the pensions advisory service

Annual Report and Accounts
2009/10

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The Pensions Advisory Service
(A company limited by guarantee)
Registered no. 02459671

The Pensions Advisory Service
Annual Report and Accounts for year ending 31 March 2010

Presented to Parliament pursuant to Article 6 of the Government Resources and Accounts Act 2000 (Audit of Non-profit-making Companies) Order 2009.

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Contents

Company Information

Registered number:	02459671	
Directors:	**Chairman**	
	Partha Dasgupta	Appointed 4 January 2010
	Margaret Snowdon	Resigned 31 December 2009
	Chief Executive and Accounting Officer	
	Marta Phillips OBE	Appointed 17 April 2010
	Malcolm McLean OBE	Resigned 16 April 2010
	Non-Executive Directors	
	Tony Hodgkiss	Deputy Chairman
	David Millington	Audit Committee Chairman
	Ian Ferguson	
	Colin Hartridge-Price	
	Baroness Hollis of Heigham	
	Allan Martin	
	Mick McAteer	
	Robert West	
	Executive Directors	
	Des Hamilton	
	Barry Wilkins	
Registered office:	11 Belgrave Road Victoria London SW1V 1RB	
Auditors:	Comptroller and Auditor General National Audit Office 157-197 Buckingham Palace Road Victoria London SW1W 9SP	
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 02459671 and have been classified as an executive non departmental public body (NDPB). We are funded by means of a grant-in-aid from the 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; and,
- bringing to the attention of government departments, the public and the pensions industry areas of concern arising out of our experiences.

The service is free to the public. 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 (39 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 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 workplace;
- 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; and,
- 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 2010. Our workload has continued to grow emphasising the increasingly important role we play in the provision of pensions information and guidance.

In 2008 a comprehensive review was undertaken of the capability, governance and competitors of TPAS, following which a working group of TPAS and DWP representatives was set up to consider the findings. A number of significant recommendations affecting corporate governance and TPAS management structure were proposed and approved by TPAS Board and DWP Secretary of State. This year we have seen the beginning of the implementation of these recommendations with my appointment as TPAS's first paid Chairman. Details of the governance changes can be found in the section on Accountability and Governance on page 13.

Capability

It is essential if we are to meet our mission statement that we have in place the right management and organisational structure.

We are an organisation with a large professional volunteer force with a small paid staff. The volunteers undertake a number of different roles including:

- attending the London Office to help with our telephone helpline;
- assisting with workplace presentations; and,
- dealing with dispute resolution.

One of the many advantages of volunteers is that it puts us in a position to meet the impact of spikes in demand, which would not be achievable without them. We have:

- successfully increased the number of workplace volunteers from 84 to 156;
- maintained the number of dispute resolution advisers at 387; and,
- seen the number of London Office advisers fall from 11 to six.

We are taking steps to reverse the trend in the reduction in London Office advisers.

It is important that both TPAS and the volunteers get the maximum benefit out of the arrangement and that our business model is appropriate to take TPAS forward. We have therefore undertaken a survey of our volunteers to ensure we are meeting the needs, values and aspirations of our volunteer workforce. The Board will be analysing the results.

During the year we continued with our successful redesign of our web site. As a result the number of visitors to our site increased from 800,000 to 1.3 million.

For a variety of reasons we have not had a full staff complement for most of the year. We expect to address this during the first part of 2010 when we introduce the agreed changes to the management structure. As part of this the Chief Executive, Malcolm McLean OBE, left TPAS on 16 April 2010 to be replaced by Marta Phillips OBE. The

Technical Director, Des Hamilton, will be leaving on 26 July 2010 and the Director of Administration, Barry Wilkins, will be leaving on 31 July 2010. They will be replaced by a new management structure, for which recruitment has already started. Although there are initial start up costs, the new structure once fully implemented, is expected to realise savings in the region of £100,000 annually.

Our future capability may be affected by public expenditure cutbacks. While we have costed our plans for the next three years, these may need to be revised should the incoming government introduce a reduction in our expenditure. Our plans can be found in our Corporate Plan 2010/13 on our website http://www.pensionsadvisoryservice.org.uk/publications/company-documents--reports#corporate.

Delivery

We are a demand led organisation which can make forecasting of workload very difficult as external events over which we have no control can have an impact on the delivery of our service. However, I am pleased to report that we were generally fairly accurate in our forecasting. During the year we received:

- Just under 75,000 calls to our helpline, which was both in line with our forecasts and similar to the previous year's intake;
- 16,400 written enquiries, which exceeded our forecasts by over 2,000 and was over 3,500 higher than the previous year; and,
- 7,800 complaints against pension schemes, which was both in line with our forecasts and similar to the previous year's intake.

The difficulty is that workload is not uniformly received, especially on the helpline, which can be subject to major spikes as evidenced by the surge in calls following the publicity on National Insurance contributions.

During the year our talks in the workplace initiative was successfully reviewed by DWP. In the twelve month period the team delivered over 280 presentations and reached over 6,400 employees.

Outputs

We measure the success of our service through a number of satisfaction surveys and by providing value for money. These surveys revealed that:

- 95% of users were satisfied with the service provided in response to written enquiries; and,
- 100% of users were satisfied with their telephone enquiry.

Further details can be found under Performance Review on page 9. We continue to provide value for money as evidenced by:

- the unit cost for written casework averaging £101; and,
- the unit cost for telephone enquires averaging £13.

As part of a DWP review of TPAS's services in 2004 it is estimated that the open market cost at today's commercial rates of the services undertaken by our volunteers is in excess of £10 million annually.

Impact

While we are not authorised to give financial advice, we aim to enable people to make decisions. The workplace talks will play an increasingly important role in this as auto-enrolment approaches, as will our website. The continued development of this could be of increasing value as a way of supplying information and guidance to the public.

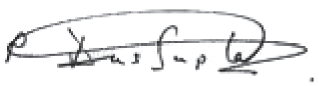
The Future

Given the current economic climate and uncertainty, there are no guarantees that initiatives in the pipeline will proceed. However, on the assumption that there will be no change in government policy, the Board has identified the introduction of the FSA led Moneymadeclear and the proposed introduction of DWP auto-enrolment initiative as both the biggest challenges and biggest opportunities facing TPAS over the next few years. While we have already considered the potential impact of these initiatives, over the next 12 months we shall further develop our strategies to meet these and other opportunities the Board has identified. We shall need to target resources in a climate of pressure on public expenditure to ensure we meet the needs of our customers, while identifying efficiency savings. We shall review the way we deliver our service to identify potential overlaps and thereby where possible seek to share resources with other organisations. It is important that we work with policy makers to ensure that changes which impact on us are controlled. As such if it does proceed, we shall look to work with the National Employment Savings Trust (NEST) as it introduces its low cost pension scheme and with DWP over the impact of the changes to the State Pension Age.

A Thank You

Finally I would like to give my thanks to:

- the Board for its unstinting contribution to the development of TPAS;
- TPAS executive for the excellent way it has led TPAS. I look forward to this continuing under the leadership of Marta Phillips;
- the volunteers for their unselfish and social contribution. They are the life blood of TPAS;
- the staff for their professionalism and commitment; and,
- last but not least to our outgoing Chief Executive, Malcolm McLean, for his immense contribution over the past 13 years to the development of TPAS.



Partha Dasgupta
Chairman

29 June 2010

Performance Review

Workload and Targets

Our Workload

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

Workload	2008/09	2009/10	% Increase/ (Decrease)
Written Enquiries	12,897	16,391	27
Written Disputes	7,791	7,769	0
Helpline Calls	74,739	74,717	0
Website Visits	816,446	1,305,348	60

We have redeveloped our website to make it more user friendly, which has contributed to the large increase in visitors. We have a dedicated resource maintaining the site and increased visitors does not necessarily lead to a need for increased resources, though access to the information on the site may then result in the person seeking further information from us.

Performance Measurement

To monitor our service we have in place a number of performance targets for staff and benchmarks for our volunteer workforce. We value our customers' views and their opinion of our service is invaluable in letting us know whether there is any deviation from the standards we have set. To inform our thinking we issue a satisfaction survey to a random sample of those using the service. The results are shown below.

Performance Targets

To monitor outputs, we have established a series of performance targets that staff should meet. The targets set for 2009/10 were the same as the previous year. As shown below, due to the unexpected increase in workload we have not met all our targets. While workload for the helpline was in line with forecasts, the number of written disputes was 5% less than forecast while written enquiries exceeded our forecasts by 17%. This put a strain on our resources meaning that we were unable to meet all of our targets. The results are broadly comparable with those achieved last year. The results comparing this year with last year are shown below.

Activity	% Target	Achievement 2008/09	Achievement 2009/10
Financial			
Agreed invoices paid within			
10 working days of receipt	99	100	100
Written Casework			
Enquiries: Case cleared within			
15 working days	90	73	84
20 working days	95	96	93
25 working days	99	99	97
Disputes: Case cleared within			
3 months	40	48	46
6 months	65	72	69
12 months	85	91	91
Helpline Calls			
Call answered within			
20 seconds	90	93	97
30 seconds	95	94	97
60 seconds	99	96	99
Abandoned calls to be less than	10	3	1

During the last quarter of 2008/09 we received a huge surge in calls in relation to National Insurance contributions which meant that we had to redirect resources from elsewhere to meet this surge. As a result our achievement level in clearing written enquiries within 15 working days suffered. As this is the second year where we have not met all of our targets we shall be closely monitoring them throughout the year and assessing whether any changes are needed. The targets set are challenging but achievable providing there isn't a large unexpected increase in workload or under resourcing. On the assumption that our forecast workloads are accurate and as a demand led organisation, we cannot always control the number of enquiries received, we have set the same performance targets for 2010/11 by which to help measure our success.

Volunteer Benchmarks

The benchmarks set are for those advisers dealing with disputes and working either from home or their place of work. We are pleased to report that the targets set have not only been achieved, but have exceeded last year's results. The results comparing this year with last year are shown below.

Activity	% Target	Achievement 2008/09	Achievement 2009/10
Acknowledge receipt of a case and issue form of authority within two weeks of receiving the case	85	90	93
Take action within four weeks of receipt	85	85	90
Keep enquirer informed at regular intervals not exceeding two months	80	81	85
Appropriate quality of advice given	95	94	96

Satisfaction Surveys

Staff members monitor the progress of every case and ask for regular updates. This is supported by the returns from the satisfaction surveys sent to our customers. Despite the increase in workload we have continued to maintain the already high levels of customer satisfaction.

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

Activity	% Target	Achievement 2008/09	Achievement 2009/10
Handling of Written Disputes against Schemes			
Users satisfied with the service	85	96	95
Handling of Written Enquiries			
Users satisfied with the service	90	95	94
Handling of Helpline Calls			
Users satisfied with the service	95	99	100

Corporate Responsibilities

We follow a sustainable development policy that includes reducing paper consumption, using public transport where possible, recycling paper, plastic bottles, cans and toners. Staff members are periodically reminded of the need to conserve energy through not leaving windows open and switching lights off in empty rooms.

A comprehensive range of operational policies are in place to ensure due governance of grant-in-aid and to 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. During the year we undertook an equality impact assessment on our existing policies and procedures to ensure our policies meet the requirements of the:

- Race Equality Duty;

- Disability Equality Duty; and,
- Gender Equality Duty.

A number of action points emanated from the assessments which are being implemented. A copy of this assessment with the action points can be found on our website

http://www.pensionsadvisoryservice.org.uk/publications/company-documents--reports#disability

With the exception of staff employment contracts and the Chairman's contract, 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 2009/10 was 2.3 (2008/09 – 3). This is an improvement from last year and is, according to the 2007 CBI survey, well below the national average of 6.7 days (9 in the public sector).

Complaints Against Our Service

There are occasions when people are unhappy with 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 2009/10, we received 10 complaints. This compares with 13 received in 2008/09 and represents a 23% reduction over the previous year. Given the fact that we have helped in excess of 1 million people during the year less than 0.001% have had cause to complain. This is a remarkable customer service achievement. Details of our complaints procedure are available on our website. (http://www.pensionsadvisoryservice.org.uk/about-us/not-happy-with-our-service)

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. Personal sensitive data is not normally transmitted electronically from our London office. The only exceptions are where the data is encrypted and the destinations are known to be secure sites.

Our service relies heavily on the work of our voluntary advisers. As some of the data can be classified as personal, 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. We did consider whether all items should in future be sent by recorded delivery but it was decided that this was not practicable. Instead tough plastic package envelopes were introduced for large packages to counter this type of incident and during 2009/10 we have not experienced any similar incidents. During 2009/10 the Chief Executive reminded advisers of their responsibility to ensure all data and personal information is kept secure and that personal information is not transmitted without there being adequate safeguards.

Accountability and Governance

Board Structure

The Board currently consists of nine non-executive directors (up to four elected directors, up to four appointed directors and the Chairman who was appointed by the Secretary of State, following open competition) and three executive directors. The elected directors are directors elected by the Members of TPAS. These are volunteers who having served for at least five years are invited to become Members. As at 31 March 2010, the number of Members stood at 290. Appointed directors are directors appointed by the Board to fill gaps in its knowledge and expertise. These have been appointed following either open competition or have been recommended to the Board by an existing director.

The corporate governance review made a number of recommendations which have been or will be implemented during 2010:

- The Board will be reduced in size from 1 July 2010 from 12 to 9 directors (eight non-executives and one executive director (the Chief Executive));
- All appointments to the Board will be subject to open competition;
- All non-executive appointments will be paid appointments;
- Two of the appointments will be recruited, assuming candidates satisfy all the criteria, from the volunteer advisers. If there are no suitable candidates, as with the remaining directors, the vacancies will be filled externally;
- The Chairman will be appointed by the Secretary of State for an initial period of three years. The appointment can be renewed for a further three year period;
- The appointment of the Chief Executive and remaining non-executive directors will be subject to approval by the Secretary of State; and,
- The non-executives will normally be appointed for a three year term. This can be renewed subject to a maximum term of ten years.

The Members of TPAS passed a special resolution on 22 September 2009 approving the changes to the Articles of Association to enact these changes. Recruitment for the new Board has been completed and we are currently awaiting Secretary of State approval to the appointments.

Board Responsibilities

The review endorsed the functions of the Board and individual directors to be to:

- establish and review in consultation with DWP, the overall strategic direction of TPAS;
- 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;
- 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;

- contribute to Board meetings and discussions, drawing in particular on their particular field of expertise;
- ensure that in reaching decisions they take into account guidance issued by DWP;
- have good communication skills and be able to influence people both within and outside TPAS;
- scrutinise the performance of the Chief Executive in ensuring that TPAS's functions are exercised efficiently and effectively;
- monitor the extent to which the Board is meeting its objectives and targets;
- ensure that DWP is informed in a timely manner about the activities of TPAS and provide positive assurance to DWP that appropriate action has been taken on such concerns;
- monitor the Board's reporting of its activities in the annual report;
- evaluate whether the Board's internal financial controls secure the proper conduct in its financial affairs;
- contribute to setting the remuneration of the Chief Executive;
- act as a confidant, mentor and wise counsel to the Chair, balancing a challenging approach with being supportive;
- act as a mentor to senior executives of TPAS, particularly in their areas of specialist expertise;
- where appropriate, represent TPAS externally, and help it build relationships with key private and public sector players;
- contribute their own professional experience to guide the development of TPAS in a way that is supportive and adds value;
- demonstrate high standards of corporate governance at all times; and,
- promote the interests of TPAS.

Board Skills

The review also recognised that each non-executive director will need to have skills/knowledge in one or more of the following areas:

- Audit and Finance;
- Communications;
- Customer Service;
- Marketing Strategy; and,
- Pension knowledge

Board Appointments

On appointment all directors are required to complete a register of interests. All directors have been, and continue to be, required to declare any potential or actual conflicts of interest that arise during their term of office. They are specifically required to mention any conflicts of interest at the start of each Board meeting.

Board Performance

Reports on Board performance at the Board meetings are reported back at the next Board meeting. A formal review is undertaken annually to ensure the Board is fulfilling its corporate governance responsibilities and is continuing to perform effectively. During the year the Board revised its Operating Principles and Code of Conduct to take account of the corporate governance changes. A copy of this document can be found on our web site http://www.pensionsadvisoryservice.org.uk/publications/company-documents--reports#conduct.

Board Committees

Until December 2009 the Board had set up two committees, an Executive Committee and an Audit and Risk Management Committee. As part of the corporate governance review the Executive Committee was abolished in December 2009. A new committee was formed in December 2009, the Remuneration and Appointments Committee. The terms of reference of the Board and its existing committees can be found on our website http://www.pensionsadvisoryservice.org.uk/about-us/company-documents-reports. A report on the activities of the TPAS Committees can be found on pages 19 to 20.

Attendance at Board and Committee Meetings From 1 April 2009 to 31 March 2010

The Board met six times during the year. The attendance records for the directors for the Board and its Committee meetings for the year ended 31 March 2010 are:

	Board	Executive Committee	Audit and Risk Management Committee	Remuneration and Appointments Committee
Number of meetings	**6**	**3**	**3**	**1**
Partha Dasgupta[1]	2	N/A	N/A	N/A
Margaret Snowdon[1]	4	3	N/A	1
Ian Ferguson[2]	4	N/A	1	N/A
Colin Hartridge-Price	4	N/A	N/A	N/A
Tony Hodgkiss	6	3	N/A	1
Baroness Hollis of Heigham	5	2	N/A	1
Allan Martin[2]	3	N/A	2	N/A
Mick McAteer[3]	4	N/A	N/A	N/A
David Millington	6	N/A	3	N/A
Robert West	6	N/A	3	N/A
Malcolm McLean	5	3	N/A	N/A
Des Hamilton	5	3	N/A	N/A
Barry Wilkins	6	3	N/A	N/A

1 Partha Dasgupta was appointed Chairman on 4 January 2010. As part of the planned changes Margaret Snowdon OBE resigned as Chairman and director on 31 December 2009.

2 Ian Ferguson resigned from the Audit and Risk Management Committee on 23 June 2009 and was replaced by Allan Martin.

3 Mick McAteer was appointed to the Remuneration and Appointments Committee on 26 January 2010. There have been no meetings during the year since that date.

Non-Executive Directors Biographies

Partha Dasgupta (Chairman)

Partha Dasgupta was appointed Chairman of TPAS by the Secretary of State for Work and Pensions in January 2010. He is also a non-executive director of the UK Statistics Authority and a member of the Audit Committee, a non-executive member of the Save the Children (UK) Investment Committee and a director of the SAUL Trustee Company.

Partha joined the Pension Protection Fund as Director of Investment and Finance in 2005 and served as its Chief Executive and Accounting Officer from 2006 to 2009. Before this, he spent ten years at Barclays Global Investors, the world's largest asset management company, latterly as Managing Director of Fixed Income Europe and member of the European Executive Committee. He began his career as an analyst at the Prudential.

He has a degree in mathematics from Heriot-Watt University and was subsequently awarded an honorary doctorate in 2008 for his services to society.

Margaret Snowdon OBE, Chairman until 31 December 2009

Margaret was Chairman of TPAS between July 2007 and December 2009. She remains a Fellow of TPAS, TPAS Regional Organiser and a TPAS adviser.

Margaret is Operations Director at Lucida plc, a UK regulated insurance company providing solution to defined benefit pension schemes. She was a partner with Mercer and Towers Perrin before setting up her consultancy, The Pensions Practice, in 2003. She has worked with many blue chip companies on HR and pensions strategy.

She is a Fellow and former Vice President of the Pensions Management Institute. She is also Special Advisor to the Raising Standards of Pensions Administration Group and serves on the FRC Actuarial User Group. She is a Governor of the PPI and is a founder director of the Centre for Retirement Reform. Margaret was appointed an Officer of the British Empire (OBE) in the 2010 New Year's Honours List for services to Pensioners.

Ian Ferguson

Ian Ferguson is an independent trustee with over 43 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 National Association of Pension Funds (NAPF) and the ABI.

Colin Hartridge-Price

Colin was the Chief Pensions Officer and Secretary to the Trustees for the BT Pension Scheme for 14 years until retiring at the end of February 2010. In that time he also completed 12 years as a trustee of the Hermes Group Pension Scheme and 8 years as Secretary to the Trustees of the BT Retirement Plan (a defined contribution 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 18 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 NAPF for 8 years, he also served for 6 years on the Management Committee of the NAPF City & Eastern Group.

Tony Hodgkiss

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. He retired as 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 operates a small company in connection with French properties. His interests include performance cars, foreign travel and target shooting.

He has been a member of the Board since 2002.

Baroness Hollis of Heigham

Patricia Hollis was Minister in the 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 last year 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 Martin 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.

Mick McAteer

Mick McAteer is an independent consumer advocate. He is founder and director of the Financial Inclusion Centre. He is a non-executive director of The Financial Services Authority (FSA), and a member of the Financial Reporting Council's Professional Oversight Board. He is Chair of the EC Financial Users (FINUSE) Panel and a member of the CEIOPS and CEBS consultative panels. 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 Bank plc, now HSBC, 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 pension 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 and Accounting Officer until 16 April 2010

Malcolm McLean was Chief Executive of TPAS for 13 years.

During his time with TPAS, Malcolm 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 was a member of the Board between April 2006 and April 2010.

Marta Phillips – OBE, Chief Executive and Accounting Officer from 17 April 2010

Marta Phillips joined TPAS on 12 April 2010 and became Accounting Officer on 17 April upon Malcolm McLean's departure. Prior to that, she was Director of Compliance at the National Lottery Commission which she joined in November 1999, where she had regulatory responsibility for ensuring the security and integrity of funds to Good Causes, about £28 million a week, prize winners' money, about £50 million a week, the security and integrity of the draw and lottery technology systems. She has an Honours degree in Economics and Accounting, a Masters degree in Computing Science and is a qualified Project Manager for Information Systems.

She is a Member of the Institute of Chartered Accountants of Scotland and has been recently elected to its Council. She spent her early career in Ernst & Young. After a short time at The Stock Exchange, she spent several years at Midland Bank plc, now HSBC, in its International Audit Department and Treasury systems development. Just before joining the National Lottery Commission, she was Head of Finance for the European Social Fund Unit in the Department for Education and Employment where she successfully managed annual programmes of over £600 million.

She was created an Officer of the British Empire (OBE) in the 2006 New Year's Honours List for services to social housing. She has held a number of non executive roles including the chairmanship of Servite Houses.

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 HQ. In 1987 he moved to the Department of Health to gain experience in formulating policy. He joined TPAS in 1990 on secondment from the Department of Health before making the transfer permanent 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 2009/10

The Audit and Risk Management Committee's 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. The Committee met on three occasions in 2009/10 to consider and approve the:

- Audit & Risk Management Committee Terms of Reference;
- 2008/09 Annual Report and Accounts, prior to referral to the Board for formal approval;
- External audit & implementation of IFRS;
- November 2009 Internal Audit Report;
- 2009/10 Annual Report and Accounts production timetable and Audit Strategy;
- Business continuity plans;
- Data security plans; and,
- Risk register.

It also considered the:

- IFRS Shadow Accounts;
- IT Refresh Project; and,
- Pensions Trust deficit.

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.

The Committee consists of three non-executive directors. A representative from DWP attends meetings. Representatives from our external auditors, the National Audit Office, and our internal auditors, MacIntyre Hudson, are also invited to attend meetings. During the year membership of the Committee changed as follows:

David Millington – Chairman	April 2009 to March 2010
Ian Ferguson	April 2009 to June 2009
Allan Martin	June 2009 to March 2010
Robert West	April 2009 to March 2010

Report on the Activities of the Executive Committee

The Executive Committee met three times during the year. Its remit was to monitor the implementation of agreed strategies and policies. It consisted of three non-executive directors and the three executive directors. From 1 April 2009 to 31 December 2009, the members of the Committee were:

Margaret Snowdon – Chairman

Tony Hodgkiss

Baroness Hollis of Heigham

Malcolm McLean

Des Hamilton

Barry Wilkins

Following the corporate governance review the Committee was disbanded and replaced by the Remuneration and Appointments Committee.

Report on the Activities of the Remuneration and Appointments Committee

The Remuneration and Appointments Committee was formed in December 2009 and met once during the year. Its primary remit is to determine the appointment procedures, performance objectives and pay for senior staff within the pay remit agreed with DWP. At its meeting the main items the Committee considered were staff remuneration and the need to extend TPAS flexible working policies. The Committee consists of three non-executive directors. As at 31 March 2010, the members of the Committee were:

Tony Hodgkiss – Chairman

Baroness Hollis of Heigham

Mick McAteer

Remuneration Report

Non-Executive Board members

For appointed Board members the Board has approved the payment of an allowance for attending Board and Committee meetings (for the year ended 31 March 2010, this was left at the same rate as for the previous year: 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. As part of the corporate governance review, from 1 July 2010 these amounts will cease and all non-executive Board members will be paid an annual fee of £5,000 for a minimum commitment of 10 days annually. From 1 January 2010 the Chairman will receive a fee of £30,000 for a minimum of 60 days commitment annually.

The total allowance paid to non-executive Board members and the fee paid to the Chairman is shown below.

The information in this table is subject to audit.

Board Member Allowances	**Notes**	**2009/10 Allowance** £	**2008/09 Allowance** £
I J Ferguson	1	N/A	N/A
C C Hartridge-Price	1	N/A	N/A
A J Hodgkiss		7,560	5,910
Baroness Hollis		3,780	3,240
A C Martin	1	N/A	N/A
M G McAteer		2,160	2,700
D Millington		3,510	3,510
M L Snowdon	1/2	N/A	N/A
R J West	1	N/A	N/A
P Dasgupta	3	0	0
Total		**17,010**	**15,360**

Notes:
1. Elected, therefore no allowance due
2. Resigned 31 December 2009
3. Appointed 4 January 2010

The Chairman

Partha Dasgupta has been appointed for an initial term of three years from 4 January 2010. The post is non pensionable. His salary and notice period are shown in the table below. The information in this table is subject to audit.

	Joining Date	2009/10 salary £'000	Unexpired term of contract	Notice Period
Partha Dasgupta				
Chairman	04/01/2010	5-10	2 years 9 months	6 months

Executive Board members

The remuneration of the staff and the executive Board members was determined by the non-executive members of the Executive Committee having regard to the pay remit agreed with DWP. Future pay awards for senior staff will fall within the remit of the Remuneration and Appointments Committee. Increases to staff remuneration are governed by Treasury and departmental guidance and specifically by the overall pay remit agreed with DWP. Staff can receive a bonus payment based on performance providing the total bonuses do not exceed a fixed percentage (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. As with pay, future targets will be approved by the Remuneration and Appointments Committee.

The following section provides details of the remuneration, pension interests and notice periods of the executive members of the Board.

Executive Staff Salaries

The information in this table is subject to audit.

	Joining Date	2009/10 salary[1] £'000	2008/09 salary £'000	Unexpired term of contract	Notice Period
Malcolm McLean[2]					
Chief Executive	06/01/1997	115-120	115-120	Open ended	3 months
Des Hamilton[2]					
Technical Director	20/04/1998	90-95	90-95	Open ended	3 months
Barry Wilkins[2/3]					
Director of Administration	01/04/1992	90-95	90-95	Open ended	3 months

1. 'Salary' is gross salary including performance bonus. Performance bonus payments relate to performance in the calendar year in which payment is made. For the 2009/10 financial year payment was made in December 2009 covering the period 1 January 2009 to 31 December 2009.
2. As part of the planned changes Malcolm McLean retired from TPAS on 16 April 2010. Des Hamilton will be retiring on 26 July 2010 and Barry Wilkins will be leaving on 31 July 2010.
3. Barry Wilkins will receive remuneration of £181,414 in respect of loss of office on 31 July 2010 due to internal restructuring of the senior management team. This amount is within his contractual entitlement.

Executive Pension Arrangements

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

Upon joining 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 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 14 on pages 51 to 53 in the Notes to the Accounts.

The information in this table is subject to audit.

Pension Benefits	Accrued pension as at 31/03/10	Real increase in pension	CETV Transfer Value* at 31/03/10	CETV Transfer Value* at 31/03/09	Real increase in CETV	Employer contribution to Pensions Trust Growth Plan
	£'000	£'000	£'000	£'000	£'000	Nearest £100
Malcolm McLean	N/A	N/A	91	59	N/A	19,600
Des Hamilton	0-5	0-2.5	90	60	27	N/A
Barry Wilkins	40-45	2.5-5	837	730	65	N/A

* CETV figure applies to Des Hamilton's and Barry Wilkins's defined benefit scheme benefits. A Transfer Value applies to Malcolm McLean's defined contribution scheme 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 to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Principal Civil Service Pension Scheme arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

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

Marta Phillips OBE
Chief Executive

29 June 2010

Statement of Directors' Responsibilities

The directors are responsible for preparing the directors' 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 International Financial Reporting Standards (IFRS) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these 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 the financial statements have been prepared in accordance with IFRS as adopted by the European Union; and,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

The Chief Executive is also the appointed Accounting Officer of The Pensions Advisory Service being appointed as such by the Principal Accounting Officer of DWP. 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:

Marta Phillips OBE
Chief Executive
29 June 2010

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31 March 2010.

Historical and Statutory Background

The Pensions Advisory Service Ltd (TPAS) 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 Framework Document between the company and DWP.

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 1997, 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 (TPR), the grant has been administered directly by DWP and it is received via TPR.

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. 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 2010/13 can be found on the company's website http://www.pensionsadvisoryservice.org.uk/publications/company-documents--reports#conduct

A report below shows how the company has fared against the objectives set for 2009/10.

i) Provide information and guidance to members of the public, whether they have a pension or not, on all aspects of pensions.

The company has continued to provide via written enquires, its website and its national telephone helpline, information and guidance to assist members of the public with their pension queries on all aspects of pensions (i.e. occupational, personal, stakeholder and State). The returns from the satisfaction surveys show that over 94% are satisfied with the service the company has provided.

ii) To continue to deliver an improved dispute resolution role.

The company has continued to provide assistance to individuals who have a dispute with their pension provider. During the year the company helped 7,791 people, a similar number to the previous year. This service was supplied via a mix of volunteers and paid staff. If we cannot resolve the complaint the individual can take his complaint to the Pensions Ombudsman. The company successfully resolved 92% of the complaints received. The returns from our satisfaction surveys show that over 95% were satisfied with the service the company has provided.

iii) Increase awareness and usage of our service.

The company has continued to develop and improve its website. During the year it received over 1,270,000 visitors to its main website and over 28,000 visitors to its stakeholder website. This represents an overall increase of 490,000 over the previous year. The number of written enquiries has increased to 16,391, a 27% increase over the previous year. The company attended a number of retirement conferences where the presentation and stand were visited by a large number of people . The company held a successful conference on Regulation and Risk in a Defined Contribution World.

iv) Communicate our capabilities to policy makers, and opinion formers especially to those formulating the policy on Money Guidance and Auto-Enrolment.

The company has worked with the Financial Services Authority (FSA) led Pathfinder project and a number of calls have been referred to its helpline. The company continues to meet with the FSA and DWP to ensure both are aware of the support it can make to Money Guidance and auto-enrolment.

v) Help improve service standards within the industry through bringing to providers' attention areas of concern arising out of our experiences, thereby encouraging the industry to reduce the incidence of dispute cases received.

The company has met regularly with the FSA and TPR to discuss areas of concern. The company produced an annual casework report highlighting the major causes of the dispute cases received against pension providers it dealt with in the year. However, the number of disputes received continues to remain high. For the year ended 31 March 2010 the company received 7,791 cases, similar to the number received in the previous year.

vi) Maintain our high standard voluntary service thereby providing excellent value to the public purse.

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 has increased the number of volunteers used in its work place talks to 156. The company continues to use a group of volunteer advisers to assist with the helpline, though numbers have reduced from 11 in the previous year to 6. The company had set the aim of recruiting 40 new advisers to help with dispute cases during the year. It exceeded this target and recruited 46 new advisers. The number of volunteers assisting with the work of the company is 469, an increase of 66 over the previous year.

Future Developments

From 2010 onwards the company will be looking to support the FSA in their Moneymadeclear initiative through enabling calls received on pensions to be passed to the company. Long term, the most significant challenge facing the company is the proposed introduction 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 7 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 believes that it is the only non profit making organisation capable of providing this service. The company is currently in discussions with DWP on its role in this initiative.

The company will continue to provide both dispute resolution and information giving services in respect of pensions. It is expected that information and guidance will 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 and guidance to as many people as possible.

The company is set to complete its implementation of its corporate governance and management changes during the first half of 2010. This will bring the company 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 2010/11 linking to the company's strategic objectives. The company is confident that its plans are well balanced and considered and that they will enable it to provide a much needed service to as many people as possible.

Principal Challenges and Risks

There are a number of challenges facing the company as it seeks to achieve its objectives to be the centre of excellence for the provision to members of the public, of a broad range of free information and guidance on pension matters, and to help resolve pension complaints and disputes. These are to:

i) increase the number of volunteers and seek to make broader use of them. 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. We have, through our workplace initiative, begun to widen the use of volunteers by using them to make presentations to employees;

ii) play our part as experts in the provision of pensions information and guidance in assisting the FSA led strategy to build financial capability, in particular through their Money Guidance initiative;

iii) support DWP in rolling out auto-enrolment through providing information and guidance to those affected by auto-enrolment and NEST;

iv) continue to promote our services to a wider audience thereby increasing the number of callers while at the same time both maintaining our high standards and providing value for money to the levy payers;

v) recruit and maintain high quality staff who share the values of TPAS in providing the highest level of customer service;

vi) continue to work with trustees, administrators and pension providers to help improve the handling of disputes;

vii) continue to implement and monitor the corporate governance and modernisation changes undertaken in 2009/10; and,

viii) continue to look at processes and procedures to ensure we are achieving maximum efficiency savings.

The company has identified a number of risks that could prevent it achieving its 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 five most significant risks and the action taken to reduce them are:

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

   a. Production and testing of risk register;
   b. IT contract in place with service level agreements; and,
   c. Disaster Recovery insurance in place. Production of business continuity plan which is tested annually.

ii) Reduction in volunteers. Mitigating factors:

   a. Recruitment plan in place;
   b. Regular review of adviser numbers and appropriate action taken if adviser recruitment targets not being met; and,
   c. Ensure sufficient resources are 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 its information and guidance service. Mitigating factors:

   a. Continue to provide a first rate service; and,
   b. Work closely with DWP, FSA and Personal Accounts Delivery Authority (PADA) and demonstrate the value of our information and guidance service.

iv) Introduction in 2010 of a new management structure and loss of experienced personnel. Mitigating factors:

   a. Phasing in of changes, rather than big bang approach;
   b. Right people appointed that reflect the requirements of the new posts; and,
   c. Ensure appropriate succession planning is in place.

v) Funding is reduced. The new Government has indicated its intention to cut back on public expenditure. The company is unable to say whether it will be affected. Mitigating factors:

   a. Continue to provide value for money; and,
   b. Contingency plan prepared to mitigate any possible cutback.

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 2009/10, the company received £3,435,000 of funding from DWP (2008/09 £2,879,000).

Results

The company's results are summarised on page 39. 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 from reserves. The company does not trade with a view to profit.

Trade and Other Payables Costs

Accommodation costs, web development work and consultancy fees in respect of organisational restructuring resulted in an increase in the trade and other payables figure compared to the 31 March 2009 figure.

Changes in Property, Plant and Equipment

The movements in property, plant and equipment during the year are set out in note 9 to the accounts.

Corporate Responsibilities

Details of the company's environmental, social and community policies are set out on page 11.

Directors' and their interests

The Directors who served during the period are shown below:

Non-Executive Directors

Margaret Snowdon*	Chairman – until 31 December 2009
Partha Dasgupta	Chairman – from 4 January 2010
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 31 December 2009 Margaret Snowdon resigned from the Board. On 4 January 2010 Partha Dasgupta was appointed to the Board.

As the company has no share capital it does not have any shareholders. Consequently, there are no directors' share capital 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. The company's average creditor payment period at 31 March 2010 was 14.6 days. This figure has been distorted by two transactions. The company has fully complied with the terms of both transactions and the reasons for the delays are simply of a technical nature. Excluding these transactions reduces the average creditor payment period at 31 March 2010 to 9 days.

Disclosure of information to auditors

So far as the directors are aware, there is no relevant information of which the company's auditors are unaware and they have all taken the steps that they ought to have taken as directors, 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

Going concern status

The statement of financial position at 31 March 2010 shows net liabilities of £27,738. This reflects the inclusion of liabilities falling due in future years which may only be met by future grant-in-aid payments from DWP, as TPAS's sponsoring department. This is because under the normal conventions applying to Parliamentary control over income and expenditure, such contributions may not be issued in advance of need. The accounts have accordingly been prepared on the going concern basis.

Auditors

The Government and Resources Accounts Act 2000 (Audit of non-profit making companies) Order 2009 appointed the Comptroller and Auditor General to audit the accounts of TPAS. 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 year ended 31 March 2010.

Fees due to the NAO are £26,000 for external audit work, including costs relating to compliance with International Financial Reporting Standards from April 2009 (2008/09 £13,750 including £1,750 for non audit services).

Laying of Accounts

Under the Government and Resources 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

Marta Phillips OBE
Chief Executive and Accounting Officer

29 June 2010

Statement on Internal Control

Scope of responsibility

For the period 1 April 2009 - 16 April 2010 when he stood down as Accounting Officer Malcolm McLean had responsibility as Accounting Officer, for maintaining a sound system of internal control that supports the achievements of The Pensions Advisory Service's (TPAS's) policies, aims and objectives, whilst safeguarding the public funds for which he was personally responsible, in accordance with Managing Public Money.

I was appointed Accounting Officer with effect from 17 April 2010 and have therefore carried out these same responsibilities for internal control, safeguarding public funds, record keeping and managing risk and resources from that date up to the date of signing these accounts.

My predecessor's responsibility to ensure compliance with TPAS Board's Framework Document with DWP was supplemented by regular meetings with DWP Stewardship team. In particular the Quarterly Accountability Review meetings with the Stewardship team covered updates on the implementation of our strategic objectives, helped formulate our future business direction and highlighted the inherent risks and opportunities in implementing our policies.

There was a full handover of Accounting Officer responsibilities from Malcolm McLean to me. This included preparation by him of an Interim Statement on Internal Control titled "Statement by the Outgoing Accounting Officer of The Pensions Advisory Service to the Incoming Accounting Officer" covering his tenure as Accounting Officer. This Statement on Internal Control therefore represents a consolidation of statements made by Malcolm McLean in respect of his period of office and made by me in respect of my period in office.

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 TPAS for the year ended 31 March 2010 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 2010, the Board met six times to consider the plans and overall strategic direction of the service, while the Executive Committee met three 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. That 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. The Audit and Risk Management Committee report back to the Board and keeps me informed of its findings.

Staff are trained and equipped to manage risk in a way appropriate to their authority and duties. Relevant training is provided and endorsed through the induction programme.

In my opinion TPAS has maintained and improved its risk management processes during the year including:

- Enhancing our business continuity plans through improved messaging facilities on our main helpline;
- Setting in place procedures for an annual disaster recovery test;
- Renegotiating our IT support contract giving enhanced business continuity provisions;
- Giving advice to our volunteers on the use of email and the security considerations under which we must operate; and,
- An extensive revision of our risk register.

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;
- identifying the objective and the risks which may prevent the achievement of that objective;
- assessing the inherent risk with reference to predetermined criteria covering impact and likelihood;
- identifying controls in place to manage the risk;
- monitoring by the Audit and Risk Management Committee;
- employing an external consultancy firm to act as our internal auditors; and,
- comprehensive budgeting systems and financial reporting which indicates financial performance against the budget and forecast. Quarterly reports have been made internally to the Executive Committee 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. The most significant risks that we monitored are:

- data and information security (i.e. loss of sensitive data);
- loss of volunteers and key staff. During 2010 we shall need to manage the introduction of the new management structure;
- loss of business continuity due to a loss of IT systems and/or accommodation;
- litigation arising from information and guidance given;
- reduction in funding;
- operating effectiveness (including financial);
- unexpected events in the wider pensions landscape affecting workload;
- crystallisation of an employer withdrawal debt in respect of the Pensions Trust Growth Plan; and,
- that the administration of staff pensions is carried out effectively and correctly.

The issue of data and information security is an area that has continued to witness growing internal and external attention. Senior management consider new guidance received, regularly review processes and consider any issues identified internally. During this reporting period this resulted in the commissioning of a report from our internal auditors, MacIntyre Hudson, concerning the potential security risks with the services provided by our voluntary advisers and the actions taken to mitigate those risks. TPAS also became involved in Information Assurance assessment work with DWP and is in the process of implementing an action plan to further improve existing security measures.

Focus has also remained on maintaining and increasing the number of voluntary advisers. During this reporting period a survey was undertaken and a strategy group will be taking the findings forward.

Loss of business continuity remains a key issue. To counter this risk a business continuity team has been set up to ensure that the business can respond rapidly to any event. TPAS also has a managed IT & Telephony system and a shared disaster recovery site provided by a specialist disaster recovery company. The facilities provided by the disaster recovery site have been restricted to retention of essential services to contain costs. An annual disaster recovery test is undertaken and the recent exercise confirmed the effectiveness of this facility. TPAS also has insurance in place to cover increased costs of working.

Internal audit services have been provided on an outsourced basis by MacIntyre Hudson. They were appointed for a three year period in 2008. The Audit and Risk Management Committee approves an overall internal audit plan for each financial year. MacIntyre Hudson submits reports that include their independent opinion on the appropriateness and effectiveness of TPAS's internal controls together with their recommendations for improvement. The completion of accepted recommendations is vigorously monitored by the Audit and Risk Management Committee. We have actioned the recommendations raised in the reports commissioned from MacIntyre Hudson on the systems of corporate governance, risk management and internal control and in all other respects covered by their review our systems are operating effectively. Consequently there are no significant weaknesses that fall within the scope of issues that should be reported in the Statement on Internal Control.

In my opinion TPAS has maintained the standard of risk management reported in the last annual accounts.

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. While Internal Audit did not unearth any major weaknesses, it did identify areas for improvement. A plan to address the issues identified by the reports is in place with dates set for implementation of the recommendations. Regular reports on progress are made to the Audit and Risk Management Committee.

Marta Phillips OBE
Accounting Officer

29 June 2010

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 The Pensions Advisory Service for the year ended 31 March 2010 under the Government Resources and Accounts Act 2000. These comprise the Statement of Comprehensive Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Board, Chief Executive Officer and auditor

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

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

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

Opinion on Regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its deficit for the period then ended;
- the financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- the financial statements have been prepared in accordance with the Companies Act 2006.

Opinion on other matters

In my opinion:

- 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 for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- certain disclosures of directors' remuneration specified by law are not made; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General

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

6th July 2010

Statement of Comprehensive Expenditure

For the Year Ended 31 March 2010

	Note	2009/10	2008/09
		£	£
Administration expenditure		(3,706,963)	(3,043,402)
Operating deficit		(3,706,963)	(3,043,402)
Interest receivable		378	13,333
Deficit before taxation	3	(3,706,585)	(3,030,069)
Taxation	8	(79)	(2,800)
Deficit for the year		(3,706,664)	(3,032,869)

The company made no gains or losses in 2009/10 other than the deficit for the year.

The notes on pages 43 to 55 form part of these financial statements.

Statement of Financial Position

As at 31 March 2010

	Note	31 March 2010 £	31 March 2009 £	1 April 2008 £
Non-current assets				
Property, plant and equipment	9	94,620	179,212	260,850
Total non-current assets		94,620	179,212	260,850
Current assets				
Trade and other receivables	10	114,486	107,150	111,761
Cash and cash equivalents	11	154,163	64,014	64,114
Total current assets		268,649	171,164	175,875
Total assets		363,269	350,376	436,725
Current liabilities				
Trade and other payables	12	209,593	106,450	38,930
Provisions	13	181,414	–	–
Total liabilities		391,007	106,450	38,930
Assets less liabilities		(27,738)	243,926	397,795
Reserves				
General reserve		(27,738)	243,926	397,795

The notes on pages 43 to 55 form part of these financial statements. The financial statements were approved and authorised for issue by the Board on 29 June 2010 and signed on its behalf by:

P Dasgupta
Chairman
29 June 2010

M Phillips OBE
Chief Executive
29 June 2010

Statement of Cash Flows

For the Year Ended 31 March 2010

	Note	2009/10 £	2008/09 £
Cash flows from operating activities			
Operating deficit		(3,706,963)	(3,043,402)
Depreciation		99,234	109,161
(Increase)/decrease in trade and other receivables		(7,336)	4,611
Increase in trade and other payables		105,864	69,375
Increase in provisions		181,414	–
Interest received		378	13,333
Profit on disposal of property, plant and equipment		(415)	–
Taxation		(2,800)	(4,655)
Net cash outflow from operating activities		(3,330,624)	(2,851,577)
Cash flows from investing activities			
Purchase of property, plant and equipment		(15,192)	(27,523)
Proceeds from sales of equipment		965	–
Net cash outflow from investing activities		(14,227)	(27,523)
Cash flows from financing activities			
Grant-in-aid received from DWP		3,435,000	2,879,000
Net cash inflow from financing activities		3,435,000	2,879,000
Net increase/(decrease) in cash and cash equivalents during the period		90,149	(100)
Cash and cash equivalents brought forward	11	64,014	64,114
Cash and cash equivalents carried forward	11	154,163	64,014

The notes on pages 43 to 55 form part of these financial statements.

Statement of Changes in Taxpayers' Equity

For the Year Ended 31 March 2010

	General Reserve £
Balance at 1 April 2008	397,795
Changes in taxpayers' equity for 2008-09	
Deficit for the year	(3,032,869)
Total comprehensive expenditure for 2008-09	(3,032,869)
Grant-in-aid received from DWP	2,879,000
Balance at 31 March 2009	243,926
Changes in taxpayers' equity for 2009-10	
Deficit for the year	(3,706,664)
Total comprehensive expenditure for 2009-10	(3,706,664)
Grant-in-aid received from DWP	3,435,000
Balance at 31 March 2010	(27,738)

The notes on pages 43 to 55 form part of these financial statements.

Notes to the Accounts

For the Year Ended 31 March 2010

1. Statement of Accounting Policies

1.1 Basis of preparation

These financial statements have been prepared in accordance with applicable International Financial Reporting Standards (IFRS) as adopted by the EU, the Companies Act 2006, and the accounting and disclosure requirements given in HM Treasury's Financial Reporting Manual 2009/10 ("FReM") in so far as these are consistent with the requirement of the Companies Act. The accounting policies contained in the FReM apply IFRS as adapted or interpreted for the public sector context.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements are disclosed in the accounting policies below.

Adoption of new and revised Standards

All IFRS, interpretations and amendments to published Standards effective at 31 March 2010, have been adopted for the first time in these financial statements, taking into account the specific interpretations and adaptations within the FReM.

The following IFRS, interpretations and amendments applicable to TPAS have been issued but are not yet effective and have not been adopted early by TPAS:

IAS 24 Related Party Transactions (effective 1 January 2011) – The amendment provides exemption for full disclosure of transactions with state-controlled entities and is not expected to impact on the current exemption within the FReM. IAS 24 also extends the definition of a related party to include relationships where joint control exists.

IFRS 9 Financial Instruments: Classification and Measurement: (effective 1 January 2013) – IFRS 9 is a replacement for IAS 39 and introduces new requirements for the classification and measurement of financial assets, together with the elimination of two categories. The Standard does not include financial liabilities. Further proposals are to be introduced during 2010 and TPAS will undertake an assessment of the impact of IFRS 9 once these are known.

1.2 Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation (see note 1.3). This is a proxy for fair value as the property, plant and equipment assets are all assets that have a short useful economic life.

TPAS rent office space under operating leases, and do not own any land or buildings.

Non-current assets are recognised where expenditure is in excess of £100.

1.3 Depreciation

Depreciation is provided using the following rates and bases to write off the depreciable amounts of property, plant and equipment over their estimated useful lives.

Information Technology	33% straight line
Furniture & Fittings	20% straight line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each year end.

1.4 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 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.

A general levy is set by the Secretary of State for DWP and payments are collected by The Pensions Regulator (TPR) from occupational and personal pension schemes to recover the company's administrative costs.

1.5 Financial Instruments

Financial assets and financial liabilities are recognised in the company's Statement of Financial Position 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 a fair value, fair value is determined using expected cash flows discounted back to a present value.

Cash and cash equivalents comprise cash in hand and current balances with banks and similar institutions, which are readily convertible to a known amount of cash and which are subject to insignificant changes in value.

Financial liabilities comprise accruals, trade and other payables; these are carried at amortised cost.

It is assessed at each year end 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 year end 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 Statement of Comprehensive Expenditure.

1.6 Operating Leases

Rentals payable under operating leases are charged to the Statement of Comprehensive Expenditure on a straight line basis over the term of the relevant lease.

1.7 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 14.

1.8 Interest income

Interest income is recognised on an accruals basis.

1.9 Significant Judgements

In application of the company's accounting policies, which are described in note 1, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

We consider there to be no areas of critical judgement used in applying the accounting policies.

There are no significant sources of estimation uncertainty.

1.10 Provisions

Provisions are recognised in the financial statements when TPAS has a present obligation (legal or constructive) as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2. First-time adoption of IFRS

Reconciliations between UK GAAP and IFRS are shown from the transition date of 1 April 2008. Specifically, under IFRS IAS 19 'Employee Benefits' requires recognition of any holiday pay that remains unused at the period end; this has not previously been recognised under UK GAAP.

In addition, the 2009/10 FReM interpretations have removed the option to defer income in relation to grant-in-aid received as a contribution towards expenditure on property, plant and equipment. As such, any such grant-in-aid received should be credited directly to the general reserve in the period in which it is received.

As a result, an adjustment has been made to transfer the amount of the previously reported deferred grant income liability to the general reserve.

This adjustment does not relate to a transitional change arising from first time adoption of IFRS, and as such the impact of this adjustment has been shown separately in the reconciliation of UK GAAP reported taxpayers' equity to IFRS.

(a) Reconciliation of UK GAAP reported taxpayers' equity as restated to IFRS at transition date of 1 April 2008

	General reserve £
Taxpayers' equity at 31 March 2008 under UK GAAP as previously reported	161,533
Change in accounting treatment of grant-in-aid received for purchase of property, plant and equipment	260,850
Taxpayers' equity at 31 March 2008 under UK GAAP as restated	422,383
Adjustments for:	
IAS 19 Employee benefits – accrual for holiday pay	(24,588)
Taxpayers' equity at 1 April 2008 under IFRS	397,795

(b) Reconciliation of UK GAAP reported taxpayers' equity as restated to IFRS for the year ended 31 March 2009

	General reserve £
Taxpayers' equity at 31 March 2009 under UK GAAP as previously reported	97,123
Change in accounting treatment of grant-in-aid received for purchase of property, plant and equipment	179,212
Taxpayers' equity at 31 March 2009 under UK GAAP as restated	276,335
Adjustments for:	
IAS 19 Employee benefits – accrual for holiday pay	(32,409)
Taxpayers' equity at 1 April 2009 under IFRS	243,926

(c) Reconciliation of UK GAAP reported deficit for the year to IFRS for the year ended 31 March 2009

	£
Deficit for the year 2008/09 under UK GAAP	3,025,048
Adjustments for:	
IAS 19 Employee benefits – accrual for holiday pay	7,821
Deficit for the year 2008/09 under IFRS	3,032,869

3. Deficit before taxation

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

	Note	2009/10 £	2008/09 £
Staff costs	4	2,259,035	1,850,110
Accommodation costs		351,048	266,608
Depreciation		99,234	109,161
Operating lease rentals		4,011	4,825
Auditors' Remuneration – for the audit of the company's annual accounts		*26,000	12,000
Auditors' Remuneration – for other services		–	*1,750

*Non-audit work during 2008/09 of £1,750 related to activity to confirm the company's preparedness for adopting IFRS, which have been adopted in line with HM Treasury directions. During 2009/10, this work is classified as statutory audit activity and included within the statutory audit costs. The 2009/10 statutory audit fee also includes £5,000 in respect of additional fees charged in relation to the 2008/09 statutory audit.

4. Staff costs (including Executive Directors)

	2009/10			2008/09
	Total £	Permanent staff £	Temporary Staff £	Total £
Wages and salaries	1,816,560	1,814,518	2,042	1,446,384
Social security costs	140,582	140,582	–	126,985
Pension costs	301,893	301,893	–	276,741
Staff costs	2,259,035	2,256,993	2,042	1,850,110

5. Employee Information

	2009/10 No.	2008/09 No.
The average number of employees during the year	40	35

Volunteer advisers continued to provide vital assistance in the delivery of the organisation's services during 2009/10. During this period the number of volunteer advisers fluctuated around the 450 level (2008/09: 400).

6. Directors' Emoluments

(i) Executive directors

The directors' aggregate remuneration in respect of qualifying services were:

	2009/10 £	2008/09 £
Total emoluments	306,890	296,655
Payment for loss of office	181,414	–
Pension contributions	63,650	63,478
Group Life	6,558	7,038
	558,512	367,171

- 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.
- One director will receive remuneration of £181,414 in respect of loss of office on 31 July 2010 due to internal restructuring of the senior management team. This amount is within his contractual entitlement.

The highest paid director received £119,126 (2008/09: £115,153) in emoluments and £19,567 (2008/09: £18,868) of pension contributions were made on his behalf by the Company.

Executive directors are entitled to interest free season ticket loans on the same terms as other members of staff. Barry Wilkins participated in this scheme, the value of the loan amounted to £4,824 (2008/09: £4,508), with £1,204 outstanding at 31 March 2010 (31 March 2009: £1,111).

(ii) Non-Executive directors' allowances and expenses

Appointed non-executive Board members 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 £23,569 (2008/09: £21,356) which comprised allowance payments for attending and contributing to Board and committee meetings of £17,010 (2008/09: £15,360) and travel and subsistence costs of £6,559 (2008/09: £5,996).

7. Operating segments

TPAS only report one operating segment internally to management for the entire organisation. As such, there is no additional segmental analysis requiring disclosure in the accounts.

8. Taxation

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

	2009/10 £	2008/09 £
UK Corporation tax 21% (2008/09: 21%) on bank interest received	79	2,800

9. Property, plant and equipment

	Information Technology £	Furniture & Fittings £	Total £
Cost			
As at 1 April 2009	188,282	296,001	484,283
Additions in year	13,323	1,869	15,192
Disposals in year	(1,181)	(324)	(1,505)
As at 31 March 2010	200,424	297,546	497,970
Depreciation			
As at 1 April 2009	149,972	155,099	305,071
Charge for the year	39,252	59,982	99,234
On disposals	(631)	(324)	(955)
As at 31 March 2010	188,593	214,757	403,350
Net Book Value			
As at 31 March 2010	11,831	82,789	94,620
As at 31 March 2009	38,310	140,902	179,212

	Information Technology £	Furniture & Fittings £	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	–	(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	–	(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

10. Trade and other receivables

	31 March 2010 £	31 March 2009 £	1 April 2008 £
Prepayments and accrued income	80,286	84,398	97,769
Other receivables	34,200	22,752	13,992
	114,486	107,150	111,761

11. Cash and cash equivalents

	2009/10 £	2008/09 £
Balance at 1 April	64,014	64,114
Net change in cash and cash equivalent balances	90,149	(100)
Balance at 31 March	154,163	64,014

The following balances were held at:	31 March 2010 £	31 March 2009 £	1 April 2008 £
Commercial banks and cash in hand	154,163	64,014	64,114

12. Trade and other payables

	31 March 2010 £	31 March 2009 £	1 April 2008 £
Amounts falling due within one year:			
Trade payables	57,760	–	–
Taxation	79	2,800	4,655
Other payables	1,041	–	–
Accruals	150,713	103,650	34,275
	209,593	106,450	38,930

There are no payables falling due after more than one year (31 March 2009: £nil, 1 April 2008: £nil).

13. Provisions

	31 March 2010 £	31 March 2009 £	1 April 2008 £
Balance at 1 April	–	–	–
Provision	181,414	–	–
Balance at 31 March	181,414	–	–

Analysis of expected timing of discounted flows

In the remainder of the Spending Review period (to 2012) costs of £181,414 will be incurred in respect of one director for loss of office on 31 July 2010 (31 March 2009 – £nil, 1 April 2008 – £nil).

14. 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 2010, 33 staff (2008/09: 32) had joined the PCSPS, 3 (2008/09: 3) remained with BlackRock (now closed to new staff), and 2 (2008/09: 2) 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 £301,893 (2008/09: £276,741).

Pension Scheme	2009/10 Contributions Paid £	2008/09 Contributions Paid £
PCSPS	270,052	241,168
BlackRock	7,349	11,006
Pensions Trust Growth Plan	24,492	24,567
	301,893	276,741

(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 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 the Plan assessed on a prudent basis. Bonuses/investment credits are not guaranteed and are declared at the discretion of the 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% (2008/09: between 15% and 17%), depending upon the age of the employee. As at 31 March 2010 there were two active members of the Plan employed by the company (31 March 2009: 2 members).

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 (including orphan liabilities of unconnected insolvent participating employers) 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%. 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 2009 (the latest figures available). As of this date, the estimated employer debt for the company was £191,770 (30 September 2008: £211,065). Employers have generally seen their liability increase by around 6% of the amount quoted at 30 September 2008 as the total Growth Plan deficit has increased by 6% from £189 million to £200 million.

The Growth Plan actuary has advised that the figure as at 30 September 2009 is likely to have decreased by approximately 38% at 31 March 2010.

(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 31 March 2010, there was one active member employed by the company (31 March 2009: Two).

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, 33 (2008/09: 32), are covered by the provisions of the PCSPS, which is a defined benefit scheme.

The PCSPS is an unfunded multi-employer defined benefit scheme. The scheme does not subdivide liabilities amongst participating Departments and NDPBs (etc) and hence TPAS is unable to identify its share of liabilities.

Participating employers, including TPAS make contributions known as Accruing Superannuation Liability Charges (ASLCs). ASLCs are regularly assessed by the Scheme Actuary and are consistent with those that might have applied had the scheme been funded, making allowance for amortised surpluses or deficits that would have arisen in a funded scheme based on an assumed notional investment return. The most recent ASLC assessment was carried out by Hewitt Associates Limited as at 31 March 2007 and included recommendations for the contribution rates applicable from 1 April 2009.

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. Pension age is 65 for Nuvos scheme members.

In the Nuvos scheme, members build up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) members earned pension accounts are credited with 2.3% (2008/09: 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.

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 16.7% to 24.3% (2008/09: 17.1% and 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 2009/10, to be paid when members retire and not the benefits paid during this period to existing pensioners. For the year commencing 1 April 2010, 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. Two employees have opted to do so (2008/09: One). The Partnership Pension Account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (2008/09: 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% (2008/09: 3%) of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% (2008/09:0.8%) 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 (2008/09: None).

15. Liabilities of Members

The company is limited by guarantee and has no issued share capital. Every member, in pursuance with Article 2 of the Articles of Association, undertakes to contribute a sum not exceeding £1 in the event of the company being wound up whilst they are 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.

16. Operating Lease commitments

The total future minimum lease payments under operating leases are given below analysed according to the period in which the payments fall due:

Land and Buildings

Obligations under operating leases comprise:–	31 March 2010 £	31 March 2009 £	1 April 2008 £
Not later than one year	132,536	209,910	110,678
Later than one year and not later than five years	325,737	52,478	138,348
Later than five years	24,988	–	–
	483,261	262,388	249,026

Other

Obligations under operating leases comprise:–	31 March 2010 £	31 March 2009 £	1 April 2008 £
Not later than one year	264	259	259
	264	259	259

The Land and Buildings figures above relate to two operating leases in Belgrave Road. An element of the commitments is estimated by the lessor in advance and actual costs may vary slightly.

Negotiations in respect of the 6th floor rent review and lease have been completed and a new lease has been signed. Accrued costs in respect of the rent review were in line with forecasted costs as were cost savings resulting from a rent free period included within the new lease.

17. Related-party 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. Section 174 of the Pension Schemes Act provides that The Pensions Regulator (TPR) can make grants to bodies like TPAS. With effect from 3 July 2008, the agreed quarterly amounts have been released by DWP to 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 Directors' Emoluments Note 6.

18. 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.

The fair values of TPAS's financial assets and liabilities for both the current and comparative year do not differ materially from their carrying values.

Financial Assets by category

	31 March 2010 Loans and receivables £	31 March 2009 Loans and receivables £	1 April 2008 Loans and receivables £
Cash and cash equivalents	154,163	64,014	64,114
Other receivables	34,200	22,752	13,992
	188,363	86,766	78,106

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

Financial Liabilities by category

	31 March 2010 Financial Liabilities £	31 March 2009 Financial Liabilities £	1 April 2008 Financial Liabilities £
Trade payables	57,760	–	–
Accruals	150,713	103,650	34,275
Other payables	1,041	–	–
	209,514	103,650	34,275

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

19. Contingent liabilities

Pensions Trust liability

As explained in note 14, the company has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Growth Plan. 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.

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