Postal Services Commission

Resource Accounts 2009-10

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Resource Accounts 2009-10

(For the year ended 31 March 2010)

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Introduction

These Resource Accounts have been prepared and published by the Postal Services Commission (Postcomm). The Accounts have been prepared under a direction issued by HM Treasury in accordance with section 5(2) of the Government Resources and Accounts Act 2000. The Accounts demonstrate the resources that have been used to deliver Postcomm's objectives. These Resource Accounts have been prepared in accordance with the guidance set out in the Government Financial Reporting Manual.

Nature of Postcomm's Business and its Aim, Objectives and Activities

This document contains the accounts of Postcomm for the period 1 April 2009 to 31 March 2010. It should be read in conjunction with the Postcomm Annual Report for 2009-10, which is published separately.

Postcomm is a non-ministerial government department and is governed by the Postal Services Act 2000. Postcomm's objectives are set out in statute and the main tasks are to:

- ensure a universal service;
- protect customers' interests;
- further the interests of customers by promoting effective competition:
- promote efficiency and economy on the part of postal operators;

The achievement of these four goals is supported by building effective stakeholder relations and using and developing resources effectively and efficiently.

On 16 December 2008 the Independent Review of the Postal Services Sector in the UK (the Hooper Review) published its findings and recommendations. Government accepted the recommendations of the Hooper Review in full and the Postal Services Bill 2009 was introduced in the House of Lords in February 2009. The Bill intended to transfer regulatory responsibility for postal services to Ofcom, and envisaged the subsequent abolition of Postcomm at some point in the 2009-10 financial year. Following an announcement by the Secretary of State for Business in the House of Lords on 2 July 2009, the Bill was subsequently withdrawn. The Secretary of State announced that responsibility for the regulation of postal services would remain with Postcomm.

Management Commentary

Income

In 2009-10 operating income of £7.993m was received, primarily from the Royal Mail Group. Details of income received can be found in Note 9 to the Resource Accounts. An additional £3.671m was collected from the Royal Mail Group on behalf of the Department for Business, Innovation and Skills (BIS) in respect of the costs of Consumer Focus, including its Consumer Focus and Postwatch legacy net property costs. This was subsequently transferred to the Department.

Spending

Total operating costs amounted to £7.994m. Three areas of expenditure absorbed 83 per cent of the total: staff costs (59 per cent), consultancy (20 per cent) and accommodation (4 per cent).

Capital expenditure in the year totalled £0.107m in respect of (i) reconfiguring our existing offices in Hercules House to accommodate more staff in less space, after vacating a floor to optimise use of floor space, and (ii) additional software.

Output

Postcomm's financial performance in pursuit of its objectives is detailed in the Statement of Operating Costs by Departmental Strategic Objectives.

Finance

Postcomm's budget is approved by Parliament following a consultation process with industry and other interested parties. For 2009-10 Parliament approved a resource budget of £10.308m, a capital budget of £0.150m, and a net cash requirement of £0.001m.

In April 2009 £3.2m was drawn from the Contingency Fund, to provide short term liquidity until the receipt of licence fees. This was fully repaid in August 2009.

Reconciliation between resource outturn to the resource budget Outturn

	2009-10 £000's	2008-09 £000's
Net Resource Outturn (Estimates)	1	1
Net Operating Costs (Accounts)	1	1
Resource Budget Outturn (Budget)	1	1
Of which		
Departmental Expenditure Limits (DEL)	1	1
Annually Managed Expenditure (AME)	-	-

Postcomm is funded in the main by licence fees paid by Royal Mail. The market was fully liberalised in January 2006 and as new operators obtain licences, they will also contribute through their licence fees when their turnover within the licenced area reaches the set threshold. Postcomm expenditure history and summary financial information for 2009-10 is summarised in the table below.

	2008-09 Actual outturn £000	2009-10 Budget outturn £000	2009-10 Actual outturn £000	2010-11 Budget outturn £000
Staff costs [1]	4,287	4,383	3,950	4,012
Agency staff/interims	243	738	729	1,229
Other running costs [2]	2,047	1,697	1,481	1,585
Outside consultants, lawyers, etc. [3]	2,847	3,070	1,620	2,911
Sub-total	**9,424**	**9,888**	**7,780**	**9,737**
Depreciation, etc. [4]	339	410	275	300
Cost of capital	(34)	10	(61)	-
Total	**9,729**	**10,308**	**7,994**	**10,037**
Capital expenditure	143	150	107	150

The above table shows Postcomm's expenditure at a summary level. The reporting categories differ from the Operating Cost Statement; however, the totals are the same.

[1] This relates only to those staff on the payroll.
[2] These are the costs of the building, IT support, telephones, finance, payroll, etc.
[3] This is the cost of those external economists, lawyers and other specialists used to supplement the in-house teams.
[4] This relates to the non-cash cost of depreciation.

The underspend is accounted for by a number of factors. There was a reduction in our normal lower level of activity both in the run up to the expected transfer to Ofcom and subsequently during the renewal phase whilst we were preparing our new forward work plan and planning the 2012 programme. The underspend also reflects ongoing efforts to use resources more efficiently and during the preparation of our new forward work plan we budgeted for a planned underspend of £1.2m during 2009-10. It was agreed with HM Treasury that this planned underspend could be utilised during 2010-11.

Postcomm has already agreed with HM Treasury to reduce its budget for 2010-11 by £0.5m and will seek to reduce this by a further £0.6m and deliver our programme of work in 2010-11 as contained within our forward work plan.

HM Treasury's Managing Public Money states that at financial year end all unspent monies, including those derived from Postcomm's licence fee income must be surrendered to the UK Consolidated Fund. Accordingly because Postcomm did not spend the full licence fee income for 2009-10, the statement of financial position at 31 March 2010 shows a negative taxpayers' equity of £2.890m.

This reflects the inclusion of liabilities falling due in the following year, which are due to be financed mainly by drawings from the UK Consolidated Fund. Such drawings will be from grants of supply approved by Parliament, to meet Postcomm's Net Cash Requirement. Such approval has been given for 2010-11.

Protected Personal Data Related Incidents

Postcomm has not had any incidents of the loss of personal data during 2009-10.

The Commission

The Commission comprises executive and non-executive members and is the ultimate decision making body for all matters dealt with by Postcomm. The Commission meets monthly, except that there is usually no meeting during the month of August.

Executive Members of the Commission who served during the year

Tim Brown, Chief Executive, appointed in September 2008 for a period of four years.

Independent Non-Executive Members of the Commission who served during the year

Nigel Stapleton, Chairman, appointed in January 2004 for a period of three years. His appointment was extended from January 2007 for a further four years.

Simon Batey, Commissioner, appointed in March 2010 for a period of three years.

Tony Cooper, Commissioner, appointed in May 2000 for a period of four years. His appointment was extended in June 2004 for a further three years. His appointment was further extended in March 2007 until May 2009. His appointment was further extended in May 2009 until March 2010. He left Postcomm in March 2010 upon expiry of his term of office.

Ulf Dahlsten, Commissioner, appointed in January 2008 for a period of three years.

Wanda Goldwag, Commissioner, appointed in April 2005 for a period of three years. Her appointment was extended in April 2008 for a further three years.

Stephen Littlechild, Commissioner, appointed in July 2006 for a period of three years. He was reappointed for a further six month term to December 2009 and in January 2010 he was reappointed again for a further 18 months.

Simon Prior-Palmer, Commissioner, appointed in July 2006 for a period of three years. His appointment was extended in May 2009. He left Postcomm in March 2010 upon expiry of his term of office.

Lucy Scott-Moncrieff, Commissioner, appointed in September 2008 for a period of three years.

The Chairman of the Commission was appointed by the Secretary of State for Business, Innovation and Skills (BIS). His remuneration was set out in his contract and is subject to annual review in line with awards recommended by the Senior Salaries Review Body.

The Chief Executive and Accounting Officer of Postcomm is also a Commissioner and was appointed in accordance with the guidance issued by the Civil Service Commissioners on 22 September 2008. His remuneration was set out in his contract and is subject to annual review in line with awards recommended by the Senior Salaries Review Body.

The non-executive Commissioners were appointed by the Secretary of State for State for Business, Innovation and Skills (BIS) after consulting the Chairman. Their remuneration was set out in their contracts and is subject to annual review in line with the awards made by the Senior Salaries Review Body.

Details of Commissioners' interests may be found on the Postcomm website.

Details of remuneration can be found in the Remuneration Report on page 9.

Governance

Postcomm has a corporate governance structure with committees that have clear terms of reference. They provide the necessary structure to ensure that there is a strong framework of internal control throughout the organisation.

The Executive Board comprises Postcomm's Chief Executive and Directors. Its role is to develop regulatory recommendations before these are formally submitted to the Commission, and to take decisions on strategic operational issues. It usually meets weekly. The terms and conditions of the appointment of the members of the Executive Board are in accordance with the Civil Service Code. Details of remuneration can be found in the Remuneration Report detailed below.

The Programme Board's role is to provide leadership on programme and risk management in Postcomm. Further details of the Board's role is given in the Statement on Internal Control on page 15.

The Audit Committee was chaired by Tony Cooper in 2009-10. Other members were Ulf Dahlsten and Simon Prior-Palmer. Simon Batey was appointed as the new Chair of the Audit Committee in April 2010 and Lucy Scott-Moncrieff was appointed as a member in April 2010. Nigel Stapleton, Chairman of the Commission, attends by invitation as an observer. The Chief Executive, the Director, Resources, the external auditors (National Audit Office) and the internal auditors (Tribal Business Assurance) attend by invitation. The role of the Committee is to ensure the adequacy of the system of internal control, review of financial statements and management effectiveness. The Committee met six times in 2009-10.

The Staff Development and Pay Advisory Committee's role relates to the pay and performance of senior Postcomm staff. Full details of the Committee's membership, role and senior staff salary and pension entitlements are given in the Remuneration Report on page 9.

Auditors

The Comptroller and Auditor General, who has been appointed under statute and reports to Parliament, has audited the Resource Accounts. The notional cost of providing audit services was £37,000. In addition there is an additional notional fee for £11,000 for the audit of the IFRS restatement exercise. There was no auditor remuneration (actual or notional) for non-audit work.

The Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that Postcomm's auditors are aware of that information. So far as he is aware, there is no relevant information of which Postcomm auditors are unaware.

Postcomm's internal audit service provides an independent appraisal service for management by measuring and evaluating the adequacy, reliability and effectiveness of management and financial control systems. Internal audit makes recommendations based on the appraisal of each system reviewed. An annual assurance report is provided to the Accounting Officer. Postcomm has chosen to outsource the provision of internal audit service to ensure wholly independent and fully professional analysis and recommendations. Postcomm's current provider with effect from 1 April 2006, following a competitive tender exercise, is Tribal Business Assurance.

Sustainability Report

Postcomm's Statutory Duties

The Postal Services Act 2000 gives the Commission social duties, the foremost of which is to exercise its functions in the manner which it considers is best calculated to ensure the provision of a universal postal service.

In addition to these social duties, the Government, in March 2001, issued social and environmental guidance to Postcomm. Under section 43(2) of the Postal Services Act 2000, Postcomm is required, in exercising any of its functions, to have regard to any guidance given by the Secretary of State. The guidance draws together relevant aspects of the Government's social and environmental policies so that the Commission can carry out its functions in a way that is alert to the wider policy picture and, where possible, supportive of it.

Environmental Policy (Internal Postcomm Operations)

Postcomm has continued its efforts to improve sustainability and the energy efficiency of its offices by:

- removing all individual desktop printers in the office so that all staff print to two existing networked multifunction photocopiers with the capacity to act as networked printers. These two copier/printers have duplex printing and monochrome set as a default to reduce the amount of paper and colour toner we use as well as an "on device" facility to delete unwanted print jobs before printing. They are energy efficient, and will go to standby switch off during periods of inactivity and automatically switch off at night. Removal of all desktop printers has also reduced the amount of non-biodegradable waste;
- using glasses instead of disposable plastic cups;
- Using an energy efficient boiler, rather than kettles to produce hot water to reduce electricity consumption;
- setting the timers on our air conditioning controllers to switch the units off at night;
- improving the quality of overhead lighting, to reduce the need for additional desk lamps;
- replacing bottled water with tap water;
- using infrared sensors to control the low energy lighting throughout the office, which automatically switch off the lights after a period of inactivity;
- rolling out Citrix XenApp to allow staff to securely log-on to the Postcomm's network from any location without the need for additional computer equipment
- purchasing low grade recycled paper for everyday draft printing, with better quality paper for use on final version prints; and
- increasing the number of recycling bins for waste paper by approximately 30%.
- Further reducing the amount of taxis the organisation uses and increasing our use of public transport.

Pension Liabilities

The main pension scheme for employees is the Principal Civil Service Pension Scheme (PCSPS). The pension liabilities arising from Postcomm's membership of the PCSPS are not provided for in these accounts in accordance with Treasury instructions and are described in the Remuneration Report and Notes 1.10 and 10 to the financial statements.

Equal Opportunities

Postcomm recruits on the basis of fair and open competition and selection on merit, in accordance with the Recruitment Code laid down by the Civil Service Commissioners. Internal and external checks are carried out to ensure compliance with this code. Postcomm's Equal Opportunities Policy aims to ensure that no eligible job applicant or employee receives less favourable treatment on grounds of age, disability, sex, race, ethnic or national origin, sexual orientation, religion or religious affiliation or because the employee works part-time.

Compared to the period April 2008 to March 2009 when Postcomm recruited 15 members of staff, 15 members of staff were recruited to vacant posts between April 2009 and March 2010. On 31 March 2010 excluding ten interim staff members and our six external commissioners, Postcomm employed 51 people. The following table shows a breakdown by gender, ethnicity and disability.

	Men	Women	Total	Ethnic Minority	Disability
Chief Executive and Directors	4	2[1]	6	-	-
Other staff	22	25	47	6	3
Total 31 March 2010	26	27	53	6	3
Total 31 March 2009	28	28	56	6	2

[1] These two Directors are interim members of staff.

Days lost due to absence

Postcomm encourages a culture where good attendance is expected and valued. However, it recognises that from time to time absences for medical reasons may be unavoidable. Postcomm aims to treat its staff who are ill with sympathy and fairness and where possible to provide them with support which will enable them to recover their health and attend work regularly.

In 2009-10 the percentage of working days lost was 1.1 per cent or 2.95 days per annum per employee. This compares to the public sector average of 9 days per annum per employee.

People

Postcomm's most important investment is in its people. There is an active policy of recruiting and maintaining high calibre staff.

During the year Postcomm continued to give a high priority to training and developing staff to enhance their professionalism in pursuit of Postcomm's objectives. To this end Postcomm initiated a Management Development Programme.

This commitment to staff training is reflected in expenditure of £73,337 during the year.

Creditor Payment, Policy and Performance

Postcomm's policy is to comply with the Better Payment Practice Code. Postcomm's standard terms and conditions for the supply of goods or services specify payment within 30 days, or other agreed credit terms, of receipt of goods or services or valid invoice, whichever is the later. During 2009-10 at least 97 per cent of undisputed invoices were paid within these deadlines (2008-09 96 per cent).

In October 2008, the Government set a new challenge to departments to pay all suppliers within 10 working days with effect from 1 December 2008. During 2009-10 Postcomm paid 97 per cent (74 per cent during the period December 2008 to March 2009) of undisputed bills within this deadline.

Health and Safety

Postcomm recognises and accepts its legal responsibility in relation to the health, safety and welfare of its employees and for all other people using its premises or engaged on its activities. Postcomm will comply with the Health and Safety at Work Act 1974 and all other relevant legislation as appropriate. Postcomm is committed to the positive promotion of accident prevention and the elimination of incidents involving personal injury, illness or damage.

The Health and Safety policy statement describes Postcomm's responsibilities and objectives and is available to all employees.

Tim Brown
Accounting Officer

22 June 2010

Remuneration Report

Staff Development and Pay Advisory Committee

The Staff Development and Pay Advisory Committee consists of members of the Commission who are appointed by resolution of the Commission. The Staff Development and Pay Advisory Committee is chaired by Wanda Goldwag. The other member is Stephen Littlechild. The Chairman and Chief Executive attend as observers and the Director of Resources provides a secretariat function.

The Committee's role is to review the pay awards and level of any bonus for Executive Board members and consider other matters relating to the pay and performance of senior Postcomm staff. Pay and bonus awards are made within the parameters set by the Cabinet Office for the Senior Civil Service following recommendations by the Senior Salaries Review Body. Further information about the work of the Review Body can be found at www.ome.uk.com.

Service contracts

Remuneration of members of the Executive Board is set out in their contracts and subject to annual review in line with awards recommended by the Senior Salaries Review Body or by agreement with HM Treasury.

Unless otherwise stated below, the officials covered by this report hold appointments, which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Tim Brown was appointed as Commissioner and Chief Executive for a four year term commencing 22 September 2008.

William Sprigge was appointed on loan from BIS on 4 September 2000 on an open ended secondment. He left Postcomm on 31 December 2009 under the terms of the civil service compulsory early retirement scheme.

Each member of the Executive Board participates in a bonus scheme which is in line with Senior Salaries Review Body recommendations or agreed with HM Treasury. Bonuses, where payable, are calculated as a percentage of salary based on the individual's performance. Bonus payments are non-consolidated and non-pensionable.

Non-Executive Commissioners are on fixed term appointments. Appointments and remuneration are set by the Secretary of State for Business, Innovation and Skills after consulting the Chairman. Their remuneration is currently set at £22,824 per annum for 3 days per month. They have no entitlement to performance related pay or pension entitlements.

Salary and pension entitlements

The following information is subject to audit.

The Commission

Remuneration

	2009-10		2008-09	
	Salary, including performance pay £000	Benefits in kind (to nearest £100)	Salary, including performance pay £000	Benefits in kind (to nearest £100)
Nigel Stapleton *(Chairman)*	85-90	-	85-90	-
Tim Brown *(Chief Executive from 22/09/08)*	165-170	-	90-95[2]	-
Simon Batey (from 15/03/10)	0-5[1]	-	-	-
Tony Cooper (until 31/03/10)	20-25	-	20-25	-
Ulf Dahlsten	20-25	-	25-30[3]	-
Wanda Goldwag	20-25	-	20-25	-
Stephen Littlechild	20-25	-	20-25	-
Simon Prior Palmer (until 31/03/10)	20-25	-	20-25	-
Lucy Scott-Moncrieff	20-25	-	10-15[1]	-

[1]Full year equivalent £20-25k
[2] Full year equivalent £160-165k
[3]This reflects additional remuneration for additional days worked in the period

Executive Board

Remuneration

	2009-10		2008-09	
Name and Title	Salary, including performance pay £000	Benefits in kind (to nearest £100)	Salary, including performance pay £000	Benefits in kind (to nearest £100)
Stephen Gibson *(Director, Economic Policy)*	90-95	-	90-95	-
Fran Gillon *(Director, Universal Service and Customer Protection until 30/04/09)*	5-10[1]	-	85-90	-
Gavin Knott *(Director, Regulatory Finance from 01/08/09)*	50-55[2]	-	-	-
Sean O'Hara *(Director, Customer Interest from 01/05/09)*	80-85[3]	-	-	-
Colin Sharples *(Director, Resources)*	85-90	-	85-90	-
William Sprigge *(Chief Legal Adviser until 31/12/09)*	125-130[4]	-	100-105	-
Peter Swattridge *(Director, Regulatory Finance until 31/10/09)*	55-60[5]	-	95-100	-

[1]Full year equivalent £80-85k
[2]Full year equivalent £75-80k
[3]Full year equivalent £85-90k
[4]Full year equivalent £150-155k and includes a payment in accordance with the civil service Compulsory Early Retirement (CER) scheme
[5]Full year equivalent £85-90k

For details of the remuneration of the Chief Executive please refer to the table titled "The Commission".

Jenny Block was appointed as interim Director of Legal Services commencing 4 January 2010 on a secondment contract. The total cost incurred in the financial year to 31 March 2010 was £52,693.

Rebecca Churchill was appointed interim Director of Strategy and Market Development on 16 November 2009 under a contract through a service provider to 16 November 2010. The total cost of the interim Director of Strategy and Market Development's services incurred in the financial year to 31 March 2010 was £58,601.

Gavin Macrae was appointed interim Director of Market Development on 20 October 2008 under a contract through a service provider to 10 July 2009. The total cost of the interim Director of Market Development's services incurred in the financial year to 31 March 2010 was £54,104.

Salary

'Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. None of the Commissioners or the Executive Board received benefits in kind.

The Commission
Pension Benefits

	Real increase in pension and lump sum at age 60	Total accrued pension at age 60 at 31/03/10 and related lump sum	CETV at 31/03/10	CETV at 31/03/09[3]	Real increase in CETV
	£000	£000	£000	£000	£000
Nigel Stapleton *(Chairman)*	0-2.5	0-5	66	63	3
Tim Brown *(Chief Executive)*	2.5-5	5-10	70	22	43
Tim Brown *(Chief Executive)*[1]	0-2.5 plus 0-2.5 lump sum	0-5 plus 5-10 lump sum	43	38	2
Simon Batey (from 15/03/10)[2]	-	-	-	-	-
Tony Cooper (until 31/03/10)[2]	-	-	-	-	-
Ulf Dahlsten [2]	-	-	-	-	-
Wanda Goldwag [2]	-	-	-	-	-
Stephen Littlechild [2]	-	-	-	-	-
Simon Prior Palmer (until 31/03/10)[2]	-	-	-	-	-
Lucy Scott-Moncrieff [2]	-	-	-	-	-

[1] This relates to a preserved award.
[2] These Commissioners do not receive any pension benefits.
[3] CETV: Cash Equivalent Transfer Value. The figure may be different from the closing figure in last year's accounts. This is due to the CETV factors being updated to comply with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008.

Executive Board

Pension Benefits

	Real increase in pension and lump sum at age 60	Total accrued pension at age 60 at 31/03/10 and related lump sum	CETV at 31/03/10	CETV at 31/03/09[1]	Real increase in CETV
	£000	£000	£000	£000	£000
Stephen Gibson *(Director, Economic Policy)*	0-2.5	5-10	51	27	20
Fran Gillon *(Director, Universal Service and Customer Protection until 30/04/09))*	0-2.5	30-35	452	425	20
Gavin Knott *(Director, Regulatory Finance from 01/08/09)*	0-2.5	0-5	46	37	6
Sean O'Hara *(Director, Customer Interest from 01/05/10)*	2.5-5 plus 10-12.5 lump sum	20-25 plus 70-75 lump sum	383	324	55
Colin Sharples *(Director, Resources)*	0-2.5	5-10	59	42	12
William Sprigge *(Chief Legal Adviser until 31/12/09)*	0-2.5 plus 2.5-5 lump sum	20-25 plus 70-75 lump sum	555	481	36
Peter Swattridge *(Director, Regulatory Finance until 31/10/09)*	0-2.5 plus 2.5-5 lump sum	5-10 plus 25-30 lump sum	127	110	10

[1] CETV: Cash Equivalent Transfer Value. The figure may be different from the closing figure in last year's accounts. This is due to the CETV factors being updated to comply with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008.

Commissioners' Pensions

The Chairman's pension is by analogy with the Principal Civil Service Pension Scheme. He opted to defer his pension in April 2008 and take the employer's pension contribution as salary. No pension contributions have been made since that date. Unlike the PCSPS a pension provision is included in the accounts (see Note 17). The Chief Executive is a civil servant and his arrangements are set out above. The remaining Commissioners do not receive any pension benefits.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a 'final salary' scheme (**classic**, **premium** or **classic plus**); or a 'whole career' scheme (**nuvos**). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus** and **nuvos** are increased annually in line with changes in the Retail Prices Index (RPI). Members who joined from October 2002 could opt for either the appropriate defined benefit arrangement or a good quality 'money purchase' stakeholder pension with a significant employer contribution (**partnership pension account**).

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

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3 per cent and 12.5 per cent (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 per cent of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8 per cent of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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

Further details about the Civil Service pension arrangements can be found at the website www.civilservice-pensions.gov.uk

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits 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 individual has transferred to the Civil Service pension 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 calculated in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 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.

Tim Brown
Accounting Officer

22 June 2010

Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act 2000, Postcomm is required to prepare resource accounts for each financial year, in conformity with a Treasury direction, detailing the resources acquired, held, or disposed of during the year and the use of resources by Postcomm during the year.

The resource accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Postcomm at the year-end and of the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the financial year.

The Treasury has appointed the Chief Executive as Postcomm's Accounting Officer with responsibility for preparing Postcomm's accounts and for transmitting them to the Comptroller and Auditor General.

In preparing the resource accounts, the Accounting Officer is required to comply with the Government Financial Reporting Manual prepared by the Treasury and, in particular, to:

• observe all relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis

• make judgements and estimates on a reasonable basis

• state whether applicable accounting standards, as set out in the Government Financial Reporting Manual, have been followed, and disclose and explain any material departures in the accounts, and

• prepare the financial statements on a going concern basis.

The relevant responsibilities of the Accounting Officer (including his responsibility for the propriety and regularity of public finances for which an Accounting Officer is answerable, for the keeping of proper records and for safeguarding Postcomm's assets) are set out in Managing Public Money published by the Treasury.

Statement on Internal Control

1 Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Postcomm's policies, aims and objectives, whilst safeguarding the public funds and organisational assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

Postcomm is a non-ministerial government department set up by the Postal Services Act 2000, under the sponsorship of the Department for Business, Innovation and Skills.

2 The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Postcomm's 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 was in place in Postcomm 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.

3 Capacity to Handle Risk

The Chief Executive and the Programme Board provide leadership on risk management in Postcomm. The Programme Board review risk as part of the Forward Work Plan (FWP) cycle and they comprise the key 'risk owners' for strategic risks, as well as for those projects that they directly manage.

Postcomm's Programme Board provides decision-making and risk resolution for Postcomm as a whole and is responsible for all risks within Postcomm, not just those relating to projects and programmes. Postcomm's Director of Resources as 'Risk Manager' is charged with identifying good and bad practice and monitoring risk mitigation activities.

Postcomm works in a project environment and risk management is an integral part of this process. All project managers receive training in project management and all staff receive training in risk management. Lessons learned from projects and programmes are collated through the Programme Office and disseminated to staff through project review meetings with the Programme Office and through the Intranet. Postcomm's Management of Risk (MoR) Framework is held within its Intranet, which is accessible to all staff.

4 The Risk and Control Framework

Postcomm's Management of Risk Framework and risk processes are consistent with the best practices defined in the OGC Management of Risk (MoR): Guidance for Practitioners and H M Treasury's Managing Public Money. The framework adopts the Strategic, Programmes, Projects and Operational Model that the OGC guidance contains.

Ownership of the MoR framework lies with the Chief Executive. The Risk Manager is responsible for the implementation, co-ordination and monitoring of the risk management process. Responsibility for risk management across the organisation rests with the Programme Board.
Postcomm's Management of Risk Framework sets out the principles for assessing risk to ensure that there is a clearly structured process in which likelihood and impact are considered and to facilitate monitoring of residual risk. The MoR guidance is designed to provide support to staff in the tasks involved to ensure consistency of results.

Risk appetite and tolerances are determined by the Programme Board and it is their responsibility to review this regularly.

The Risk Manager and the Resources team assist in the facilitation of this process and hold the corporate, operational and finance risk registers centrally. The corporate risk register is reviewed as part of the business planning cycle. The Risk Manager and/or the 2012 Programme support team review 2012 Programme and project risks to identify links between projects where the impact of one or more risks could affect others. Serious project risks are escalated as and when necessary by the Risk Manager or the 2012 Programme Office team to the Chief Executive, Programme Board or the Executive Board, depending on the proximity and severity of the risk. The Risk Manager submits a quarterly report to the Audit Committee setting out any risks that have changed status, new risks identified, or risks that have closed over the period.

2012 Programme risks and their assessment is the responsibility of the Programme Board.

Project risks and their assessment is the responsibility of individual project managers.

Operational risks, finance risks and their assessment is the responsibility of the Director of Resources.

The Corporate Risk Register is reviewed in full by the following Boards / Committees:

- The Programme Board or Executive Board on a rolling monthly basis.
- The Audit Committee on a six monthly basis.
- The Commission on an annual basis.

The Audit Committee scrutinises particular risks in detail at it each of its quarterly meetings. Directors acting as 'Risk Owners' will attend Audit Committee meetings to give an account of how their risks are being managed, whether the status is changing and how mitigating actions are progressing and how effective they are proving to be. The Audit Committee considers the effectiveness and comprehensiveness of these assurances and provides advice to the Accounting Officer. The Audit Committee will also advise the Accounting Officer of new risks that it considers should be added to the Corporate Risk Register for the Board to manage.

With the introduction of the Postal Services Bill in February 2009 three risk registers associated with the proposed transfer of regulatory function for postal services to Ofcom were set up. These were the transfer finance risk register, transfer operational risk register and the transfer policy and business as usual risk register. During the period leading up to the proposed transfer the Audit Committee increased the frequency of its meeting to monthly so as to provide support to the Board and the Accounting Officer during this period. The Audit Committee reviewed these three risk registers on a monthly basis.

When the Bill was withdrawn in July 2009 the three risk registers associated with the transfer were closed and the finance and operational risk registers were reactivated. Project risk monitoring continued unchanged during and after the proposed transfer process. Risks were also identified for the 2012 Programme of work and a programme risk register created. Some of these risks were escalated to the corporate risk register.

As part of the preparation of the 2010-12 Forward Work Plan, a new corporate register was drawn up. This incorporates some of the risks escalated from the 2012 Programme risk register. The new corporate risk register was discussed at the Executive Board in February 2010. Risks identified include those around the financiability of the universal service, transparency of Royal Mail's costs and the suitability of the current regulatory framework for a changing mail market. Postcomm's 2010-12 Forward Work Plan has been designed to mitigate and address these as far as Postcomm is able.

Postcomm takes account of risks to public stakeholders through the business planning process, formal consultation, informal discussions and public meetings.

Postcomm takes information risk seriously and is committed to maintaining the confidentiality, integrity and availability of its information assets. The Department has defined its Information Risk Policy which sets out control measures for managing information risk. Implementation of this policy has ensured that the management of information risk is strategically placed within Postcomm's Operational Risk Register.

A number of policies, procedures and measures are in place to ensure all sensitive and personal data held by Postcomm is protected and secured at all times from unlawful access, modification or deletion. These controls are assessed and tested on an annual basis.

To date, there have been no recorded security incidents involving mishandled personal protected data reported to the Cabinet Office and the Information Commissioner.

5 Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control, which is informed by the work of the internal auditors, the Risk Manager, Commissioners and comments made by the external auditors in their management letter and other reports.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Executive Board and Audit Committee and a plan to address weaknesses identified through internal or external audit, and ensure continuous improvement of the system is in place.

The Commission, which meets at least 11 times a year, advises supports and encourages Postcomm Senior Management to manage risk, by drawing on their experience. The Commission receives reports on a monthly basis as part of the Executive Board Report.

Postcomm's Programme Board monitors progress on all projects and takes action as necessary to ensure delivery of Postcomm's business plan objectives.

The Internal auditors have reviewed the Risk Management arrangements at Postcomm as part of the 2008-09 internal audit plan and at a high level in their Return to Steady State Arrangements audit in February 2010. The Risk Management report presented to the Audit Committee in January 2009 gave substantial assurance on the adequacy of controls and contained no recommended management actions. The Return to Steady State Arrangements audit also identified no issues in relation to Postcomm's Risk Management arrangements.

No significant internal control problems have arisen during the financial year, and up to the signing of the accounts.

Tim Brown
Accounting Officer

22 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 Postal Services Commission (Postcomm) for the year ended 31 March 2010 under the Government Resources and Accounts Act 2000. These comprise the Statement of Parliamentary Supply, the Operating Cost Statement and the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayer's Equity, Statement of Net Operating Costs by Departmental Strategic Objectives and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit 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 Department's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Department; 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 Department's affairs as at 31 March 2010 and of its net cash requirement, net resource outturn, net operating cost, net operating costs applied to departmental strategic objectives, changes in taxpayers' equity and cash flows for the year then ended; and

• the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on other matters

In my opinion:

• the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and

• the information given in the introduction, the sustainability report and the management commentary contained within the Annual 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 returns; or

• I have not received all of the information and explanations I require for my audit; or

• the Statement on Internal Control does not reflect 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

23 June 2010

Statement of Parliamentary Supply

Summary of Resource Outturn 2009-10

	2009-10							2008-09
	Estimate			Outturn				
	Gross expenditure	A in A	NET TOTAL	Gross expenditure	A in A	NET TOTAL	Net total outturn compared with estimate: saving/ (excess)	Prior-year Outturn
	£000	£000	£000	£000	£000	£000	£000	£000
Request for Resources 1								
Ensuring the provision of a universal postal service at a uniform tariff, protecting consumers and promoting competition (Note 2)	10,308	(10,307)	1	7,994	(7,993)	1	-	1
Total resources	10,308	(10,307)	1	7,994	(7,993)	1	-	1
Non-operating cost Appropriations in Aid	-	-	-	-	-	-	-	-

Net Cash Requirement 2009-10

	Note	Estimate	Outturn	Net total outturn compared with estimate: saving	Prior year outturn
Net cash requirement	4	1	-	1	809

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

		Forecast 2009-10		Outturn 2009-10	
	Note	Income	*Receipts*	Income	*Receipts*
Cash surrenderable to the Consolidated Fund	5	-	*438*	-	*2,170*

Explanations of variances between Estimate and Outturn are given in Note 3 and the Management Commentary.

The notes on pages 26 to 42 form part of these accounts

Operating Cost Statement
for the year ended 31 March 2010

	Note	2009-10		2008-09	
		£000	£000	£000	£000
Administration costs					
Request for resources:					
Staff costs	10	4,679		4,530	
Other administration costs	11	3,315		5,199	
Gross administration costs			**7,994**		**9,729**
Income	9		(7,993)		(9,728)
Net operating costs	4a		**1**		**1**

The notes on pages 26 to 42 form part of these accounts.

Statement of Financial Position
as at 31 March 2010

	Note	31 March 2010 £000	31 March 2010 £000	31 March 2009 £000	31 March 2009 £000	1 April 2008 £000	1 April 2008 £000
Non-current assets:							
Property, plant and equipment	12	277		403		867	
Intangible assets	13	100		166		116	
Total non-current assets			**377**		**569**		**983**
Current assets:							
Trade and other receivables	14	230		361		9,845	
Cash and cash equivalents	15	2,170		496		1,305	
Total current assets			**2,400**		**857**		**11,150**
Total assets			**2,777**		**1,426**		**12,133**
Current liabilities							
Trade and other payables	16	(5,452)		(1,918)		(13,441)	
Total current liabilities			**(5,452)**		**(1,918)**		**(13,441)**
Total assets less current liabilities			**(2,675)**		**(492)**		**(1,308)**
Non-current liabilities							
Provisions	17	(215)		(147)		(154)	
Total non-current liabilities			**(215)**		**(147)**		**(154)**
Assets less liabilities			**(2,890)**		**(639)**		**(1,462)**
Taxpayers' equity:							
General fund			(2,975)		(773)		(1,606)
Revaluation reserve			85		134		144
Total taxpayers' equity			**(2,890)**		**(639)**		**(1,462)**

Tim Brown
Accounting Officer

22 June 2010

The notes on pages 26 to 42 form part of these accounts.

Statement of Cash Flows

for the year ended 31 March 2010

	Note	2009-10 £000	2008-09 £000
Cash flows from operating activities			
Net operating costs	4	(1)	(1)
Adjustments for non-cash transactions	11	294	572
Decrease in trade and other receivables	14	131	9,484
Less movements in trade and other receivables relating to items not passing through the OCS		-	(9,620)
Decrease in trade payables	16	3,533	(11,523)
Less movements in trade payables relating to items not passing through the OCS		(1,674)	10,429
Use of provisions	17	(6)	(7)
Net cash inflow from operating activities		**2,277**	**(666)**
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(77)	(18)
Purchase of intangible assets	13	(30)	(125)
Net cash flow from investing activities		**(107)**	**(143)**
Cash flows from financing activities			
From the Consolidated Fund (Supply) - current year		-	-
Advances from the Contingency Fund		3,200	3,200
Repayments from the Contingency Fund		(3,200)	(3,200)
Net financing		-	-
Net increase in cash and cash equivalents in the period before adjustments for receipts and payments to the Consolidated Fund		**2,170**	**(809)**
Amounts collected in year[1]		3,671	11,649
Amounts paid over in year[1]		(3,671)	(11,649)
Amounts collected in year[2]		-	9,620
Amounts paid over in year[2]		-	(9,620)
Excess cash		(496)	-
Net increase in cash and cash equivalents in the period after adjustments for receipts and payments to the Consolidated Fund	15	**1,674**	**(809)**
Cash and cash equivalents at the beginning of the period	15	**496**	**1,305**
Cash and cash equivalents at the end of the period	15	**2,170**	**496**

1. Amounts received from Royal Mail in 2009-10 and paid over to the Department relate to Consumer Focus costs and Consumer Focus legacy Postwatch net property costs. In 2008-09 these amounts received from Royal Mail were in respect of the costs of Postwatch, including its abolition, the creation and costs of the new consumer body Consumer Focus and certain service expansion costs of Consumer Direct.
2. Amounts received from Royal Mail and paid over to the Consolidated Fund relate to the financial penalty in respect of its obligations to protect the mail.

The notes on pages 26 to 42 form part of these accounts.

Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2010

	Note	General Fund £000	Revaluation Reserve £000	Total Reserves £000
Balance as at 31 March 2008 under UK GAAP	2	**(1,539)**	**144**	**(1,395)**
Changes as a result of IFRS		(67)	-	(67)
Balance at 1 April 2008 under IFRS		**(1,606)**	**144**	**(1,462)**
Changes in taxpayers' equity for 2008-09				
Actuarial gain relating to pension liabilities	17	8	-	8
Non-cash charges – cost of capital	11	(34)	-	(34)
Non-cash charges – auditor's remuneration	11	41	-	41
Transfers between reserves		10	(10)	-
Net operating cost for the year	4	(1)	-	(1)
Total recognised income and expense for 2008-09		**24**	**(10)**	**14**
Net Parliamentary Funding – drawn down		1,305	-	1,305
Net Parliamentary Funding – deemed		(496)	-	(496)
Supply issued not spent		**809**	-	**809**
Balance as at 31 March 2009		**(773)**	**134**	**(639)**
Changes in taxpayers' equity for 2009-10				
Non-current assets adjustment [1]		-	(25)	(25)
Actuarial loss relating to pension liabilities	17	(42)	-	(42)
Non-cash charges – cost of capital	11	(61)	-	(61)
Non-cash charges – auditor's remuneration	11	48	-	48
Transfers between reserves		24	(24)	-
Net operating cost for the year	4	(1)	-	(1)
Total recognised income and expense for 2009-10		**(32)**	**(49)**	**(81)**
Net Parliamentary Funding – drawn down		-	-	-
Net Parliamentary Funding – deemed		-	-	-
Excess cash		(2,170)	-	**(2,170)**
Balance as at 31 March 2010		**(2,975)**	**85**	**(2,890)**

[1] This adjustment relates to the migration to our new non-current asset software on 1 April 2009 that highlighted prior year differences between the asset register and the general ledger.

The notes on pages 26 to 42 form part of these accounts.

Statement of Operating Costs by Departmental Strategic Objectives
for the year ended 31 March 2010

Objective	2009-10			2008-09		
	Gross	Income	Net	Gross	Income	Net
	£000	£000	£000	£000	£000	£000
Ensuring the provision of a universal postal service at a uniform tariff, protecting consumers and promoting competition	7,994	(7,993)	1	9,729	(9,728)	1
Net operating cost	7,994	(7,993)	1	9,729	(9,728)	1

The notes on pages 26 to 42 form part of these accounts.

Notes to the departmental resource accounts

1. Statement of accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted and interpreted in the Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM comply with IFRS as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of Postcomm for the purpose of giving a true and fair view has been selected. The Department's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

In addition to the primary statements prepared under IFRS, the FReM also requires Postcomm to prepare two additional primary statements. The Statement of Parliamentary Supply and supporting notes show outturn against Estimate in terms of the net resource requirement and the net cash requirement. The Statement of Operating Costs by Departmental Strategic Objectives and supporting notes analyse the Department's income and expenditure by the objectives agreed with Ministers.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention.

1.2 Property, plant and equipment

Postcomm does not own any land or buildings.

As permitted by the FReM, property, plant and equipment are not revalued on an annual basis using indices. Depreciated historical cost is now used as a proxy for current value as this realistically reflects consumption of the asset. Revaluations would not cause a material difference to the carrying value of fixed assets.

The minimum level for capitalisation of a non-current asset is £1,000. An assessment is also made as to whether this misses certain groups of assets. If a group, which is materially relevant, is identified, those assets will be grouped and included in the asset register as one asset.

1.3 Depreciation

Depreciation is provided at rates calculated to write off the valuation of tangible fixed assets by equal instalments over their estimated useful lives as follows:

Office equipment	5 years
Computer equipment	3 years
Furniture and fittings	10 years
Leasehold improvements	Life of the lease

Postcomm depreciates capitalised leasehold improvement costs over their expected tenure of the building.

1.4 Intangible assets

Purchased computer software licences are capitalised as intangible assets where expenditure of £1,000 or more is incurred. As permitted by the FReM, intangible assets are not revalued on an annual basis using indices. Depreciated historical cost is now used as a proxy for current value as this realistically reflects consumption of the asset. Revaluations would not cause a material difference to the carrying value of fixed assets. Software licences are amortised over the shorter of the term of the licence and the useful economic life.

1.5 Inventories

The full cost of inventories is charged in the year of purchase and is not material to the Account.

1.6 Operating income

Operating income is income that relates directly to the operating activities of Postcomm. It comprises principally the licence fee from Royal Mail Group plc (see Notes 7 and 9).

Postcomm's policy is to implement full cost recovery to comply with the Treasury Fees and Charges guide. Since all costs are recovered via the licence fees, and these are invoiced in advance based on estimated costs, any over recovery is treated as deferred income within payables and any under recovery as accrued income within receivables.

1.7 Administration and programme expenditure

The Operating Cost Statement only contains administration costs. The classification of expenditure and income as administration follows the definition of administration costs set by HM Treasury.

1.8 Capital charge

A charge, reflecting the cost of capital utilised by Postcomm, is included in operating costs. The charge is calculated at the real rate set by HM Treasury, 3.5 per cent for 2009-10, on the average carrying amount of all assets less liabilities, except for:

- cash balances with the Office of Paymaster General where the charge is nil, and
- liabilities for amounts to be surrendered to the Consolidated Fund, where the charge is nil.

1.9 Foreign exchange

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

1.10 Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which is non-contributory and unfunded. Liability for payment of future benefits is a charge to the PCSPS. Departments, agencies and other bodies covered by the PCSPS meet the cost of pension cover provided for the staff they employ by payment of charges calculated on an accruing basis. There is a separate scheme statement for the PCSPS as a whole.

Postcomm's former and current Chairmen have a separate pension arrangement that is broadly analogous with the PCSPS. The arrangements provide for a defined benefit, unfunded scheme. However, unlike the PCSPS, a pension liability is included in the accounts as required under IAS 37.

1.11 VAT

Most of the activities of Postcomm are outside the scope of VAT and in general output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.12 Leases

Rentals due under operating leases are charged to the Operating Cost Statement over the lease term on a straight-line basis, or on the basis of actual rentals which fairly reflects usage. Future payments, disclosed at Note 19, "Commitments under operating leases", are not discounted.

1.13 Contingent Liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, Postcomm discloses for parliamentary reporting and accountability purposes certain contingent liabilities where the likelihood of a transfer of economic benefit is remote.

These comprise:

- Items over £250,000 (or lower, where required by specific statute) that do not arise in the normal course of business and which are reported to Parliament by departmental Minute prior to the Department entering into the arrangement;
- All items (whether or not they arise in the normal course of business) over £250,000 (or lower, where required by specific statute or where material in the context of resource accounts) which are required by the FReM to be noted in the resource accounts.

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

1.14 Costs for Consumer Focus

Under the Postal Services Act 2000, Postcomm has a fee collection responsibility for Consumer Focus, the independent consumer representative. Monies are collected and directly paid over to BIS in respect of the costs of Consumer Focus and Consumer Focus legacy Postwatch net property costs.

1.15 Provisions

Postcomm makes provision for liabilities and charges where, at the balance sheet date, a legal or constructive liability exists (i.e. a present obligation from past events exists), where the transfer of economic benefits is probable and a reasonable estimate can be made.

Where the time value of money is material, Postcomm discounts general provisions to its present value using a discount rate of 2.2 per cent, the Government’s standard rate. Each year the financing charges in the Operating Cost Statement include the adjustments to amortise one year’s discount and restate liabilities to current price levels.

1.16 The Statement of Parliamentary Supply and the Statement of Operating Costs by Departmental Strategic Objectives

The information contained in the Statement of Parliamentary Supply and associated notes is based on the Request for Resources information that will form part of parliamentary approval processes.

The Statement of Operating Costs by Departmental Strategic Objectives has been prepared from the underlying books and records.

1.17 Going Concern

HM Treasury’s Managing Public Money states that at financial year end all unspent monies, including those derived from Postcomm’s licence fee income, must be surrendered to the UK Consolidated Fund. Accordingly because Postcomm did not spend the full licence fee income for 2009-10, the statement of financial position at 31 March 2010 shows a negative taxpayers’ equity of £2.890m. This reflects the inclusion of liabilities falling due in the following year, which are due to be financed mainly by drawings from the UK Consolidated Fund. Such drawings will be from grants of supply approved by Parliament, to meet Postcomm’s Net Cash Requirement.

In common with other government departments, the future financing of Postcomm’s Net Cash Requirement is accordingly to be met by future grants of Supply and the application of future income, both to be approved annually by Parliament. Such approval for 2010-11 has already been given and there is no reason to believe that future approvals will not be forthcoming.

On 16 December 2008 the Independent Review of the Postal Services Sector in the UK (the Hooper Review) published its findings and recommendations. Government accepted the recommendations of the Hooper Review in full and the Postal Services Bill 2009 was introduced in the House of Lords in February this year. The Bill included provision for the transfer of regulatory responsibility for postal services to Ofcom, and the subsequent abolition of Postcomm at some point in the 2009-10 financial year. Following an announcement by the Secretary of State for Business in the House of Lords on 2 July 2009, the Bill was withdrawn. The Secretary of State announced that responsibility for regulation of postal services will remain with Postcomm.

2. First-time adoption of IFRS

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

	General Fund £000	Revaluation Reserve £000	Total Reserves £000
Taxpayers' equity at 31 March 2008 under UK GAAP	(1,539)	144	(1,395)
Adjustments on transition to IFRS:			
IAS 19 (Employee Benefits)	(67)	-	(67)
Taxpayers' equity at 1 April 2008 under IFRS	**(1,606)**	**144**	**(1,462)**

(b) Reconciliation of UK GAAP reported taxpayers' equity to IFRS at 31 March 2009

	General Fund £000	Revaluation Reserve £000	Total Reserves £000
Taxpayers' equity at 31 March 2009 under UK GAAP	(1,539)	144	(1,395)
Adjustments on transition to IFRS:			
IAS 19 (Employee Benefits)	(67)	-	(67)
Taxpayers' equity at 1 April 2009 under IFRS	**(1,606)**	**144**	**(1,462)**

(c) Reconciliation of UK GAAP reported deficit to IFRS at 31 March 2009

Deficit for the year ended 31 March 2009 under UK GAAP	1
Adjustments on transition to IFRS:	-
Deficit for the year ended 31 March 2009 under IFRS	**1**

In line with HM Treasury advice, Prior Period Adjustments (PPAs) arising from the adoption of IFRS were not included in spring Supplementary Estimates for 2009-10 on the basis that the PPA numbers could have been misleading, particularly where transactions may well have pre-dated the 2001-02 cut off point for reporting PPAs, as only part of an obligation would have been included. PPAs arising from a change in accounting policy related to other than IFRS were included in the Estimates in line with conventional arrangements.

3. Analysis of net resource outturn by function

	2009-10							2008-09
	Outturn					Estimate		
	Admin	Other current	Gross resource expenditure	A in A	Net total	Net Total	Net total outturn compared with Estimate	Prior-year outturn
	£000	£000	£000	£000	£000	£000	£000	£000
Request for Resources 1 Ensuring the provision of a universal postal service at a uniform tariff, protecting consumers and promoting competition	7,994	-	7,994	(7,993)	1	1	-	1
Resource outturn	7,994	-	7,994	(7,993)	1	**1**	**-**	**1**

The underspend is accounted for by a number of factors. There was a reduction in our normal lower level of activity both in the run up to the expected transfer to Ofcom and subsequently during the renewal phase whilst we were preparing our new forward work plan and planning the 2012 programme. The underspend also reflects ongoing efforts to use resources more efficiently and during the preparation of our new forward work plan we budgeted for a planned underspend of £1.2m during 2009/10. A fuller explanation can be found in the Management Commentary.

4. Reconciliation of Outturn to net operating cost and against Administration Budget

4(a) Reconciliation of net resource outturn to net operating cost

	Note			2009-10	2008-09
				£000	£000
		Outturn	Estimate	Outturn compared with estimate	
Net Resource Outturn	3	1	1	-	2
Prior period adjustments		-	-	-	-
Non supply income (Consolidated Fund Extra Receipts (CFERs))	9	-	-	-	-
		-	-	-	-
Non supply expenditure		-	-	-	-
Net operating cost		1	**1**	**-**	**2**

4(b) Outturn against final Administration Budget

	2009-10		2008-09	
	£000	£000	£000	£000
	Budget	Outturn	Budget	Outturn
Gross Administration Budget	10,308	7,994	10,253	9,729
Income allowable against the Administration Budget	(10,307)	(7,993)	(10,250)	(9,728)
Net outturn against the Administration Budget	1	1	3	1

5. Reconciliation of resources to net cash requirement

	Note	Estimate £000	Outturn £000	Net total outturn compared with estimate: saving/ (excess) £000
Resource Outturn	3	**1**	**1**	**-**
Capital:				
• Acquisition of fixed assets	12,13	150	107	43
Non-operating Appropriations in Aid (A in A):				
• Proceeds of fixed asset disposals	8	-	-	-
Accruals adjustments:				
• Non-cash items	11	(588)	(294)	(294)
• Changes in working capital other than cash		-	(1,990)	1,990
• Changes in creditors falling due after more than one year		-	-	-
• Use of provision	17	-	6	(6)
Excess cash receipts surrenderable to the Consolidated Fund	6	438	2,170	(1,732)
Net cash requirement		**1**	**-**	**1**

The variance in the net cash requirement is mainly due to the increase in trade payables.

6. Analysis of income payable to the Consolidated Fund

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

		Forecast 2009-10		**Outturn 2009-10**	
	Note	Income £000	Receipts £000	Income £000	Receipts £000
Operating income and receipts - excess A in A		-	-	-	-
Other operating income and receipts not classified as A in A		-	-	-	-
		-	-	-	-
Non operating income and receipts not classified as A in A		-	-	-	-
Excess cash receipts surrenderable to the Consolidated Fund	16	-	*438*	-	*2,170*
Total income payable to the Consolidated Fund		**-**	***438***	**-**	***2,170***

7. Reconciliation of income recorded within the Operating Cost Statement to operating income payable to the Consolidated Fund

	Note	2009-10 £000	2008-09 £000
Operating Income	9	7,993	9,728
Income authorised to be appropriated in aid		(7,993)	(9,728)
Operating Income payable to the Consolidated Fund		**-**	**-**

8. Non-operating income – Excess A in A

	2009-10 £000	2008-09 £000
Proceeds on disposal of fixed assets	-	-
Allowable A in A	-	-
Excess A in A	**-**	**-**

9. Income

	2009-10 £000	2008-09 £000
Licence fees	7,983	9,628
Other Income	10	100
Miscellaneous CFERS	-	-
Total	**7,993**	**9,728**

10. Staff numbers and related costs

Staff costs comprise

	2009-10 £000			2008-09 £000
	Permanently employed staff	Others	Total	Total
Wages and salaries	2,837	729	**3,566**	**3,574**
Social security costs	266	-	**266**	**320**
Other pension costs	506	-	**506**	**636**
Other staff costs	382	-	**382**	**-**
Total	**3,991**	**729**	**4,720**	**4,530**
Less recoveries in respect of outward secondments	41	-	41	-
Total net costs*	**3,950**	**729**	**4,679**	**4,530**

* Of the total no charge has been made to capital

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but Postcomm is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2009-10, employers' contributions of £511,717 were payable to the PCSPS (2008-09 £622,609) at one of four rates in the range 17.1 to 25.5 per cent (2008-09 17.1 to 25.5 per cent) of pensionable pay, based on salary bands. The contribution rates reflect benefits accruing during 2009-10 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £4,828 (2008-09 £13,200) were paid to one or more of a panel of four appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5 per cent of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of £390 (2008-09 £456), 0.8 per cent of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Average number of persons employed

The average number of whole-time equivalent persons employed during the year is shown in the table below.

			2009-10	**2008-09**
Objective	Permanently employed staff	Other non permanent staff	Total	Total
Ensuring the provision of a universal postal service at a uniform tariff, protecting consumers and promoting competition	51.6	4.8	**56.4**	**65.7**
Total	**51.6**	**4.8**	**56.4**	**65.7**

11. Other administration costs

	Note	2009-10	2008-09
		£000	£000
Rental under operating leases:			
Hire of office equipment		5	8
Other operating leases		162	235
		167	243
Non-cash items (see below):			
Auditors' remuneration and expenses[1]		48	41
Depreciation	12, 13	275	339
Loss on disposal of fixed assets	12, 13	-	218
Cost of capital credit		(61)	(34)
Interest cost		9	8
Provision provided in year	17	23	-
		294	572
Other expenditure:			
Consultants costs		1,620	2,847
Learning and development		73	162
Building costs		184	234
IT services		303	347
Human resources		296	217
Office supplies		90	156
Contracted out services		110	146
Communications		25	71
Information		44	47
Utilities		40	48
Other		7	12
		2,792	4,287
Travel and subsistence		54	79
Hospitality		8	18
		62	97
Total		**3,315**	**5,199**

[1] There was no auditor remuneration for non-audit work.

Reconciliation of Operating Costs to Operating cashflows in the Cashflow Statement and the Statement of Parliamentary Supply

	2009-10	2008-09
	£000	£000
Other administration costs – non-cash items (as above)	294	572
Total non-cash transactions	**294**	**572**

12. Property, plant and equipment

	Leasehold improvements	Office equipment	Information Technology	Furniture and fittings	Total
	£000	£000	£000	£000	£000
Cost or valuation					
At 1 April 2009	1,050	105	525	337	2,017
Adjustments [1]	(207)	1	42	(26)	(190)
Additions	71	-	6	-	77
Disposals	-	-	-	-	-
At 31 March 2010	914	106	573	311	1,904
Depreciation					
At 1 April 2009	937	77	358	242	1,614
Adjustments [1]	(178)	2	35	(25)	(166)
Charged in year	19	17	111	32	179
Disposals	-	-	-	-	-
At 31 March 2010	778	96	504	249	1,627
Net book value					
At 31 March 2010	136	10	69	62	277
Net book value					
At 31 March 2009	113	28	167	95	403
Asset financing:					
Owned	136	10	69	62	277
Net book value					
At 31 March 2010	136	10	69	62	277

[1] The adjustment relates to the migration to our new non-current asset software on 1 April 2009 that highlighted prior year differences between the asset register and the general ledger.

	Leasehold improvements	Office equipment	Information Technology	Furniture and fittings	Total
	£000	£000	£000	£000	£000
Cost or valuation					
At 1 April 2008	1,771	105	599	409	2,884
Additions	-	-	18	-	18
Disposals	(721)	-	(92)	(72)	(885)
At 31 March 2009	1,050	105	525	337	2,017
Depreciation					
At 1 April 2008	1,420	59	314	224	2,017
Charged in year	72	18	132	42	264
Disposals	(555)	-	(88)	(24)	(667)
At 31 March 2009	937	77	358	242	1,614
Net book value					
At 31 March 2009	113	28	167	95	403
Net book value					
At 31 March 2008	351	46	285	185	867
Asset financing:					
Owned	113	28	167	95	403
Net book value					
At 31 March 2009	113	28	167	95	403

13. Intangible assets

	Software
	£000
Cost or valuation	
At 1 April 2009	446
Adjustments [1]	51
Additions	30
Disposals	-
At 31 March 2010	527
Amortisation	
At 1 April 2009	280
Adjustments [1]	51
Charged in year	96
Disposals	-
At 31 March 2010	427
Net book value	
At 31 March 2010	100
Net book value	
At 31 March 2009	166

Asset financing:	
Owned	100
Net book value	
At 31 March 2010	100

[1] The adjustment relates to the migration to our new non-current asset software on 1 April 2009 that highlighted prior year differences between the asset register and the general ledger.

	Software
	£000
Cost or valuation	
At 1 April 2008	321
Additions	125
Disposals	-
At 31 March 2009	446
Amortisation	
At 1 April 2008	205
Charged in year	75
Disposals	-
At 31 March 2009	280
Net book value	
At 31 March 2009	166
Net book value	
At 31 March 2008	116
Asset financing:	
Owned	166
Net book value	
At 31 March 2009	166

14. Trade receivables and other current assets

14(a) Analysis by type

	2009-10	**2008-09**	**2007-08**
	£000	£000	£000
Amounts falling due within one year:			
Trade receivables – excluding items that relate to Consolidated Fund Extra Receipts	12	-	1
Trade receivables – including items that relate to Consolidated Fund Extra Receipts	-	-	9,620
Deposits and advances	19	17	23
Prepayments and accrued income	84	165	28
HM Revenue and Customs (VAT)	115	179	173
	230	**361**	**9,845**

Deposits and advances include loans outstanding of £14,781 (2008-09 £14,589) which relates to season ticket loans for thirteen employees.

14(b) Intra-government balances

	Debtors: amounts falling due within one year	Debtors: amounts falling due after more than one year
	£000	£000
Balances with other central government bodies	127	-
Balances with local authorities	-	-
Balances with public corporations and trading funds	-	-
Balances with bodies external to government	103	-
At 31 March 2010	**230**	**-**
Balances with other central government bodies	279	-
Balances with local authorities	-	-
Balances with public corporations and trading funds	-	-
Balances with bodies external to government	82	-
At 31 March 2009	**361**	**-**
Balances with other central government bodies	173	-
Balances with local authorities	-	-
Balances with public corporations and trading funds	9,620	-
Balances with bodies external to government	52	-
At 31 March 2008	**9,845**	**-**

15. Cash and cash equivalents

	£000
Balance at 1 April 2008	1,305
Net change in cash and cash equivalents	(809)
Balance at 31 March 2009	496
Net change in cash and cash equivalents	1,674
Balance at 31 March 2010	**2,170**

	31 March 2010 £000	**31 March 2009 £000**	**31 March 2008 £000**
The following balances at 31 March are held at:			
Office of HM Paymaster General	2,170	494	1,303
Commercial banks and cash in hand	-	2	2
Total	**2,170**	**496**	**1,305**

16. Trade payables and other current liabilities

16(a) Analysis by type

	2009-10	2008-09	2007-08
	£000	£000	£000
Amounts falling due within one year:			
Taxation and social security payable	107	135	153
Trade payables	212	320	576
Other payables	6	12	71
Staff payables	191	245	223
Deferred licence fees	2,325	385	1,029
Accruals	441	325	464
Excess cash	2,170	-	-
Amounts issued from the Consolidated Fund for supply but not spent at year end	-	496	1,305
Consolidated Fund extra receipts due to be paid to the Consolidated Fund:			
received	-	-	-
receivable	-	-	9,620
	5,452	**1,918**	**13,441**

16(b) Intra-government balances

	Creditors: amounts falling due within one year	Creditors: amounts falling due after more than one year
	£000	£000
Balances with other central government bodies	2,288	-
Balances with local authorities	-	-
Balances with public corporations and trading funds	2,325	-
Balances with bodies external to government	839	-
At 31 March 2010	**5,452**	**-**
Balances with other central government bodies	679	-
Balances with local authorities	-	-
Balances with public corporations and trading funds	386	-
Balances with bodies external to government	853	-
At 31 March 2009	**1,918**	**-**
Balances with other central government bodies	11,178	-
Balances with local authorities	-	-
Balances with public corporations and trading funds	1,029	-
Balances with bodies external to government	1,234	-
At 31 March 2008	**13,441**	**-**

17. Provisions for liabilities and charges

17.1 Pension liabilities

	2009-10	2008-09
	£000	£000
Provision at 1 April	147	154
Current service cost	-	-
Employee contributions	-	-
Interest cost	9	8
Actuarial loss/(gain)	42	(8)
Less benefits paid	(6)	(7)
Provision at 31 March	**192**	**147**
Net movement in year (excluding actuarial gain)	3	1

History of experience losses

	2009-10	2008-09
	£000	£000
Experience (gains)/losses arising on the scheme's liabilities	9	5
Amount recognised as a percentage of present value of scheme liabilities	4.5%	3.3%
Total amount recognised in statement of total recognised gains and losses	42	(8)
Percentage of present value of the scheme liabilities	21.9%	5.4%

The pensions provision is in respect of the unfunded pension liabilities which fall to Postcomm for the past and current Chairmen. The pension provision is unfunded, with the benefits being paid as they fall due and guaranteed by Postcomm. There is no fund, and therefore no surplus or deficit. Actuarial advice has been sought to ensure that the provision is set at a realistic level.

An actuarial valuation was carried out by the Government Actuary's Department (GAD) at 31 March 2010. The major assumptions used by the actuary were:-

	At 31 March 2010	At 31 March 2009
	% (per annum)	% (per annum)
Inflation assumption	2.75	2.75
Rate of increase in salaries	4.29	4.29
Investment return in excess of price increases	1.8	3.2
Rate of increase for pensions in payment and deferred pensions	2.75	2.75

Analysis of Actuarial Loss

	2008-09	2008-09	2007-08
	£000	£000	£000
Changes in assumptions underlying the present value of scheme liabilities	33	(13)	-
Experience gains/(losses) arising on the scheme liabilities	9	5	-
Per statement of recognised gains and losses	42	(8)	-

From 31 March 2010, the discount rate for pension scheme liabilities changed from 3.2 per cent to 1.8 per cent. This rate is reflected in the valuation of the pension scheme liability as at 31 March 2010.

17.2 Early retirement

	2009-10
	£000
Provision at 1 April	-
Provided in the year	23
Unwinding of the discount	-
Provisions not required written back	-
Provisions utilised in year	-
Provision at 31 March	**23**

18. Capital commitments

	2009-10	2008-09	2007-08
	£000	£000	£000
Contracted capital commitments at 31 March for which no provision has been made.	-	-	-

19. Commitments under leases

Operating leases

Total future lease payments under operating leases are given in the table below for each of the following periods.

	2009-10	2008-09
	£000	£000
Obligation under operating leases comprise:		
Land and buildings:		
Expiry within 1 year	154	154
Expiry after 1 year but not more than 5 years	386	540
Expiry thereafter	-	-
	540	**694**
Other:		
Expiry within 1 year	4	7
Expiry after 1 year but not more than 5 years	-	6
Expiry thereafter	-	-
	4	**13**

20. Other financial commitments

Postcomm had not entered into any non-cancellable contracts (which are not operating leases) as at 31 March 2010.

21. Contingent liabilities

In 2001-02 the Department of Trade and Industry (now BIS) laid a Minute before Parliament notifying them of an indemnity to the members of the Postal Services Commission. The indemnity means that the Commissioners would be indemnified against civil liability arising from their work in regulating the UK postal market, so long as they acted honestly, in good faith and without recklessness. It is not possible to quantify a figure for the potential liability, but if the liability is called, then provision for any payment will be sought through the normal Supply procedure.

From time to time Postcomm will be subject to legal challenge and judicial review of decisions made in the normal course of its business as regulator of the postal industry. Legal judgements could give rise to liabilities for legal costs but these cannot be quantified as the outcome of current proceedings would be unknown and there is therefore considerable uncertainty as to the nature and extent of any subsequent liability.

As at 31 March 2010 there were no contingent liabilities requiring disclosure.

22. Financial instruments

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

23. Related party transactions

None of the Senior Management Team, key managerial staff or other related parties have undertaken any material transactions with the Postal Services Commission during the year.

Postcomm collected £3.671m from Royal Mail Group, on behalf of BIS in respect of the costs of Consumer Focus and Consumer Focus legacy Postwatch net property costs. This was remitted directly to the Department.

Postcomm is a tenant of the Central Office of Information, and receives financial and payroll services from Ofgem. Expenditure in year was £330,386 (2008-09 £767,814) to COI and £75,771 (2008-09 £69,057) to Ofgem. An amount of £5,785 (2008-09 £6,497) was owing to Ofgem at the year end and is included in the figure for payables.

24. Post balance sheet events

There were no reportable post balance sheet events between the balance sheet date and the date when the accounts were certified. The financial statements do not reflect events after this date.

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