the pensions advisory service

Annual Report and Accounts

2008/09

HC 686

£14.35

The Pensions Advisory Service
(A company limited by guarantee)
Registered no. 2459671

The Pensions Advisory Service
Annual Report and Accounts 2008/09

The Pensions Advisory Service's accounts 2008/09 are presented to the House of Commons pursuant to Section 7 of the Government Resources and Accounts Act 2000.

Ordered by the House of Commons to be printed on 12th October 2009.

HC 686 London: The Stationery Office £14.35

ISBN: 9780102959635

Printed in the UK by The Stationery Office Limited
on behalf of the Controller of Her Majesty's Stationery Office

ID P002327160 10/09

Printed on paper containing 75% recycled fibre content minimum.

Contents

Company Information

Registered number:	2459671
Directors:	Margaret Snowdon (Chairman) Malcolm McLean (Chief Executive/Accounting Officer) Des Hamilton Barry Wilkins Ian Ferguson (Non-Executive) Colin Hartridge-Price (Non-Executive) Tony Hodgkiss (Deputy Chairman from 8 July 2008) Baroness Hollis of Heigham (Non-Executive) Allan Martin (Non-Executive) Mick McAteer (Non-Executive) David Millington (Non-Executive) Robert West (Non-Executive)
Secretary:	Barry Wilkins
Registered office:	11 Belgrave Road Victoria London SW1V 1RB
Auditors:	Comptroller and Auditor General National Audit Office 151 Buckingham Palace Road Victoria London SW1W 9SS
Bankers:	Lloyds TSB Bank Plc National Clubs and Charities Centre Sedgemoor House Dean Gate Avenue Taunton TA1 2UF

About The Pensions Advisory Service

We are an independent voluntary organisation, founded in 1983. We are a company limited by guarantee and registered in England and Wales, company number 2459671 and have been classified as an executive non departmental public body (NDPB). We are funded by means of a grant-in-aid from Department for Work and Pensions (DWP). This is recoverable from a general levy imposed on occupational and personal pension schemes.

We provide a one stop pensions information and guidance service through:

- resolving specific problems an individual may be experiencing with a private pension provider;
- giving general information and guidance on all pension matters;
- bringing to the attention of government departments, the public and the pensions industry areas of concern arising out of our experiences.

It is a free service. As an independent body, we are uniquely placed to provide both information and guidance and, because we are at the sharp end, an insight into the areas that are causing concern. We provide our service through a mix of paid staff (36 full time equivalents) based in London and a nationwide network of volunteer pension professionals. It is delivered through:

- giving information and guidance on all aspects of pensions via our national telephone helpline, operated by a combination of volunteers and paid staff. The helpline is open Monday to Friday 9-00am to 5-00pm.
- responding to written enquiries received either by post, fax or e-mail;
- dealing with written complaints an individual has about their pension provider;
- providing information and guidance to employees in the work place;
- contributing to press articles and participating in relevant radio and television programmes;
- giving talks to outside bodies on both pension issues and our role;
- providing comprehensive information and guidance on our website: www.pensionsadvisoryservice.org.uk;
- producing and distributing leaflets on a range of topical and critical pension issues;
- producing an annual review informing both the public and the pensions industry of our work;
- working in partnership with other bodies to ensure the public receive the best possible service.

Chairman's Review

I am pleased to present The Pensions Advisory Service (TPAS) Annual Report and Accounts for the year ended 31 March 2009. Every year we see an increase in our workload and this year has been no different. Compared to the previous year we have seen a 24% increase in the number of callers using our helpline, while our written enquiries have increased by 34%. Due to external events, over which we have no control, this is much higher than we expected and it has put a great strain on our resources, both staff and volunteers. In March alone we received in excess of 14,000 calls largely related to the payment of voluntary National Insurance contributions. This was almost three times more than our monthly average for the year. While we have struggled to keep up with demand I am pleased that by and large, through the dedication of all concerned, we have managed to meet this demand.

The huge upsurge was triggered by an article in a national newspaper. This shows that no matter how hard we try to predict and manage the influx of enquiries we cannot control external events, we can only try to meet the demand and provide the best possible service we can, from within the resources available to us. This makes the projection of staffing needs very difficult, because we do not want to be over staffed but we do need to be able to meet these surges. It is a fine balancing act which we have largely got right.

Until the last quarter we have not had a full staff complement. Recruitment continues to be patchy. Sometimes we have very little interest while at other times we have had many applications. It is especially difficult as we are a unique organisation with a unique skill set. In addition to technical skills we are looking for a variety of other skills, including service delivery. One of the outcomes of the current economic downturn is that we expect future recruitment to be somewhat easier. Despite all this we have performed very well over the year and continued to deliver a first class service. We have met virtually all of our targets and in judging the performance account has to be taken of the huge and unexpected increase in workload. When this is taken into account the performance has been excellent and the results represent a commendable achievement. In projecting our workloads, we use every piece of information available to us, including past trends and identifying the impact of likely external developments. While the latter is extremely difficult to do, we have to try to correctly identify the workload trends to enable us to agree with our sponsoring department, DWP, the appropriate number of staff to meet the projected workload.

The more volunteer advisers we can recruit the less pressure on staff resources. During the year we recruited an additional 39 advisers. Unfortunately during this period 44 advisers, for a variety of reasons, resigned resulting in a net loss over the year of five. I cannot pay enough thanks to all our volunteers. In an increasingly busy and hectic world, where people have to juggle career, home and other commitments, it is gratifying to know that there are still people willing to give up their time and use their expertise to help others. We shall be paying particular attention over the coming 12 months to the recruitment of volunteers.

Due to the sterling work of our volunteers, our unit cost per enquiry remains low at approximately £100 for written casework and £9 per helpline call enabling us to continue to provide exceptional value for money. The open market cost of the services undertaken by our volunteers is estimated to be in excess of £10 million annually.

A noticeable trend over the past few years has been that an increasing number of people are using the internet to access our services. Over the past 12 months we have experienced a 40% increase in the number of visitors to our website, from 582,762 to 816,446. Over the coming 12 months we shall continue to develop our website to make it more user friendly and to continue to be a comprehensive source of pensions information and guidance.

The next three years provides TPAS with a raft of challenges and opportunities, not least as we prepare to meet the introduction of Money Guidance and auto enrolment. As a consequence we shall, over the coming 12 months, in conjunction with our sponsoring department, DWP, continue with the review started this year into our corporate governance and management structures to ensure we have the right structures in place to meet the challenges that lie ahead of us.

Margaret Snowdon
Chairman

22nd September 2009

Performance Review

Workload and Targets

Our Workload

During the year we received a record number of enquires (both written and helpline) and disputes about pension schemes. The relevant figures compared to the previous year are:

Workload	2007/08	2008/09	% Increase
Written Enquiries	9,650	12,897	34
Written Disputes	6,751	7,791	15
Helpline Calls	60,435	74,739	24
Website Visits	582,762	816,446	40

Performance Measurement

We aim to provide a first rate service to the public. To help us we have in place a number of performance targets for staff and benchmarks for our volunteer workforce. It is important to us that those contacting us have a high regard for the service they receive. To ensure this is the case we issue a satisfaction survey to a random sample of those using the service.

Productivity Targets

To monitor outputs, we have established a series of productivity targets that staff must meet. The targets set for 2008/09 were the same as the previous year. As shown below, unusually due to the unprecedented increase in workload we have not met all of our targets. We received unexpected large increases in all areas of our work, which put a great strain on our resources. The results comparing this year's with the previous year's are:

Activity	% Target	Achievement 2007/08	Achievement 2008/09
Financial			
Agreed invoices paid within			
10 working days of receipt	99	100	100
Written Casework			
Enquiries: Case cleared within			
15 working days	90	89	73
20 working days	95	97	96
25 working days	99	99	99
Disputes: Case cleared within			
3 months	40	41	48
6 months	65	67	72
12 months	85	87	91
Helpline Calls			
Call answered within			
20 seconds	90	97	93
30 seconds	95	98	94
60 seconds	99	99	96
Abandoned calls to be less than	10	1	3

We have assumed that our request for additional staff will be met and have therefore set the same performance targets for 2009/10 by which to help measure our success as given appropriate resources we consider these targets to be challenging but achievable.

Volunteer Benchmarks

The volunteer advisers deal solely with disputes, working either from home or their place of work. We recognise that it is difficult to insist on advisers having the same productivity targets as paid staff. However, we have set benchmarks for advisers, which are closely monitored. The targets set have on the whole been achieved and are comparable to the previous year. The results comparing this year's with the previous year's are:

Activity	% Target	Achievement 2007/08	Achievement 2008/09
Acknowledge receipt of a case and issue form of authority within two weeks of receiving the case	85	87	90
Take positive action within four weeks of receipt	85	88	85
Keep enquirer informed at regular intervals not exceeding two months	80	80	81
Appropriate quality of advice given	95	95	94

Satisfaction Surveys

Our members of staff monitor the progress of every case and ask for regular updates. This is supported by the returns from the satisfaction surveys sent to enquirers. Despite the increase in workload we have continued, and in some areas improved, the already high levels of satisfaction.

The targets set and the achievements for the year compared to the previous year are:

Activity	% Target	Achievement 2007/08	Achievement 2008/09
Handling of Written Disputes against Schemes Users satisfied with the service	85	94	96
Handling of Written Enquiries Users satisfied with the service	90	96	95
Handling of Helpline Calls Users satisfied with the service	95	98	99

Corporate Responsibilities

We have introduced where practicable a sustainable development policy that includes reducing paper consumption, using where possible public transport, recycling papers, plastic bottles, cans and toners and making staff more aware of energy use.

A comprehensive range of operational policies are in place to ensure due governance of grant-in-aid, protect the organisation, members of staff and members of the public. These policies cover a wide range of subjects including expenditure on services, expense claims, the use of IT & telephony equipment, health & safety, membership of professional bodies and associated qualifications, general training, equality, discrimination and disability awareness. These policies are regularly reviewed to ensure we comply with current legislation and that the safeguards in place are appropriate.

With the exception of staff employment contracts, the organisation does not have any other essential contractual arrangements with individual people.

Sickness Absence Data

The average number of days of sickness for each member of staff in 2008/09 was 3 (2007/08 - 3).

Complaints Against Our Service

There are occasions when people are unhappy about the service we provide. Often their complaint is a result of the fact that they were unhappy with what they had been told as opposed to the service they had received. All complaints are thoroughly investigated. During 2008/09 we received 13 complaints. This compares with 20 received in 2007/08 and represents a 53% reduction over the previous year. Given the fact that we have dealt with in excess of 95,000 people during the year less than 0.01% have had cause to complain. This is a remarkable customer service achievement. Details of our complaints procedure are available on our website (www.pensionsadvisoryservice.org.uk).

Personal Data Policy and Incidents

The company treats its data security obligations extremely seriously and under the supervision of the Audit and Risk Management Committee regularly reviews security measures employed.

Our service relies heavily on the work of our voluntary advisers. Case files are issued and returned by first class post. One incident occurred during 2008/09, where a package containing two case files was re-directed incorrectly due to it being damaged while in transit to us. The case papers were returned to us by the organisation that received them. Tough plastic package envelopes have been introduced for large packages to counter this type of incident.

Accountability and Governance

Board Structure

The Board consists of a mix of nine non-executive directors (up to five elected directors and up to four appointed directors) and three executive directors. The elected directors are directors elected by the Members of The Pensions Advisory Service. Each year one third of elected directors have to stand down. They can seek re-election subject to an overall limit of six consecutive years. The Members are those volunteers who having served for a minimum period are invited to become Members. All directors are Members. As at 31 March 2009, the number of Members stood at 311. Appointed Directors are directors appointed by the Board to fill gaps in its knowledge and expertise. They are appointed for an initial three year term but can seek re-appointment for a second term after which they have to stand down. The Board has identified that to function effectively the directors collectively should ideally have knowledge and experience in:

- management of pension schemes
- pensions law
- actuarial
- finance and investment
- consumer issues
- corporate governance/strategy setting
- general management
- other law e.g. company, employment
- accountancy
- insurance
- government departments
- harnessing and motivating volunteers.

Board Appointments

On appointment all directors are now required to complete a register of interest. All Board members have been and continue to be required to declare any potential or actual conflicts of interest that arise during their term of office.

Board Responsibilities

The Directors of TPAS have corporate responsibility for ensuring that TPAS fulfils its objectives as set out in its corporate plan and for promoting the efficient and effective use of staff and other resources by TPAS. To this end, the Board will amongst other things:

i) establish in consultation with DWP the overall strategic direction of TPAS within its policy and resources framework;

ii) ensure that DWP Secretary of State is kept informed of any changes which are likely to impact on the strategic direction of TPAS, or on the attainability of its targets, and determine the steps needed to deal with such changes;

iii) ensure that any statutory or administrative requirements for the use of public funds are complied with and that the Board operates within the limits of its legal responsibilities;

iv) ensure that in reaching decisions, it takes into account guidance issued by DWP;

v) ensure that it receives and reviews regular financial information concerning the management of TPAS;

vi) ensure that it is informed in a timely manner about any concerns about the activities of TPAS, and provides positive assurance to DWP, that appropriate action has been taken on such concerns;

vii) demonstrate high standards of corporate governance at all times;

viii) promote the interests of TPAS;

ix) ensure that the organisation is non discriminatory in all its actions.

Quarterly reports on Board performance are provided with a formal review being undertaken annually to ensure the Board is fulfilling its corporate governance responsibilities and is continuing to perform effectively. During the year, the Board approved a code of conduct which complies with the Cabinet Office's model code. The Code encompasses the Seven Principles of Public Life as defined by the Committee on Standards in Public Life. It includes sections on openness, accountability, personal responsibility, conflicts of interest and confidentiality.

Board Committees

The Board has established two committees, an Executive Committee and an Audit and Risk Management Committee.

The Executive Committee

The Executive Committee met five times during the year. Its remit is to monitor the implementation of agreed strategies and policies. It consists of three non-executive directors and the three executive directors. As at 31 March 2009, the members of the committee were:

Margaret Snowdon (Chairman)
Tony Hodgkiss
Baroness Hollis
Malcolm McLean
Des Hamilton
Barry Wilkins

The Audit and Risk Management Committee

The Audit and Risk Management Committee met three times during the year. Its remit is to identify and monitor all areas of potential risk, ensuring these are properly managed and that there are robust financial controls in place. A report on the Committee's activities during the year is provided on page 17.

The Committee consists of three non-executive directors. A representative from DWP attends meetings. From 24 February 2009, a representative of our auditors, the National Audit Office, has also attended meetings. As at 31 March 2009, the members of the Committee were:

David Millington (Chairman)
Ian Ferguson
Robert West

Attendance at Board and Committee Meetings from 1 April 2008 to 31 March 2009

The Board met five times during the year. The attendance records of the current Directors as at 31 March 2009, for the Board and its Committee meetings are:

	Board	**Executive Committee**	**Audit and Risk Management Committee**
Number of meetings	**5**	**5**	**3**
Margaret Snowdon	5	5	N/A
Ian Ferguson	3	N/A	3
Colin Hartridge-Price	3	N/A	N/A
Tony Hodgkiss	5	5	N/A
Baroness Hollis of Heigham	5	4	N/A
Allan Martin	4	N/A	N/A
Mick McAteer	4	N/A	N/A
David Millington	5	N/A	3
Robert West	4	N/A	3
Malcolm McLean	4	5	N/A
Des Hamilton	5	5	N/A
Barry Wilkins	3	4	N/A

Non-Executive Directors' Biographies

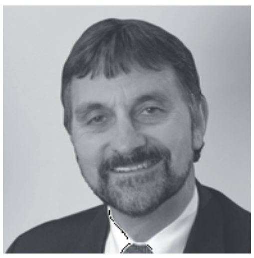
Margaret Snowdon (Chairman)
Margaret is Managing Director of The Pensions Practice, a consultancy firm providing strategic pensions advice to occupational pension schemes. She set up this company after several years at partner level with Mercer Consulting and then Towers Perrin. In January 2007 she also became Operations Director of Lucida plc, a UK regulated insurance company.

She has 30 years of experience in pensions, business management and consulting and has written various articles and journals on pension issues.

She is a Fellow of the PMI and a former Member of Council and Vice President of the PMI. She serves on the FRC Actuarial Standards User Group and is a governor of the PPI. She is also an adviser to the Raising Standards of Pensions Administration Group, having led the group to develop the national Member Survey on pension scheme service standards. She is a Fellow of TPAS, has been a member of the Board since 2000 and is an Adviser and Regional Organiser. She was appointed as Chairman in July 2007.

Tony Hodgkiss (Deputy Chairman)
Tony is a solicitor (not practising) with 34 years of experience of working in the private and public sector with a background in litigation and commercial law. He is a qualified mediator under the Alternative Dispute Resolution procedures. Before retiring he was CEO of a unitary local authority. He has led the development of a number of private/public partnerships and chaired several youth related and crime reduction bodies. He currently also operates two small companies, one in the UK and one in France. His interests include performance cars, foreign travel and target shooting.

Ian Ferguson
Ian is an independent trustee with over 41 years of experience in pensions. He is a Fellow of both the Institute of Actuaries and the Pensions Management Institute. He is a founder member of the PMI's Independent Pension Trustees Group and has been a TPAS Adviser for over 16 years. He was elected to the Board in October 2004. Ian has also been a consultant with three major firms, pensions manager of two large company schemes and a senior manager with two insurance companies. He has served on committees of the PMI, the Institute of Actuaries, the NAPF and the ABI. He is an Associate of BES Trustees plc.



Colin Hartridge-Price
Colin has been the Chief Pensions Officer and Secretary to the Trustees for the BT Pension Scheme for the last 13 years, and recently completed 12 years as a trustee of the Hermes Group Pension Scheme. He has over 40 years in the pensions industry, including 14 years as the pensions manager for the Milk Marketing Board.

Colin has been a TPAS adviser for 17 years, including 8 years as a regional organiser. He was appointed to the TPAS Board in December 2006, and became a Fellow in April 2007.

A member of the Benefits Council of the National Association of Pension Funds for 8 years, he also served for 6 years on the Management Committee of the NAPF City & Eastern Group. He is a member of the Advisory Committee of the Pension Fund Investment Forum.

Baroness Hollis of Heigham

Patricia was Minister in Department for Work and Pensions (formerly DSS) from 1997 to 2005 and responsible in the House of Lords for all Government legislation on pensions, including the 2004 Pensions Act. She also led for the Opposition on pensions from 1991 to 1997, and won pension sharing on divorce during the passage of the 1995 legislation. Most recently, she achieved the right of women to buy back additional years for NI contributions; for which this Spring, she won Channel 4's award of parliamentary campaigner of the year, and also the Dods/Scottish Widows award of peer of the year.

Before joining the Lords, she was Dean of Faculty and Reader in Modern History at the University of East Anglia; she was also Leader of Norwich City Council, a member of the Press Complaints Commission, a Commissioner for English Heritage, and a member of regional health and planning boards. Her most recent book was Jennie Lee: a biography (OUP 1998).

Allan Martin

Allan is an actuary and an independent trustee with over 30 years of experience in pensions. He has been a TPAS Adviser for over 5 years and was elected to the Board in October 2007.

Allan now runs his own firm ACMCA Limited, having previously been a partner of a major benefit consultant and a director of a top 4 accountancy firm. His former "specialist subjects" include pensions and divorce, damages and FRS17. Away from work his interests include skiing, on water and on snow, hill walking and keeping fit - having given up the trampoline, ski jumping and running marathons.

Mick McAteer

Mick is an independent consumer advocate. He is founder and Director of the Financial Inclusion Centre. He is a member of the Financial Reporting Council's Professional Oversight Board. He is a member of the CEIOPS and CEBS consultative panels, and the EC Financial Users (FINUSE) Panel. Mick was Principal Policy Adviser at Which? (the largest consumer group in Europe, formerly known as Consumers' Association) until the end of 2006.

Mick has been a member of the Board since October 2007.

David Millington

David is an ombudsman with the Financial Ombudsman Service, where he specialises in banking issues. Before becoming an ombudsman his first career was with Midland (now HSBC) Bank, where he held a variety of positions both in the UK and offshore including two years as the bank's Head of Customer Relations. David is a Fellow of the Institute of Financial Services, and he joined the TPAS Board in 2004.

Robert West

Robert is a solicitor with over 20 years of experience of pensions law. He became a Partner in Baker & McKenzie LLP in 1985 and is the Head of the Pensions Department in the firm's London Office. He was the Chairman of the Association of Pension Lawyers from 1999 to 2001 and is a former Secretary of the International Employee Benefits Association. He has been a TPAS Adviser and a member of its Legal Panel for 15 years.

Executive Directors' Biographies

Malcolm McLean OBE Chief Executive

Malcolm has been Chief Executive of TPAS for the last 11 years.

During his time with TPAS, Malcolm has received a number of industry commendations, most recently, at the special 10th Anniversary UK Pensions Awards, he was given the award for the "Greatest Single Contribution to Occupational Pensions 1998-2007".

Malcolm is a well-known speaker on pension courses and conferences and regularly broadcasts on radio and television.

Malcolm has been a member of the Board since April 2006.

Des Hamilton Technical Director

Des started his career in the actuarial department of an insurance company specialising in pensions. Having obtained his Associateship of the Institute of Actuaries, Des joined Noble Lowndes where he became technical manager before moving into pension consultancy. He eventually moved to Belfast to run their corporate pension operation. In 1995 he left to help found a new consultancy business before coming to TPAS in 1998.

Des has been a member of the Board since April 2006.

Barry Wilkins Director of Administration

After graduating from Leicester University, Barry undertook a postgraduate certificate in education at the University of London before joining the then DSS. The first part of his career was primarily concerned with the delivery of benefits, initially at the "coal face" in a local benefits office, later in DSS headquarters. In 1987 he moved to the Department of Health to gain experience in formulating policy. He joined TPAS in 1992. He is a Fellow of the Institute of Chartered Secretaries and Administrators.

Barry has been a member of the Board since April 2006.

Report of the activities of the Audit and Risk Management Committee 2008/09

The Audit Committee met on three occasions during this period to consider and:

- approve the 2007/08 Annual Report and Accounts, prior to referral to the Board for formal approval;
- endorse the appointment of the National Audit Office (NAO) as external company auditors;
- approve the external audit & implementation of IFRS;
- approve the business continuity plans;
- approve the appointment of MacIntyre Hudson as internal auditors and the internal audit strategy;
- approve data security plans;
- approve new banking arrangements;
- approve the risk register;
- approve the IT & telephony refresh project.

The Committee provided the Board with a comprehensive security report in January 2009. The Report covered accommodation, IT & telephony and data security. The Board was satisfied with the management assessment and endorsed mitigating actions taken.

Strategic risk management was reviewed at all three meetings. The Committee questioned the ratings given to each risk and the progress being made in the development and implementation of mitigating actions. Through its enquiries the Committee was able to endorse management assessment of key strategic risks.

Remuneration Report

Non-Executive Board members

To ensure that we can attract the quality of member required and to enable us to compete with other organisations, the Board approved the payment of an allowance for appointed members for attending Board and Committee meetings (for the year ended 31 March 2009, up to £540 for Board meetings and up to £270 for Committee meetings). Other than out of pocket expenses non-executive Board members do not receive any other remuneration. The total allowance paid to non-executive Board members in the 2008/09 financial year, excluding out of pocket expenses amounted to £15,360 (2007/08 £17,484).

The information in this table is subject to audit.

Board Member Allowances	Notes	2008/09 Allowance £	2007/08 Allowance £
I J Ferguson	2	N/A	N/A
C C Hartridge-Price	2	N/A	N/A
A J Hodgkiss		5,910	5,200
P Hollis		3,240	3,646
A C Martin	2	N/A	N/A
M G McAteer		2,700	2,860
D Millington		3,510	3,900
M L Snowdon	2	N/A	N/A
R J West	2	N/A	N/A
M Turner	1	N/A	770
K Wallace	1	N/A	588
M Anthony	1	N/A	520
Total		**15,360**	**17,484**

Notes:
1. Retired 9 July 2007
2. Elected, therefore no allowance due

Executive Board members

The remuneration of the staff including the executive Board members is determined by the non-executive members of the Executive Committee. We have in place a staff remuneration package agreed with DWP and the Treasury. Increases to staff remuneration are governed by Treasury and departmental guidance. Increases to salary are determined by the Executive Committee within the overall pay limits agreed with DWP. Staff can receive a bonus payment based on performance providing the total bonuses do not exceed a fixed percentage (currently 3.5%) of the total pay bill.

Executive Board member targets are approved by the Executive Committee. Other staff targets are approved by the Executive Board members in consultation with the Executive Committee.

The following section provides details of the remuneration, pension interests and notice periods of the executive members of the Board. All three executive members have a three month notice period.

Executive Staff Salaries

The information in this table is subject to audit.

	Joining Date	2008/09 salary* £'000	2007/08 salary restated* £'000	Unexpired term of contract	Notice Period
Malcolm McLean					
Chief Executive	06/01/1997	115-120	110-115	Open ended	3 months
Des Hamilton					
Technical Director	20/04/1998	90-95	85-90	Open ended	3 months
Barry Wilkins					
Director of Administration	01/04/1992	90-95	85-90	Open ended	3 months

* audited

1. The 2007/08 figures have been restated to include the performance bonus paid in respect of 2007.

2. 'Salary' is gross salary including performance bonus. Performance bonus payments relate to performance in the calendar year in which payment is made. For the 2008/09 financial year payment was made in December 2008 covering the period 1 January 2008 to 31 December 2008.

Executive Pension Arrangements

From 1 January 2007 employees were provided with access to the Principal Civil Service Pension Scheme (PCSPS). Prior to this, employees were provided with access to either the Pensions Trust money purchase scheme or the Merrill Lynch stakeholder scheme. Contributions were set by reference to age.

Upon joining the PCSPS, up to 30 July 2007 employees could choose between joining the Premium final salary scheme or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account). From 30 July 2007 the Premium scheme has been replaced by the Nuvos scheme, a career average scheme. The accrued pension quoted is the pension the member is entitled to receive when they reach retirement age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of Premium and 65 for members of Nuvos.

Following the introduction of the PCSPS, Des Hamilton and Barry Wilkins opted to join the PCSPS, while Malcolm McLean decided to remain with the Pensions Trust Scheme.

Further details of the pension scheme and contribution rates made in respect of all staff during the year can be found in Note 13 on pages 39 to 42 in the Notes to the Accounts.

The information in this table is subject to audit.

Pension Benefits	Accrued pension as at 31/03/09	Real increase in pension	CETV/ Transfer Value# at 31/03/09	CETV/ Transfer Value# at 31/03/08 restated*	Real increase in CETV	Employer contributions to Pensions Trust Growth Plan
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Malcolm McLean	N/A	N/A	59	30	N/A	18,900
Barry Wilkins	35-40	0-2.5	730	653	23	N/A
Des Hamilton	0-5	0-2.5	60	33	24	N/A

* The figure may be different from the closing figure in last year's accounts. This is due to the Cash Equivalent Transfer Value (CETV) factors being updated to comply with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008.
# A CETV figure applies to Des Hamilton's and Barry Wilkins's defined benefit benefits. A Transfer Value applies to Malcolm McLean's defined contribution benefits.

Cash Equivalent Transfer Values (CETV)

A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued 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 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 disclosure applies. The figures include the value of any pension benefit in another scheme which the individual has transferred to the PCSPS arrangements. 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 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

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.

Malcolm McLean
Chief Executive

22nd September 2009

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company, and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Where the financial statements are published on a website, the Directors are responsible for the maintenance and integrity of the website. Legislation in the UK concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Chief Executive is also the appointed Accounting Officer of The Pensions Advisory Service. The responsibilities of an Accounting Officer include responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding The Pensions Advisory Service's assets, and are set out in 'Managing Public Money', published by HM Treasury.

Signed on behalf of the Board by:

Malcolm McLean
Chief Executive
22nd September 2009

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31 March 2009.

Historical and Statutory Background

The Pensions Advisory Service Ltd is an independent voluntary body. It is a company limited by guarantee, registered in England and Wales. In 2006, it was classified as a non departmental public body (NDPB). The guarantee of Members is limited to a contribution of £1 in the event of the company being wound up. The governing instruments are its Memorandum and Articles of Association and so far as they do not conflict with these, the Financial Memorandum between the company and DWP.

The forerunner of The Pensions Advisory Service Ltd, the Occupational Pensions Advisory Service, was formed in April 1983 with the intention of providing advice and assistance on all matters relating to occupational pension schemes, both to individual elderly members of the public and those considered deserving of such advice and assistance by reason of their financial circumstances. Charitable status was conferred in May 1984. Requests for advice increased to such an extent that due to restrictions under which it operated, the charity was unable to provide the service required.

In December 2004, OPAS Ltd was incorporated to solve this problem. In December 2004, OPAS changed its name to The Pensions Advisory Service Ltd. Funding is primarily by means of a grant-in-aid which was originally administered by the Occupational Pensions Board (OPB). Following the closure of the OPB, from April 2007, the grant was administered by the Occupational Pensions Regulatory Authority (OPRA) under Section 174 of the Pensions Act 1993, as modified by Schedule 5 paragraph 73 of the Pensions Act 1995. Following the replacement of OPRA with the Pensions Regulator, from 1 April 2005, the grant has been administered directly by DWP.

Principal Activities

The company's principal activity is the provision of an independent source of information and guidance to the general public, regardless of their circumstances, on all matters concerning pension schemes, including occupational pensions, personal pensions and stakeholder pensions. In the case of the state pension scheme, generic information and guidance only is given. The company is not authorised under financial services legislation to give financial advice. The provision of information and guidance is provided via a mix of paid staff operating from the London Office and a nationwide network of advisers who provide their time and expertise free of charge. The company maintains a small staff which co-ordinates the provision of this service both financially and technically. Additionally the company operates a national telephone helpline based at Belgrave Road, London operated by a mix of volunteers and paid staff. Again via a mix of volunteers and paid staff it also provides talks to employees in the workplace.

Business review

Each year the company produces a three year corporate plan which details its strategic objectives for the next three years and highlights specific action points and key performance indicators for the first year of the plan.

The latest plan covering the period 2009-2012 is currently being finalised and will, on approval by DWP, be available on the company's website (www.pensionsadvisoryservice.org.uk).

Detailed below is how the company has fared against the objectives set for 2008/09.

i) Provide an expert helpline providing information and guidance on all aspects of pensions to members of the public.
The company has continued to operate a national helpline designed to help members of the public with their pension queries on all aspects of pensions, occupational, personal, stakeholder and state. The returns from the satisfaction surveys show that over 99% are satisfied with the service the company has provided.

ii) Expand the role of the company in providing advice to employees in the work place.
As part of the service, the company provides advice to employees on saving for retirement in the workplace. The company had hoped to increase the number of presentations made to employees to 200. However, due to the fact that the company was unable to recruit the required staff to do so, only 91 presentations were able to be delivered during this period.

iii) Increase awareness of the company's service through:

a) Further developing and improving the website through the introduction of a number of initiatives including an online planner and a hot topics section.
b) Increase the company's presence at relevant retirement planning conferences for the public.
c) Continue with current media activities e.g. Working Lunch while establishing greater links both with local and national media resulting in increased media coverage.

Improvements have been and continue to be made to the website. This is a valuable tool for helping people with enquiries/problems as shown by the increase in the number of visitors to the website to over 800,000. During the year, the company went out to tender to redevelop the website to further improve its accessibility to members of the public and have awarded a contract to a website designer. The company attended a number of retirement conferences where the presentation and stand were widely visited. The company has also held successful receptions at the Scottish Parliament and the Welsh and Northern Ireland Assemblies. The company has received a large amount of supportive media coverage throughout the year resulting in an increased workload.

iv) Help to improve the service standards within the industry through bringing to providers' attention, areas of concern arising out of the company's experiences.
The company continues to produce its annual casework report highlighting the type of enquiries and disputes received. This is readily available on the website. The company has also met regularly with DWP, Financial Services Authority and the Pensions Regulator to discuss areas of concern.

v) To continue to provide a dispute resolution role.

The company has continued to maintain a successful dispute resolution role. While a further increase in casework has been experienced, 90% of all cases continue to be resolved and a high satisfaction rate achieved. Resolve means resolve to the satisfaction of the member of the public. Sometimes this is achieved by no more than confirming with the individual what they have been told is correct. Because of the company's independence, people are more inclined to accept advice from the company rather than if they are told the same thing by the scheme.

vi) Maintain the voluntary nature of the service.

The company has continued to make maximum use of volunteer professionals. Often these are people in senior positions within the pensions industry with a wealth of experience. The company continues to maintain a group of 50 volunteers willing to help with the advice in the workplace presentations. The company also has a group of volunteer advisers (11) who regularly attend the London Office to answer calls on the helpline. The company had set the aim of recruiting 44 additional advisers during the year. In the event, only 39 were recruited. The number of volunteers assisting with the work of the company is 403.

Future Developments

Over the next two years the company will be supporting the Financial Services Authority (FSA) in their Pathfinder project on the setting up of a service offering free impartial information and guidance on money matters. Long term, the most significant challenge facing the company is the introduction in 2012 of auto-enrolment into pension schemes. The company is ideally placed to provide support to those members of the public who will undoubtedly have a number of questions over the implications of this initiative. It is estimated that as many as 15 million people will be affected. Many of these will need the support of an organisation versed in, and with the requisite expertise in, the giving of information and guidance on pensions to the public. The company considers that it is the only non profit making organisation capable of providing this service.

The company shall continue to provide both dispute resolution and information giving services in respect of pensions. It is expected information and guidance to be an area of growth and the policies of the company are designed to ensure that TPAS is in a position to give free pensions information to as many people as possible.

The company is currently reviewing its corporate governance arrangements and expects during 2009/10 to instigate changes both to the make up of the Board and the management structure to bring TPAS into line with structures commensurate with its size and status as an executive NDPB.

The three year corporate plan incorporates a more detailed business plan for 2009/10 linking to the strategic objectives. The company are confident that its plans are well balanced and considered and that they will enable TPAS to provide a much needed service to as many people as possible.

Principal Challenges, Risks and Uncertainties

There are a number of challenges facing TPAS over the next three years as it adapts to the changing pensions and financial landscape. These are to:

i) increase the number of volunteers while at the same time making broader use of volunteers. In a period when people are leading increasingly busy lives, it is becoming more and more challenging to recruit new volunteers with the required skills. The company has, through the workplace initiative, begun to widen the use of volunteers by using them to make presentations to employees;

ii) be experts in the provision of pensions information and guidance in assisting the FSA in their Pathfinder project;

iii) work with DWP to establish what the role of TPAS might be in relation to providing information and guidance on auto-enrolment and Personal Accounts;

iv) consider how best to promote the services of the company to a wider audience while managing the increased call volume while at the same time both maintaining its high standards and providing value for money to the levy payers;

v) recruit and maintain high quality staff;

vi) look at the needs of trustees, administrators and pension providers to see whether TPAS can help improve the handling of disputes;

vii) explain the capabilities of the company to key decision makers in DWP and in those organisations determining the future of financial advice and complaint handling;

viii) look at processes and procedures with a view to achieving productivity improvements during 2010/11 and 2011/12.

The company has identified a number of risks that could prevent it achieving the stated objectives. A risk grid has been produced and is monitored and reviewed by the Audit and Risk Management Committee. The grid, in identifying the risks, quantifies the likelihood of the risk occurring and the impact upon services. Policies and procedures are in place to minimise the impact of the risks identified.

The three most significant risks and the action taken to reduce the risks are:

i) Loss of business continuity due to a loss of IT and/or accommodation - Mitigating factors:

   a. Production and regular review of a risk register
   b. IT and telephony contract in place with service level agreements
   c. Disaster recovery site
   d. Disaster recovery insurance in place
   e. Production of business continuity plan.

ii) Reduction in volunteers - Mitigating factors:

   a. Adviser recruitment plan which is regularly reviewed is in place
   b. Additional resources are being dedicated to recruitment.

iii) The company is not given a full role in respect of giving information and guidance on auto-enrolment and the delivery of Money Guidance thereby adversely impacting demand for the information and guidance service - Mitigating factors:
a. Continue to provide a first rate service
b. Work closely with DWP and the Personal Accounts Delivery Authority (PADA) and demonstrate the value and need for an information and guidance service built on TPAS.

Funding

The company is funded by a grant-in-aid from DWP. Its only income is bank interest. Its ability to meet contractual obligations is dependent upon the continued receipt of these funds. In 2008/09, the company received £2,879,000 of funding from DWP (2007/08 £2,670,000).

Results

The company's results are summarised on page 32. Grant-in-aid received from DWP is treated as financing and is taken direct to reserves as opposed to being recognised as income. The deficit for the period has been transferred to reserves. The company does not trade with a view to profit.

Changes in Fixed Assets

The movements in fixed assets during the year are set out in note 7 to the accounts.

Directors' and their interests

The Directors who served during the period are shown below:

Non-Executive Directors
Margaret Snowdon* (Chairman)
Ian Ferguson*
Colin Hartridge-Price*
Tony Hodgkiss (Deputy Chairman)
Baroness Hollis of Heigham
Allan Martin*
Mick McAteer
David Millington
Robert West*

*elected, the remainder are appointed.

Executive Directors
Malcolm McLean – Chief Executive
Des Hamilton – Technical Director
Barry Wilkins – Director of Administration

On 8 July 2008, Tony Hodgkiss was appointed deputy chairman. On 14 October 2008, Ian Ferguson was re-elected to the board. On 23 January 2009, Baroness Hollis of Heigham was reappointed to the Board.

As the company has no share capital it does not have any shareholders. Consequently, there are no Directors' interests to disclose.

Policy and practice on payment of creditors

The company adheres to Government standards for settling accounts. The company aims to pay all properly authorised invoices in accordance with the terms of the relevant contract or in any event within 10 days.

Charitable donations

The company made a charitable donation to a local charity of £750 in place of sending Christmas cards and £50 to a charity following the death of our founder, Margaret Brand, in lieu of sending flowers.

Disclosure of information to auditors

So far as the Directors are aware, there is no relevant information (as defined by section 234ZA of the Companies Act 1985), of which the company's auditors are unaware and they have all taken the steps that they ought to have taken as a Director, in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Directors' legal indemnity

The company maintains errors and omissions insurance. The indemnity limit is £1,500,000 in the aggregate including costs.

Auditors

The Government Resources and Accounts Act 2000 (Audit of Non-profit making Companies) Order 2009 appointed the Comptroller and Auditor General to audit the accounts of The Pensions Advisory Service. The Order applies to accounts prepared for the financial years commencing on or after 1 April 2008, and the Comptroller and Auditor General therefore audited these accounts for the period ended 31 March 2009.

Laying of Accounts

Since 4 October 1999, there have been elective resolutions in force dispensing with the laying of accounts and reports before the company in general meeting and the holding of annual general meetings.

Under the Government Resources and Accounts Act 2000 (Audit of Non-profit making Companies) Order 2009, the accounts must be laid before parliament by a Minister of the Crown.

By order of the Board

M McLean

Malcolm McLean
Chief Executive
22nd September 2009

Statement on Internal Control

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievements of The Pensions Advisory Service's policies, aims and objectives, whilst safeguarding the public funds for which I am personally responsible, in accordance with Managing Public Money. I also have a responsibility to ensure that the Board complies with the terms of the Framework Document between our sponsoring department DWP and The Pensions Advisory Service. I work closely with DWP to ensure that The Pensions Advisory Service complies with ministerial guidelines in managing risk. DWP receives reports on performance, finance and risk, primarily through regular review meetings.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than 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 and prioritise the risks to the achievement of our policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Pensions Advisory Service for the year ended 31 March 2009 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Capacity to handle risk

During the year ended 31 March 2009, the Board met five times to consider the plans and overall strategic direction of the service, while the Executive Committee met four times during the year to monitor the implementation of agreed strategies. The Board has delegated to the Audit and Risk Management Committee the responsibility for ensuring that an appropriate risk management strategy is in place. The Committee met three times during the year to identify and evaluate the risks and to ensure that policies and procedures are in place to manage the risks. A Risk Register identifying all major risks has been established to help monitor the risks. This was completely overhauled during the year and is kept under continual review. The Audit and Risk Management Committee report back to the Board and keeps me informed of its findings.

The risk and control framework

The purpose of risk management is to enable the mitigation and monitoring of the risks that have been identified, and to capture the key risks to the achievement of our strategic objectives. Risk is controlled through:

- using clearly documented financial and management procedures;
- monitoring by the audit and risk management committee;
- employing an external consultancy firm to act as our internal auditors;
- comprehensive budgeting systems and financial reporting which indicates financial performance against the budget and forecast. Quarterly reports are made internally to the Executive Committee and Board and externally to DWP.

All risks are detailed in a Risk Register which identifies all the main risks and assigns a senior responsible member of staff for ownership of the risk. During the year, the Audit and Risk Management Committee undertook a thorough review of the register to ensure there were no gaps. The most significant risks that we monitor are:

- loss of volunteers and key staff
- loss of IT systems
- litigation arising from information & guidance given
- information risk i.e. loss of sensitive data
- reliance on DWP for funding
- operating effectiveness (including financial)
- unexpected events in the wider pensions landscape dramatically affecting workload
- that administration of staff pensions is carried out effectively and correctly.

During the year, the Board reviewed its corporate governance responsibilities and approved a revised Code of Conduct to ensure it is complying with good practice in the public sector. The Audit and Risk Management Committee reviewed our current business continuity plans and approved the introduction of a plan to ensure we get basic services up and running within 48 hours of the commencement of a disaster recovery situation.

In accordance with our responsibilities as a public body, the Audit and Risk Management Committee undertook a thorough review of the security of our information to ensure that we have in place robust and specific arrangements to ensure information security. As a result, we have tightened up our data security systems by introducing encryption to all electronic data held on our servers, back-up and laptops. Encrypted email facilities were also provided to appropriate members of staff. Data security remains under constant review and is considered in conjunction with wider security issues.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness is informed by the Director of Administration, who has day to day responsibility for the development and maintenance of the internal control framework, the Audit and Risk Management Committee, internal audit reports and comments made by the external auditors in their management letters and other reports. A plan to address weaknesses identified by the reports is in place. While Internal Audit did not unearth any major weaknesses (all controls were identified as either strong or adequate), it did identify areas for improvement which are being addressed through the Audit and Risk Management Committee.

M McLean

Malcolm McLean
Accounting Officer

22nd September 2009

The Certificate and Report of the Comptroller and Auditor General to the Members of The Pensions Advisory Service

I certify that I have audited the financial statements of The Pensions Advisory Service for the year ended 31 March 2009 under the Government Resources and Accounts Act 2000. These comprise the Income and Expenditure Account, 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 been audited.

Respective responsibilities of the directors and auditor

The Directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Directors' Responsibilities.

My responsibility is to audit the financial statements 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 are properly prepared in accordance with the Companies Act 1985. I report to you whether, in my opinion, the information given in the Directors' 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, in my opinion, The Pensions Advisory Service 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 law regarding directors' remuneration and other transactions is not disclosed.

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 only the Company Information, About The Pensions Advisory Service, Chairman's Review, Performance Review, Accountability and Governance, Directors' Report and the unaudited part of the Remuneration Report. I consider the implications for my certificate 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 opinions

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. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company'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 are free from material misstatement, whether caused by fraud or other irregularity 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.

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its deficit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985 and the part of the remuneration report to be audited has been properly prepared in accordance with the Government Financial Reporting Manual; and
- the information given in the Directors' 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

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

1st October 2009

Income and Expenditure Account

For the Year Ended 31 March 2009

	Notes	2008/09 £	2007/08 £
Administration expenditure		(3,035,581)	(2,882,575)
Operating deficit	2	(3,035,581)	(2,882,575)
Interest receivable		13,333	23,276
Deficit before taxation	2	(3,022,248)	(2,859,299)
Taxation	6	(2,800)	(4,655)
Deficit for the year	11	(3,025,048)	(2,863,954)

The company made no recognised gains or losses in 2008/09 and 2007/08 other than the deficit for the year. All amounts relate to continuing operations.

The notes on pages 35 to 43 form part of these financial statements.

Balance Sheet

As at 31 March 2009

	Notes	31 March 2009		31 March 2008	
		£	£	£	£
Fixed Assets					
Tangible Assets	7		179,212		260,850
Current Assets					
Debtors	8	107,150		111,761	
Cash at bank and in hand		64,014		64,114	
		171,164		175,875	
Creditors:					
amounts falling due within one year	9	(253,253)		(275,192)	
Net current liabilities			(82,089)		(99,317)
Total assets less current liabilities / net assets			97,123		161,533
Reserves					
General reserve	11		97,123		161,533
			97,123		**161,533**

The notes of pages 35 to 43 form part of these financial statements.

The financial statements were approved by the Board on 22nd September 2009 and signed on its behalf by:

M McLean
Chief Executive

22nd September 2009

D Millington
Non-Executive Director

22nd September 2009

Cash Flow Statement

For the Year Ended 31 March 2009

	Notes	2008/09 £	2007/08 Re-stated £
Net cash inflow/(outflow) from operating activities	12(a)	(2,860,255)	(2,911,071)
Returns on investments and servicing of finance	12(b)	13,333	23,276
Taxation	12(c)	(4,655)	(4,720)
Capital expenditure	12(d)	(27,523)	(8,661)
Financing	12(e)	2,879,000	2,670,000
Net cash outflow	12(f)	(100)	(231,176)

The notes on pages 35 to 43 form part of these financial statements.

Notes to the Accounts

For the Year Ended 31 March 2009

1. Accounting Policies

1.1 Basis of preparation

The financial statements are prepared in accordance with applicable UK accounting standards, the Companies Act 1985 and the accounting and disclosure requirements given in HM Treasury's Financial Reporting Manual ("FReM") in so far as these are consistent with the requirements of the Companies Act. In addition, the financial statements are prepared under the historical cost convention. The company's principal accounting policies are set out below.

1.2 Depreciation

Depreciation is provided on a straight line basis to write off by annual instalments the cost of the tangible assets over their expected useful economic lives. Tangible fixed assets are depreciated over the following expected useful economic lives.

Computer equipment	3 years
Furniture, fixtures & fittings	5 years

The prescribed capitalisation threshold is £100. All amounts below this threshold are expensed in the year of purchase.

1.3 Grant-in-aid

Grant-in-aid was received during the year from DWP to fund the company's service. Grant-in-aid received from DWP for revenue purposes is regarded as a contribution from a controlling party giving rise to a financial interest in the residual interest of the company and hence is accounted for as financing i.e. credited directly to the general reserve.

Where grant-in-aid is made as a contribution towards expenditure on fixed assets, the amount of the grant is treated as deferred income, which is credited to the Income & Expenditure account by instalments over the expected useful economic life of the relevant fixed assets on a basis consistent with the depreciation policy.

A general levy is set and payments collected by the Pensions Regulator (TPR) from occupational pension schemes, personal pension schemes and public service schemes to recover the company's administrative costs.

1.4 Pension Costs

The pension charge represents the contributions made by the company to pension plans during the year. Further details of the various plans are given in note 13.

1.5 Financial Instruments

Financial assets and financial liabilities are recognised in the company's balance sheet when it becomes party to the contractual provisions of the instrument. They are derecognised when the right to receive cash flows has expired or all the risks and rewards of ownership or control of the asset has transferred substantially. The classification of financial assets and liabilities is determined at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not classified as available for sale. Loans and receivables are initially recognised at fair value and subsequently held at amortised cost. The fair value of trade and other receivables is usually the original invoiced amount. The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, in an arms-length transaction between knowledgeable willing parties. Where the classification of a financial instrument requires it to be stated at fair value, fair value is determined using expected cash flows discounted back to a present value.

Cash at bank and in hand comprises cash in hand and current balances with banks and similar institutions, which are readily convertible to known amounts of cash and which are subject to insignificant changes in value.

Financial liabilities comprise accruals and other creditors; these are carried at amortised cost.

It is assessed at each balance sheet date whether there is objective evidence that financial assets are impaired as a result of one or more loss events that occurred after the initial recognition of the asset and prior to the balance sheet date and whether such events have had an impact on the estimated future cash flows of the financial instrument and can be reliably estimated. Impairment losses on monetary items are recognised in the Income and Expenditure account.

1.6 Operating Leases

Rentals payable under operating leases are charged to the Income and Expenditure account as incurred over the period of the lease.

2. Deficit before taxation

The deficit on ordinary activities before taxation is stated after charging:

	Note	2008/09 £	2007/08 £
Staff Costs	3	1,842,289	1,692,210
Accommodation Costs		266,608	253,657
Depreciation		109,161	105,104
Operating Lease Rentals		4,825	3,687
Auditors Remuneration			
- Audit		12,000	3,569
- Other services (IFRS preparation)		1,750	0

3. Staff Costs (including Executive Directors)

	2008/09 £	2007/08 £
Wages and Salaries	1,439,907	1,317,469
Social Security Costs	125,641	118,498
Pension Costs	276,741	256,243
Staff Costs	**1,842,289**	**1,692,210**

4. Employee Information

	2008/09 No.	2007/08 No.
The average monthly number of employees during the year	35	33

Volunteer advisers continued to provide vital assistance in the delivery of the organisation's services during 2008/09. During this period the number of volunteer advisers fluctuated around the 400 level (2007/08 – 400).

5. Directors' Emoluments

i) Executive Directors	2008/09 £	2007/08 £
Total Emoluments	296,655	281,574
Pension Contributions	63,478	65,078
Group Life	7,038	5,691

- One director is accruing pension benefits in respect of qualifying service in respect of a defined contribution scheme.
- Two directors are accruing pension benefits in respect of qualifying services in respect of defined benefit schemes.

The highest paid director received £115,153 in emoluments (2007/08 £106,632) and £18,868 of pension contributions were made on his behalf by the Company (2007/08 £22,390).

Executive Directors are entitled to interest free season ticket loans on the same terms as other members of staff. Only Barry Wilkins participated in the scheme in 2008/09 and 2007/08.

ii) Non-Executive director allowances and expenses
Appointed non-executive board members only receive a meeting attendance allowance (up to £540 per board meeting and up to £270 per committee meeting). The total paid in respect of Board costs for the year was £21,356 (2007/08 £25,165) which comprised allowance payments for attending and contributing to board and committee meetings of £15,360 (2007/08 £17,484) and travel and subsistence costs of £5,996 (2007/08 £7,681).

6. Taxation

The taxation charge is based solely on the bank interest received in the year.

	2008/09 £	2007/08 £
UK corporation tax on the bank interest received	2,800	4,655

7. Tangible Fixed Assets

	Computer Equipment £	Furniture Fixtures & Equipment £	Total £
Cost			
As at 1 April 2008	163,680	294,850	458,530
Additions in year	24,602	2,921	27,523
Disposals in year	0	(1,770)	(1,770)
As at 31 March 2009	**188,282**	**296,001**	**484,283**
Depreciation			
As at 1 April 2008	93,032	104,648	197,680
Charge for the year	56,940	52,221	109,161
On disposals	0	(1,770)	(1,770)
As at 31 March 2009	**149,972**	**155,099**	**305,071**
Net Book Value			
As at 31 March 2009	**38,310**	**140,902**	**179,212**
As at 31 March 2008	**70,648**	**190,202**	**260,850**

8. Debtors

	2008/09 £	2007/08 £
Other Debtors	22,752	13,992
Prepayments and Accrued Income	84,398	97,769
	107,150	**111,761**

9. Creditors – Amounts falling due within one year

	2008/09 £	2007/08 £
Accruals	71,241	9,687
Deferred Grant Income	179,212	260,850
Taxation	2,800	4,655
	253,253	**275,192**

There are no creditors falling due after more than one year (2007/08 £nil).

10. Liabilities of Members

The company is limited by guarantee and has no issued share capital. Every member, in pursuance with Clause 5 of the Memorandum of Association, undertakes to contribute a sum not exceeding £1 in the event of the company being wound up whilst he is a member. Any surplus on winding up, in pursuance of Clause 3(iii) of the Memorandum of Association, will be repaid to any body which has contributed grants or other funding to the company. The retained surplus carried forward does not, therefore, represent funds attributable to members.

11. General Reserve

	2008/09 £	2007/08 £
Balance brought forward at 1 April	161,533	259,044
Deficit for the year	(3,025,048)	(2,863,954)
Grant-in-aid from DWP	2,960,638	2,766,443
Balance carried forward at 31 March	**97,123**	**161,533**

12. Notes to the cash flow statement

a) Reconciliation of operating deficit to net cash inflow from operating activities	**2008/09** £	**2007/08 Re-stated** £
Operating deficit after interest	(3,022,248)	(2,859,299)
Depreciation	109,161	105,104
Interest received	(13,333)	(23,276)
(Increase)/decrease in debtors	4,611	3,695
Increase/(decrease) in creditors	61,554	(137,295)
Net cash outflow from operating activities	(2,860,255)	(2,911,071)

b) Analysis of returns on investment and servicing of finance	2008/09 £	2007/08 £
Bank interest received	13,333	23,276
	13,333	23,276

c) Analysis of taxation	£	£
UK corporation tax paid	4,655	4,720
	4,655	4,720

d) Analysis of capital expenditure	£	£
Purchase of tangible fixed assets	27,523	8,661
	27,523	8,661

e) Financing	£	£
Grant-in-aid from DWP	2,879,000	2,670,000
	2,879,000	2,670,000

f) Reconciliation of net cash flow movement to movement in net funds	£	£
Decrease in cash in year	(100)	(231,176)
Change in net funds	(100)	(231,176)
Net funds at 1 April 2008	64,114	295,290
Net funds at 1 April 2009	64,014	64,114

g) Analysis of changes in net funds

	At 1 April 2008 £	Cash flow £	At 31 March 2009 £
Cash at bank and in hand	64,114	(100)	64,014

13. Pension Commitments

i) Pension Schemes

Since 1 March 1994, the company has been participating in the Pensions Trust's Growth Plan. Additionally, it offered access to the BlackRock Stakeholder plan. However, since 1 January 2007, the company has been eligible to join the Principal Civil Service Pension Scheme (PCSPS). As a result of this, for new employees, the company now provides access to only the PCSPS. Existing staff have the right to remain in any of the existing schemes. As at 31 March 2009, 32 staff had joined the PCSPS, two remained with BlackRock and two with the Pensions Trust Growth Plan.

The pension charge represents the contributions made by the company to all the plans (Pensions Trust, BlackRock and PCSPS) and amounted to £276,741 (2007/08 - £256,243).

Pension Scheme	2008/09 Contributions Paid £	2007/08 Contributions Paid £
PCSPS	241,168	208,547
BlackRock	11,006	17,805
Pensions Trust Growth Plan	24,567	29,891
Total	**276,741**	**256,243**

ii) Pensions Trust Growth Plan

The Growth Plan is a multi-employer pension plan which is in most respects a money purchase arrangement but it has some guarantees. Contributions paid into the Growth Plan up to and including September 2001, were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001, contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Growth Plan or by the purchase of an annuity.

The Growth Plan is funded and is not contracted out of the state scheme. The rules of the Growth Plan allow for the declaration of bonuses and/or investment credits, if this is within the financial capacity of it assessed on a prudent basis. Bonuses/investment credits are not guaranteed and are declared at the discretion of the Growth Plan's Trustees.

The rules of the Growth Plan give the Trustees the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions.

During the accounting period, the company paid contributions of between 15% and 17%, depending upon the age of the employee. As at the balance sheet date, there were two active members of the Growth Plan employed by the company.

The last formal valuation of the Growth Plan available was performed as at 30 September 2008. The assets of the Growth Plan amounted to £742 million as at that date. At the same date the liabilities were £770.6 million, resulting in a deficit of £28.6 million and a funding level of 96%. If the funding conditions do not improve between now and the next valuation as at 30 September 2011, there is a real possibility that additional contributions will be required from employers.

The buy-out funding position of the Growth Plan as at 30 September 2008 was 79.9% compared to 89% as at 30 September 2007. Following a change in legislation in September 2005, there is a potential debt on the employer that could be levied by the Trustees of the Growth Plan. The debt is due in the event of the employer ceasing to participate in the Growth Plan or it winding up. This means that the debt will crystallise as soon as the last active member leaves the Growth Plan.

The company has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Growth Plan based on the financial position of it as at 30 September 2008 (the latest figures available). As of this date, the estimated employer debt for the company was £211,065 (2007 £114,118). The scheme actuary has advised that the figure as at 30 September 2008, is likely to have increased by approximately 51% at 31 March 2009.

iii) BlackRock Stakeholder Plan

Since September 2001, members of staff have also been provided with access to a stakeholder pension, which is a defined contribution scheme administered by BlackRock. The assets are held separately from the company in a separately administered fund. As at the balance sheet date, there were two active members employed by the company.

For permanent staff, the company makes contributions to the Stakeholder Plan on the same basis as for the Growth Plan.

iv) The Principal Civil Service Pension Scheme (PCSPS)

The majority of the employees (32) are covered by the provisions of the PCSPS which is a defined benefit scheme. The PCSPS are unfunded multi-employer defined benefit schemes but TPAS is unable to identify its share of underlying assets and liabilities.

A full actuarial valuation was carried out at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office Civil Superannuation (www.civilservice-pensions.gov.uk).

Prior to 30 July 2007, employees were offered access to the PCSPS Premium scheme option. From 30 July 2007, this was closed to new entrants and employees are now provided with access to the PCSPS Nuvos scheme option, which is a defined benefit scheme. Both schemes are unfunded with the cost of benefits met by monies voted by Parliament each year.

Employee contributions to both the Premium and Nuvos schemes are set at the rate of 3.5% of pensionable earnings. The Premium scheme is a final salary scheme where benefits accrue at the rate of 1/60th of pensionable salary for each year of service. Pensions payable under Premium are increased in line with changes in the Retail Price Index (RPI). Pension age is 60 for Premium scheme members. The Nuvos scheme is a career average scheme.

In the Nuvos scheme, a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March), the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and, immediately after the scheme year end, the accrued pension is up rated in line with RPI. Pension age is 65 for Nuvos scheme members.

In all cases, members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

Employer contributions in both schemes range from 17.1% to 25.5% based on salary bands. The PCSPS Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2008/09, to be paid when the member retires and not the benefits paid during this period to existing pensioners. For the year commencing 1 April 2009, the rates will be in the range of 16.7% to 24.3%.

Instead of the Nuvos scheme, employees can choose to open a Partnership pension scheme. One employee has opted to do so. The Partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3 and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers.

The employee does not have to contribute but where they do make contributions the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

v) Outstanding or Prepaid Defined Contribution Scheme Payments
There are no outstanding or prepaid contributions in respect of defined contribution schemes.

14. Financial Commitments

At 31 March 2009, TPAS had annual commitments under non-cancellable operating leases expiring as follows:

Land and Buildings	**2008/09**	**2007/08**
	£	£
Within one year	0	0
Within two to five years	209,910	110,678
After five years	0	0
	209,910	**110,678**

Plant and Machinery	**2008/09**	**2007/08**
	£	£
Within one year	259	3,688
Within two to five years	0	0
After five years	0	0
	259	**3,688**

The Land and Buildings figures above relate to two operating leases in Belgrave Road. An element of the commitment is estimated by the lessor in advance and actual costs may vary slightly. A second element is subject to an ongoing rent review and may also be subject to revision.

15. Related Parties Transactions

TPAS is a Non Departmental Public Body sponsored by DWP. DWP is regarded as the ultimate controlling related party. The company submits quarterly grant-in-aid bids to DWP. Once DWP has approved the quarterly bid, the agreed amount is released to the company.

The ultimate source of TPAS's grant-in-aid is the pension scheme levy. Consequently, with effect from 3 July 2008, the agreed quarterly amounts have been released by DWP to the Pensions Regulator (TPR), who then credit TPAS with the same amount.

The company's 5th floor and basement accommodation at Belgrave Road is provided by HMRC under a Memorandum of Terms of Occupation (MOTO) arrangement.

All transactions with directors are disclosed in the Remuneration Report and the Directors' Emoluments Note 5.

16. Financial instruments and associated risks

It is, and has been, TPAS's policy that no trading in financial instruments is undertaken.

TPAS does not face the degree of exposure to financial risk that commercial businesses do. In addition, financial assets and liabilities generated by day-to-day operational activities are not held in order to change the risks facing TPAS in undertaking its activities. TPAS relies upon DWP for its cash requirements, having no power itself to borrow or invest surplus funds. The short-term liquidity and interest rate risks are therefore slight. TPAS does not and has not had an exposure to foreign currency risk.

Financial assets by category	Loans and receivable 2008/09 £	Loans and receivable 2007/08 £
Cash	64,014	64,114
Trade Debtors	0	0
Accrued Income	0	0
Other debtors	22,752	13,992

The above figures exclude statutory debtors which relate to VAT from HMRC.

Financial liabilities by category	Financial liabilities 2008/09 £	Financial liabilities 2007/08 £
Trade Creditors	0	0
Accruals and deferred income	71,241	71,241

The above figures exclude statutory creditors which relate to tax due to HMRC.

17. Contingent liabilities

a) Outstanding rent review

The June 2008 rent review on the accommodation at Belgrave Road has still not been agreed and it is likely that negotiations will be concluded in the third quarter of 2009. Consequently, these accounts do not include any accounting entries in relation to this outstanding rent review.

b) Pensions Trust liability

As explained in note 13, the company has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Growth Plan, based on the financial position of it as at 30 September 2008 (the latest figures available). As of this date, the estimated employer debt for the company was £211,065 (2007 £114,118). The scheme actuary has advised that the figure as at 30 September 2008, is likely to have increased by approximately 51% at 31 March 2009. No provision has been made in these accounts for this potential liability. DWP have confirmed that in the event of the debt crystallising, action will be taken to ensure that the Company does not default on its liability.

The Pensions Advisory Service
11 Belgrave Road, London SW1V 1RB
Helpline 0845 601 2923
General Office 020 7630 2250
Fax 020 7592 7000
enquiries@pensionsadvisoryservice.org.uk
www.pensionsadvisoryservice.org.uk

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ISBN 978-0-10-295963-5
9 780102 959635