	14

### Cash Flow Statement

Net cash inflow from operating activities	<b>302</b>	14
Returns on investments and servicing of finance (note 18)	<b>203</b>	285
Pension contributions paid	<b>(177)</b>	(187)
Taxation refunded (paid)	<b>5</b>	(37)
Capital expenditure (note 18)	<b>(9)</b>	(13)
<b>Increase in cash</b>	<b>324</b>	62

### Reconciliation of net cash flow to movement in net funds (note 19)

Net Funds at 1 April	<b>5,190</b>	5,128
Increase in cash	<b>324</b>	62
<b>Net Funds at 31 March</b>	<b>5,514</b>	5,190

*The accompanying notes on pages 18 to 26 form part of these accounts.*

# Notes to the Accounts for the year ended 31 March 2008

## 1 The Agency

- a The Agency was created by the Oil and Pipelines Act 1985 and came into existence on 1 December 1985. The Agency's initial capital was established at £2,380,000.
- b The duty of the Agency is to manage the GPSS, under the terms of an agency agreement between the Agency and the Secretary of State for Defence.
- c The accounts have been prepared in accordance with Paragraph 9 of Schedule 3 to the Oil and Pipelines Act 1985 and with the most recent related Accounts Direction as to the form of the accounts given by the Secretary of State for Defence. This Accounts Direction is reproduced on page 27.

## 2 Accounting policies

### a Basis of preparation

The accounts have been prepared under the historical cost convention modified to account for the revaluation of fixed assets to reflect their value to the business by reference to their current costs and in accordance with applicable accounting standards.

### b Turnover

Since the Agency manages the GPSS only as an agent of the Secretary of State for Defence, the result of this activity is excluded from the Agency's accounts.

Turnover (exclusive of VAT) represents the Agency's fees received from the Secretary of State for Defence in respect of the management of the GPSS.

### c Depreciation

Fixed assets at cost or valuation, less estimated residual values, are depreciated on a straight line basis over their estimated useful economic lives, as follows:

#### Estimated useful economic life – years

Computers	3
Other electronic equipment	4
Other office furniture	10
Motor vehicles	4
Leasehold improvements	Over the lesser of 10 years and the life of the lease.

### d Pension costs

Pension costs are accounted for under FRS 17. The service costs of providing retirement benefits to employees, together with the cost of any benefits relating to past service, are charged to the profit and loss account. A credit equivalent to the expected return on scheme assets less a charge equivalent to the expected increase in the liabilities of the retirement benefits plan during the year is included in the profit and loss account as other finance income. Differences between actual and expected returns on assets during the year are recognised in the statement of total recognised gains and losses in the year together with any differences arising from changes in assumptions.

*e Taxation*

The charge for taxation is based on the profit for the year and takes into account deferred taxation. Following FRS 19 Deferred Tax, deferred tax has been recognised as a liability or an asset if transactions have occurred at the balance sheet date that may give rise to an obligation to pay more, or a right to pay less, taxation in future. Deferred tax assets or liabilities are not discounted.

*f Leases*

Operating lease rentals are charged to the profit and loss account as incurred.

**3 Information required by paragraph 2 of The Oil And Pipelines Agency Accounts Direction 2004***Statutory Borrowing Limit*

The Secretary of State for Defence has given the Agency consent, under Paragraph 1(4) of Schedule 3 to the Oil and Pipelines Act 1985, to borrow, temporarily, from sources other than himself, up to the current limit of £20 million, which is specified in that Schedule. This limit may be raised to such greater amount, not exceeding £80 million, as the Secretary of State for Defence may specify by Order, made with the approval of the House of Commons. At no time during the year did the Agency borrow any amount.

**4 Emoluments of Members and Chief Executive**

The aggregate emoluments of non-executive Members are as follows:

	<b>2009</b> <b>£'000</b>	2008 £'000
Aggregate emoluments of non-executive Members	<u>21</u>	<u>25</u>

The Agency has not made any pension contributions in respect of non-executive Members, who are not members of the pension scheme, nor did they receive any benefits in kind except for the reimbursement of actual expenses. Other emolument details are shown in the remuneration report.

The remuneration, excluding pension contributions, during the year of the Chief Executive and executive Member was £124,000 (2007: 1 May 2007 to 31 March 2008 £111,000, previous Chief Executive to 30 April 2007 £9,000) and taxable benefits, derived from medical care and the use of a car, were £6k (2007: 1 May 2007 to 31 March 2008 including provided accommodation £12,000, previous Chief Executive to 30 April 2007 £1,000). Other pension benefits are described in the remuneration report.

**5 Operating and administrative expenses**

Operating and administrative expenses include:

	<b>2009</b> <b>£'000</b>	2008 £'000
Depreciation	<b>96</b>	103
Devaluation of assets	<b>1</b>	6
Auditors' Remuneration: Audit	<b>8</b>	8
Operating Leases – Land and Buildings	<u><b>194</b></u>	<u>200</u>

## 6 Employees

The average number of permanent employees, including Members and Committee Members, during the year was 24 (2008: 23) and the number of employees at 31 March 2009 was 26 (2008: 24). In respect of these employees:

	<b>2009</b>	2008
	<b>£'000</b>	£'000
Total remuneration paid or payable	<b>957</b>	985
Social security costs incurred by the Agency	<b>88</b>	102
Pension costs (note 13)	<b>286</b>	45
	<b><u>1,331</u></b>	<u>1,332</u>

## 7 Notional costs

The Treasury Accounts Guidance requires a notional cost of capital to be included in the profit and loss account to represent the opportunity cost to the Exchequer of the assets employed by the Agency. Notional costs of capital have been calculated at 3.5 per cent of the average capital employed (2008: 3.5 per cent).

## 8 Fixed assets

The movement in fixed assets and accumulated depreciation during the year is shown below:

	Leasehold improvements	Office furniture	Office equipment and computers	Motor vehicles	<b>Total</b>
	£000	£000	£000	£000	<b>£000</b>
<b>Cost or valuation</b>					
At 1 April 2008	137	55	312	34	<b>538</b>
Revaluations	1	1	(5)	2	<b>(1)</b>
Additions	0	1	8	0	<b>9</b>
<b>At 31 March 2009</b>	<u>138</u>	<u>57</u>	<u>315</u>	<u>36</u>	<b><u>546</u></b>
<b>Depreciation</b>					
At 1 April 2008	49	46	210	16	<b>321</b>
Revaluations	0	1	(4)	2	<b>(1)</b>
Charge for year	15	5	67	9	<b>96</b>
<b>At 31 March 2009</b>	<u>64</u>	<u>52</u>	<u>273</u>	<u>27</u>	<b><u>416</u></b>
<b>Net Book Value</b>					
<b>At 31 March 2009</b>	<u>74</u>	<u>5</u>	<u>42</u>	<u>9</u>	<b><u>130</u></b>
At 31 March 2008	<u>88</u>	<u>9</u>	<u>102</u>	<u>18</u>	<b><u>217</u></b>

## 9 Tax on profit on ordinary activities

The tax charge in the profit and loss account is derived as follows:

	<b>2009</b> <b>£'000</b>	2008 £'000
<b>Current Tax</b>		
UK corporation tax on profits for the year	<b>43</b>	13
Adjustment in respect of prior period	<b>3</b>	(10)
Total current tax	<b>46</b>	3
<b>Deferred Tax</b>		
Pension asset (liability) adjustment	<b>8</b>	16
<b>Total tax on profit on ordinary activities</b>	<b>54</b>	19

The tax assessed for the year is different from the standard rate of small company corporation tax (21 per cent). The differences are explained below:

<b>Profit (loss) on ordinary activities before taxation</b>	<b>23</b>	(150)
---	-----------	-------

### Corporation Tax

Profit (loss) on ordinary activities multiplied by small company rate of corporation tax of 21 per cent (2008: 20 per cent)

	<b>5</b>	(30)
<i>Effects of</i>		
Expenses not deductible for tax purposes	<b>1</b>	1
Non taxable notional charge	<b>38</b>	42
Non taxable pension asset costs less credit	<b>39</b>	29
Excess of depreciation over capital allowances for period	<b>10</b>	7
Reversal of provision non deductible for tax purposes	<b>(2)</b>	(8)
<b>UK corporation tax on profits for the year</b>	<b>91</b>	41
UK corporation tax refund on pension contributions to pension asset	<b>(37)</b>	(37)
Timing difference as trading loss set against deferred tax asset	<b>(11)</b>	0
<b>UK corporation tax due within 12 months at 31 March</b>	<b>43</b>	4

## 10 Debtors

	<b>2009</b> <b>£'000</b>	2008 £'000
Trade and other debtors	<b>8</b>	16
Accrued Income	<b>10</b>	0
Prepayments	<b>71</b>	77
Debtor falling due after more than one year	<b>33</b>	33
Corporation tax refund	<b>0</b>	10
Deferred tax asset (falling due after more than one year)	<b>46</b>	47
	<b>168</b>	183



**11 Creditors**

	<b>2009</b>	2008
	<b>£'000</b>	£'000
Creditors falling due within one year comprise:		
Trade and other creditors	<b>23</b>	15
Accruals and deferred income	<b>45</b>	44
Corporation tax due (note 9)	<b>43</b>	4
Other taxation and social security	<b>104</b>	95
	<b>215</b>	158

**12 Commitments***a Capital commitments*

At the end of the year there were no capital commitments authorised (2008: Nil).

*b Office leasehold*

The Agency occupies office premises under a lease that will expire in 2015 with a rent review or break clause in 2009. The break clause has not been exercised and the rent review is underway and accordingly, until a revised rent is agreed, there is an annual commitment to pay rent of £133,000 (2008: £133,000) and a variable service charge.

**13 Retirement benefits plan**

The Agency operates a funded pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Agency and are invested in a separate trustee administered fund. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

An actuarial valuation of the Plan was carried out as at 5 April 2005 and indicated that the value of the assets was at 110 per cent of the value placed upon the liabilities. A review of the options available, prompted by the valuation, resulted in the Agency and the Trustee deciding to maintain the existing defined benefits scheme and to maintain the level of contributions of the Agency and employees at 20 per cent and 5 per cent respectively.

*Financial Reporting Standard 17 (FRS 17) - Retirement Benefits*

Further to the requirements of the Financial Reporting Manual, issued by the Treasury, the Agency continues to apply FRS17.

*Actuarial assumptions*

A qualified independent actuary carried out an actuarial assessment as at 31 March 2009 and the major assumptions used were

	<b>2009</b>	2008
	<b>%</b>	%
Inflation rate	<b>3.30</b>	3.6
Rate of increase in salaries	<b>4.30</b>	4.6
Rate of increase in pensions in payment	<b>3.30</b>	3.6
Discount rate for liabilities	<b>4.75</b>	5.5
Mortality birth table and cohort	<b>PXNA00 – Long cohort</b>	PXA92 – Medium cohort

*Charge to the profit and loss account*

Profit and loss account has been charged as follows

	<b>2009</b>	2008
	<b>£'000</b>	£'000
Current service cost	<b>(286)</b>	(245)
Past service cost	<b>0</b>	0
Amount charged to operating (loss) (note 6)	<b>(286)</b>	(245)
Expected return on scheme assets	<b>401</b>	344
Interest on scheme liabilities	<b>(301)</b>	(243)
Amount credited to (loss) before taxation as other finance income	<b>100</b>	101
Amount charged to (loss) before taxation	<b>(186)</b>	(144)

Statement of total recognised gains and losses includes an actuarial (loss) gain which can be analysed as follows

Actuarial return less expected return on assets	<b>(1,238)</b>	(314)
Experienced gains and (losses) on liabilities	<b>116</b>	1
Changes in assumptions	<b>(912)</b>	(422)
Actuarial (loss) gain	<b>(2,034)</b>	(735)

*Balance Sheet Pension asset*

The assets and liabilities in the scheme and the expected rate of return were

	<b>2009</b>	<b>2009</b>	2008	2008
	<b>%</b>	<b>£000</b>	%	£000
Equities	<b>7.70</b>	<b>2,328</b>	7.90	3,767
Bonds	<b>3.95</b>	<b>2,251</b>	4.80	1,597
Cash	<b>3.25</b>	<b>550</b>	5.25	422
Total fair value of assets		<b>5,129</b>		5,786
Present value of liabilities		<b>6,711</b>		5,325
(Deficit) Surplus in the scheme		<b>(1,582)</b>		461
Related deferred tax asset (liability)		<b>332</b>		(92)
Net pension (liability) asset		<b>(1,250)</b>		369

The total fair value of assets before taxation has moved over the year as follows

	<b>2009</b>	2008
	<b>£'000</b>	£'000
Opening fair value of assets at 1 April	<b>5,786</b>	5,532
Expected return on assets	<b>401</b>	344
Employer contributions	<b>177</b>	187
Contributions by Members	<b>39</b>	44
Actuarial (losses) gains	<b>(1,238)</b>	(314)
Benefits (paid)	<b>(36)</b>	(7)
Total fair value of assets before taxation at 31 March	<b>5,129</b>	5,786

Changes in present value of defined liabilities over the year are as follows

	<b>2009</b>	2008
	<b>£'000</b>	£'000
Opening fair value of assets at 1 April	<b>5,325</b>	4,379
Current service cost	<b>286</b>	245
Interest cost	<b>301</b>	243
Contributions by Members	<b>39</b>	44
Actuarial (losses) gains:		
Change in assumptions	<b>912</b>	422
Liability experience loss (gains)	<b>(116)</b>	(1)
Benefits (paid)	<b>(36)</b>	(7)
Present value of defined liabilities before taxation at 31 March	<b><u>6,711</u></b>	<u>5,325</u>

*History of experience gains and losses*

	<b>2009</b>	2008	2007	2006	2005
<b>Actuarial return less expected return on assets</b>					
Amount (£'000)	<b>(1,238)</b>	(314)	75	809	201
Percentage of scheme assets (%)	<b>(24.1)</b>	(5.4)	1.4	16.3	5.3
<b>Experienced gains and (losses) on liabilities</b>					
Amount (£'000)	<b>116</b>	1	(12)	(12)	(68)
Percentage of the present value of the scheme liabilities (%)	<b>1.7</b>	0.0	(0.3)	(0.3)	(2.1)
Changes in assumptions: (£'000)	<b>(912)</b>	(422)	(19)	(359)	(405)
<b>Actuarial gains (losses)</b>					
Amount (£'000)	<b>(2,034)</b>	(735)	44	438	(272)
Percentage of the present value of the scheme liabilities (%)	<b>(30.3)</b>	(13.8)	1.0	11.3	8.5

**14 Provisions for liabilities and charges**

	<b>2009</b>	2008
	<b>£'000</b>	£'000
Additional staff costs relating to a bonus scheme to reward performance and innovation in meeting key performance targets in its management of the GPSS for the year ended 31 March 2007 was not paid and was reversed	<u>0</u>	<u>0</u>

**15 Profit and loss account reserve**

	Profit and Loss account £'000	Pension Reserve £'000	<b>Total £'000</b>
At 1 April 2008	3,048	369	<b>3,417</b>
Total recognised gains and losses for the year	164	(1,619)	<b>(1,455)</b>
At 31 March 2009	<u>3,212</u>	<u>(1,250)</u>	<b><u>1,962</u></b>

**16 Revaluation reserve**

	<b>Total £'000</b>
At 1 April 2008	<b>4</b>
Revaluation of fixed assets for the year	<b>1</b>
Revaluation of depreciation for the year	<b>0</b>
At 31 March 2009	<b>5</b>

**17 Contingent liabilities**

Under the terms of the agency agreement for the management of the GPSS, the Secretary of State for Defence indemnifies the Agency against any liabilities to third parties arising from the performance of its duties under the agreement.

At 31 March 2009 there were no contingent liabilities recorded (2008: Nil).

**18 Gross cash flows**

	<b>2009 £'000</b>	2008 £'000
<b>Returns on investments and servicing of finance</b>		
Interest received	<b>203</b>	285
<b>Capital expenditure</b>		
Payments to acquire tangible fixed assets	<b>(9)</b>	(13)
Receipts from disposals of tangible fixed assets	<b>0</b>	0
	<b>(9)</b>	(13)

**19 Analysis of changes in net funds**

	At 1 April 2008 £'000	Cash Flows £'000	<b>At 31 March 2009 £'000</b>
Cash at bank and in hand	5,190	(2,676)	<b>2,514</b>
Bank Short Term Deposit	0	3,000	<b>3,000</b>
Cash at bank and in hand	5,190	324	<b>5,514</b>

## **20 Related party transactions**

The Agency is sponsored by the Ministry of Defence (MoD), through the Defence Equipment and Support Commercial Directorate, as its Managing Agent to manage the GPSS, a strategic defence asset, and in the MoD is regarded as a related party. The Agency receives a fee for the services it provides.

During the year none of the board members, members of staff or other related parties have undertaken any material transactions with the Agency.

## **21 Financial instruments**

FRS 29, Financial Instruments – Disclosures, requires disclosure of the role of financial instruments on performance during the period, the nature and extent of the risks to which the Agency is exposed and how these risks are managed.

As the duty of the Agency is to manage the GPSS and to charge a fee that materially covers its operating costs, including actual pension contributions but not non cash pension asset charges or credits, it is not exposed to significant financial risk. The only financial instruments relate to debtors, creditors and cash balances and therefore liquidity and cash flow risk is very low. All assets and liabilities are denominated in sterling and therefore the Agency is not exposed to currency risk. The Agency has no embedded derivatives.

### *Interest rate risk management*

The Agency has a proportion of its cash deposited with its bankers that is available on demand and attracts interest at a floating rate related to bank base rate. The Agency has no other deposits subject to market interest rate fluctuations, and is therefore subject to only limited interest rate risk.

### *Liquidity and cash flow risk*

The Agency has borrowing powers (note 3), however has not borrowed during the year. The Agency has also placed a proportion of its funds on a short term fixed rate deposit with its bankers, amounting to £3 million at the year end, but also has significant funds deposited with its bankers which are available on demand and hence the Agency is not exposed to any significant liquidity risk or cash flow risk.

### *Credit risk*

The Agency is subject to some credit risk. The carrying amount of debtors, which is net of impairment losses, represents the Agency's maximum exposure to credit risk. Debtors are impaired where there is sufficient knowledge to indicate that recovery is improbable.

## **22 Post balance sheet events**

The accounts were authorised for issue by the Accounting Officer on 6 July 2009 being the date of despatch by the Agency, to the Comptroller and Auditor General, for laying before the Houses of Parliament. There were no post balance sheet events that had an impact on these financial statements.

## Accounts Direction given by the Secretary of State for Defence, with the approval of the Treasury, in accordance with Schedule 3, Paragraph 9(3), to The Oil and Pipelines Act 1985 (the Act)

- 1 The annual accounts shall give a true and fair view of the Oil and Pipeline Agency's profit or loss and cash flows for the financial year and the state of affairs as at the year-end. Subject to this requirement the Agency shall prepare accounts for the financial year ended 31 March 2004 and subsequent financial years in accordance with:
  - a the Executive Non-Departmental Public Bodies Annual Reports and Accounts Guidance, issued by the Treasury, in force for the financial year for which the accounts are prepared;
  - b other guidance which the Treasury may issue from time to time in respect of accounts which are required to give a true and fair view;
  - c any other specific disclosures required by the Secretary of State;except where agreed otherwise with the Treasury, in which case the exception shall be described in the notes to the accounts.
- 2 The notes to the accounts shall contain a statement of the position during the year and at the year-end in relation to the borrowing limit contained in the Secretary of State's consent given on 1 December 1985 pursuant to Paragraph 1(1)(b) of Schedule 3 to the Act.
- 3 This accounts direction supersedes The Oil and Pipelines Agency (Accounts) Notice 1992.

Signed by authority of the Secretary of State for Defence.

*Air Commodore AC Spinks*

3 March 2004

# The 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 Oil and Pipelines Agency for the year 31 March 2009 under the Government Resources and Accounts Act 2000. These comprise the Operating Cost Statement and Statement of Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement 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 being audited.

## Respective responsibilities of the Agency, the Chief Executive and Auditor

The Agency and Chief Executive, as Accounting Officer, are responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000. I report to you whether, in my opinion, the information, which comprises the Report of the Agency, the part of the Remuneration Report not subject to audit and the Corporate Governance Report, included in the Annual Report is consistent with the financial statements. I also report 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.

In addition, I report to you if the Agency has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

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

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Report of the Agency, the part of the Remuneration Report not subject to audit and the Corporate Governance Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

## Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Agency and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Agency's circumstances, consistently applied and adequately disclosed.

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

## Opinions

In my opinion

- the financial statements give a true and fair view, in accordance with the Government Resources and Accounts Act 2000 and directions made thereunder by HM Treasury, of the state of the Agency's affairs as at 31 March 2009 and of the net operating cost, recognised gains and losses and cashflows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- information, which comprises the Report of the Agency, the part of the Remuneration Report not subject to audit and the Corporate Governance report, included within the Annual Report, is consistent with the financial statements.

## 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.

## Report

I have no observations to make on these financial statements.

*Amyas C E Morse*  
Comptroller and Auditor General

7 July 2009

National Audit Office  
151 Buckingham Palace Road  
Victoria  
London SW1W 9SS



For further information about the National Audit Office please contact:

National Audit Office  
Press Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP  
Tel: 020 7798 7400  
Email: [enquiries@nao.gsi.gov.uk](mailto:enquiries@nao.gsi.gov.uk)

DG Ref: 009114

Published by TSO (The Stationery Office) and available from:

**Online**

[www.tsoshop.co.uk](http://www.tsoshop.co.uk)

**Mail, Telephone, Fax & E-mail**

TSO

PO Box 29, Norwich, NR3 1GN

Telephone orders/General enquiries: 0870 600 5522

Order through the Parliamentary Hotline Lo-call 0845 7 023474

Fax orders: 0870 600 5533

E-mail: [customer.services@tso.co.uk](mailto:customer.services@tso.co.uk)

Textphone 0870 240 3701

**The Parliamentary Bookshop**

12 Bridge Street, Parliamentary Square,

London SW1A 2JX

Telephone orders/General enquiries 020 7219 3890

Fax Orders 020 7219 3866

Email [bookshop@Parliament.uk](mailto:bookshop@Parliament.uk)

Internet: <http://www.bookshop.parliament.uk>

**TSO@Blackwell and other Accredited Agents**

Customers can also order publications from

**TSO Ireland**

16 Arthur Street, Belfast BT1 4GD

028 9023 8451 Fax 028 9023 5401

ISBN 978-0-10-328826-0



9 780103 288260