

THE
PENSIONS
ADVISORY SERVICE

Annual Report and Accounts
for the year ending 31 March 2015

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

The Pensions Advisory Service

Annual Report and Accounts for the year ending 31 March 2015

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

4	Company Information
5	About The Pensions Advisory Service
6	Interim Chair's Review
8	Strategic Report
10	Business Review
14	Governance Statement
21	Remuneration Report
25	Statement of Directors' Responsibilities
26	Directors' Report
28	The Certificate and Report of the Comptroller and Auditor General to the Members of The Pensions Advisory Service
30	Statement of Comprehensive Net Expenditure
31	Statement of Financial Position
32	Statement of Cash Flows
33	Statement of Changes in Taxpayers' Equity
34	Notes to the Accounts

Company Information

Registered number:	02459671	
Directors:	Interim Chair	
	Geoff Shanks	From 19 January 2015
	Chair	
	David Harker CBE	From 14 July 2014 to 18 January 2015
	Chair	
	Partha Dasgupta	Up to 13 July 2014
	Chief Executive and Accounting Officer	
	Michelle Cracknell	
	Non-Executive Directors	
	Baroness Drake of Shene	From 1 August 2014
	Alan Woods	From 1 August 2014
	Geoff Shanks	From 1 August 2014
	Colette Bewley	
	Tilly Ross	
	Alex Balfour	Up to 31 July 2014
	David Clarke	Up to 31 July 2014
	Baroness Hollis of Heigham	Up to 31 July 2014
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 Bank Plc National Clubs and Charities Centre Sedgemoor House Dean Gate Avenue Taunton TA1 2UF	

About The Pensions Advisory Service

The Pensions Advisory Service (TPAS) is here to give people professional, independent and impartial help with their private pensions.

Pensions can change people's lives. Most of us would like to be able to choose to stop work one day and choose how we live when we do. A good pension is a good way to achieve that. Our vision is a future where people are empowered to make the most of their pensions.

We deliver our information and guidance service through a variety of channels including a telephone helpline, web chat, written enquiries, online enquiries and our website. We also act as mediators in disputes involving public or private pension schemes or policies. Our website and leaflets provide information on all aspects of pensions in the UK.

Our service is free to the public. It is delivered by in-house pension specialists and a nationwide network of volunteer advisers who have typically worked in the pensions industry in roles that have required a high level of technical knowledge. We are an independent organisation that is funded by the Department for Work and Pensions (DWP); the funding is ultimately recouped from the General Levy raised on occupational and personal pension schemes by the Secretary of State, Department for Work and Pensions. We are also receiving a grant from HM Treasury to deliver the telephony channel of Pension Wise.

We raise awareness of our services through traditional and social media, word of mouth recommendations, attending shows and speaking at relevant events. We are grateful for the organisations that promote us, which include Money Advice Service, Pensions Ombudsman, Citizens Advice Bureau and Financial Ombudsman Service.

The DWP corporate plan sets out the Government's priorities for retirement; "providing a firm foundation, promoting saving for retirement and ensuring that saving for retirement pays". Our aim is to help support the DWP in achieving this strategic objective by helping people to make proper provision for their retirement through the provision of information and guidance.

These are our values:

- We are here to help
- We know our subject
- We are independent and impartial
- We are proud of what we do

TPAS was founded in 1983 as a company limited by guarantee, registered in England and Wales, company number 02459671. It became an executive non-departmental public body in 2006.

Interim Chair's Review

In last year's review, we set out our priority as increasing awareness of our services so that more people are better informed on pensions. We are delighted to report that we are achieving this, as our service has seen the number of customers we have helped through personal contact increase to over 100,000 last year.

We also stated that we believed that our experience and expertise should play a significant part in delivering the Government's new initiative for providing guidance for people accessing their defined contribution pension pots. Hence we were delighted that HM Treasury chose us as the delivery partner for the telephone appointments for Pension Wise.

We have two customer facing services; we provide an information and guidance helpline and we provide a dispute mediation service. The demand for both services has increased last year: in particular a demand for real time (telephony and webchat) access to information.

Helpline calls increased by a quarter and the growth in popularity saw webchats almost triple in volume. On the Helpline, the most common questions were on retirement decisions; the rules around cashing in a pension fund; general legal rights around pensions; the decision making by the scheme or provider and accessing financial advice. Immediately after the Budget, questions were mainly regarding the changes outlined in the Freedom & Choices paper announced in the Budget 2014. The other channels for the Helpline are online and written enquiries, which remained at similar volume levels to the previous year although the length and complexity of the enquiries did increase. Customer satisfaction with our Helpline remains very high with 96% willing to recommend our service and 90% taking direct action as the result of their call.

The number of dispute resolution cases increased slightly to just over 5,000. We suspect that the increase in complaints is probably due to both the increased interest in pensions together with the fact that a number of pension schemes have been carrying out audits, resulting in mistakes being discovered.

In addition, our website provides a valuable resource on topical and common pension-related queries. As reported last year, we re-launched the TPAS website in line with the changing needs of the public and to increase our efficiency in the number of customers who can access our services. The number of website hits during the year was over 1.4 million. Early indications are that the new website, which was launched in October 2014 is more popular with the last quarter representing over one-third of the total web site visits for the year. A survey conducted in February/March 2015, indicated that nearly 70% of users were satisfied or very satisfied with the new website.

We have sought to expand this coverage and awareness of our service through the media and social media. We have been using Twitter and other social media to increase our visibility with a much wider customer and stakeholder audience.

A unique aspect of the delivery of our service is the contribution made by volunteers with a professional background in pensions. We are hugely indebted to our willing and capable volunteers who enable us to deliver services way beyond our budget, and estimate that they have delivered services of almost £3m in value. During the year, we implemented the new volunteer strategy that sets targets for broadening our volunteer recruitment base and have established initiatives to ensure that we are prepared to meet future patterns of demand. We are pleased to report that by the end of the year we had reached 400 volunteers.

TPAS expenditure for the financial year was in line with the budgets agreed for both business as usual and the Pension Wise project set-up funding. Over the past 5 years, we have delivered an increase in customer contacts without a corresponding increase in costs. In 2010/11 the average cost per contact was about £41 and in 2014/15 it was under £34. This saving would be even greater if we included those customers who benefit from the information and tools on our website. This demonstrates the scalability of our business as usual model.

In addition to me, two new non-executive directors joined TPAS formally in August last year; Baroness Jeannie Drake, and Alan Woods. During the year, our new Chair, David Harker became ill and sadly died. His loss was keenly felt by the Board, and he and his immediate predecessor, Partha Dasgupta, have contributed greatly to making TPAS a well governed and robust business. While I initially joined as Audit Committee Chair, I took over as acting Chair from January, and Baroness Jeannie Drake now chairs the Audit Committee. Both Tilly Ross and Colette Bewley will be retiring as directors at the end of July, and I would like to thank them for their valuable contribution over the last four years. We are delighted to be able to welcome Ann Harris and Colleen Keck as new non-executive directors in their place.

Finally, I would like to thank members of staff, volunteers, Board members, colleagues and friends across the pensions industry for the huge amount of work and support that they have given us this year. TPAS has an enviable track record of more than thirty years of providing impartial and professional guidance to the public, and is trusted by the pensions industry that ultimately funds our business as usual activities through the pensions levy. We believe there is an exciting future ahead as pension reforms continue apace and we hope to make a significant contribution to guiding customers through the change, whether as a delivery partner for HM Treasury through the Pension Wise service, or as part of business as usual for all our other customers.



Geoff Shanks

Interim Chairman

24 June 2015

Strategic Report

Where we are We see our role as making pensions accessible to the public. We do this through providing information and guidance on all private pension matters plus mediating where there is a dispute between a pension scheme and a member. By offering both these services through one organisation, we are able to draw on a high level of pension expertise and share the technical resource and skills across both teams.

Our heritage, operating model and reputation puts us in a unique position to serve the public, the Government and the pensions industry.

- Our staff and volunteers have a high level of pension technical knowledge; pensions are very long term saving products and have a legacy of many special terms and historic legislation. It is only possible to provide correct information and guidance to people where there is deep expertise.
- We offer independent and impartial information and guidance and dispute resolution services provided by pension specialists, which is essential to give the public the ability to make the most of their retirement savings.
- We have built up a bank of customer insight from the enquiries and disputes that we handle that can help the Government and industry develop pensions products and services that better meet customer needs.

We are increasingly well placed to understand and identify emerging issues affecting customers thanks to our increasing ability to monitor the types of issues and events that trigger people to make contact with us. We plan to share our insights from the growing evidence base that we also use to continually develop our services and forecast our resource requirements.

Through investment in our technology infrastructure, we have increased and improved the channels that people can use to contact us. It has also strengthened our ability to monitor and manage workloads and improve efficiency.

Where we are going The number of people who are in a workplace pension scheme is increasing as a result of automatic enrolment. At the same time, there has been transfer of responsibility to people for providing for their retirement with defined contribution pensions becoming the predominant type of scheme offered to employees. In addition, the new "Freedom & Choice" pension legislation is offering people more choice in how they access their pension fund. We therefore believe that there will be a growing need for people to access independent and impartial guidance on their pension plan.

We believe that the Information & Guidance helpline and the Dispute Resolution service are essential to help people make proper provision for their retirement. Our aim is to increase the number and diversity of customers that use our services. In 2014/2015, we directly looked after over 100,000 customers. TPAS aim is to look after more customers by organic growth of core business by retaining and expanding Pension Wise delivery and by additional growth to meet a need for pensions guidance which requires our skill set to fulfil.

How we will get there

Whilst there is undoubtedly a growing need for guidance on pension matters, we recognise that it is still necessary for people to know that TPAS exists and see the benefits of engaging with us. The Board has set its primary objectives as:

- to position us as the primary source of impartial private pensions information and insight and
- to increase awareness of our services so that more people are better informed on pensions.

In order to deliver the same high quality of services to more customers, the Board has also identified the following key objectives:

- to deliver our services more effectively and efficiently;
- to develop our technical and communication skills to reach and serve our target audience; and
- to grow our volunteering culture by recruiting, retaining and recognising volunteers.

Opportunities and challenges

There is an increased opportunity to help more customers because of:

- the growing profile of pensions;
- the increased profile of TPAS that has come with its role in Pension Wise; and
- the growth in awareness that it has become a personal responsibility to ensure that you have adequate income in retirement.

We have over thirty years' experience in delivering independent and impartial guidance on pensions. With our business model, we can deliver our services at a high quality and cost effectively. There will be challenges for us as we could see other organisations wanting to enter the space that we have occupied for over thirty years. There is a risk that the increase in our profile may result in suspect organisations imitating our service. We want to meet the growing need for guidance on retirement savings and will therefore have the challenge of ensuring that we have sufficient funding in an environment where budgets are being cut.

We believe that we are the organisation that is best placed to serve people of all ages who need help with planning for their retirement.

Principal Risks and Uncertainties

Our approach to setting the Board's risk appetite and risk management is set out in the Governance Statement.

Further details of our strategy are set out in the 2015/18 Corporate Plan. It can be viewed on our website

Signed on behalf of the Board by:



Michelle Cracknell

Accounting Officer

24 July 2015

Business Review

Overview Every year we answer thousands of questions from members of the public about their pensions and millions of people access pension information from our website. We also help resolve thousands of peoples' pension problems and complaints. Each year, TPAS publishes an Annual Review providing a detailed analysis of the development and delivery of its business during the financial year. The Annual Review is available on our website.

Service Delivery During the year, we have seen a huge increase in volume of customers contacting us to ask for help in respect of their pensions. The table below sets out the number of enquires and disputes that we dealt with and closed during the year as well as the number of Helpline enquiries received and handled and the number of visits to our website during 2014/15.

Work	2014/15	2013/14	Increase (Decrease)
Emails, referrals & enquiries	12,768	12,018	6%
Written Complaints and Disputes	4,889	4,320	13%
Helpline Calls received	96,497	75,480 ¹	28%
Helpline Calls handled	71,394	56,708 ³	26%
Web Chats	13,915	5,535 ²	151%
Website Visits	1,416,439	1,646,830 ³	(14%)

As well as the huge increase in volumes, we have also seen some shift between the different channels used for the Helpline. The biggest increase has been in the use of web chat, where we believe that the convenience of web chat increases customer confidence and people are increasingly choosing to use this channel to ask questions where previously they might have felt unsure. It is an efficient delivery channel for us with our specialists being able to run multiple chats simultaneously, send links to documents and provide an output from the conversation. We have continued to run an evening web chat service. Whilst online enquiries have been broadly the same in number, we have seen an increase in the length of enquiries which has caused the number that can be answered each day to drop. We are seeking ways to deal with these enquiries more efficiently whilst retaining the personal nature of our service.

In 2014/15 the number of complaints against schemes that we accepted for investigation was 2,607, an increase of 17% on 2013/14, almost two-thirds of which was allocated to our volunteer advisers. We closed 2,437 cases, an increase of 15%. Our aim during the year was to ensure that the increase in demand did not result in more cases being unresolved at the end of the year or in an increase of cases that are over 12 months old. We managed to end 2014/15 with 167 cases over 12 months old (12% of casework), which is an improvement from the end of 2013/14 when

¹ This includes 15,109 calls sign-posted to other organisations including DWP's Pension Service.

² Web Chats were introduced in the second half of 2013/14.

³ During 2013/14, we changed our hosting arrangements; the change adversely impacted on our ability to get full web traffic information. The number is therefore an estimate based on the statistics we have.

the number of cases in excess of 12 months was 211 (16% of casework). Whilst the time to resolve cases is not always within our control we aim to improve checks and controls during 2015/16 to improve our performance here further.

Our staff and volunteers are our strongest asset and we are committed to their on-going training. During 2014/15 all staff attended training on customer friendly writing and equality and diversity. We are also very grateful to speakers from NEST, HMRC, DWP, the Pensions Ombudsman Service, the Financial Ombudsman Service, CML, Samaritans, ACAS and the PCSPS who gave presentations on emerging pension topics and issues.

Performance against Targets

This year has seen an unprecedented increase in activity on pensions across the entire industry following the announcements in the 2014 Budget. During the year, we have had to deal with huge peaks in demand for our services as people responded to media coverage on the pension changes. Our performance targets were set in the context of our resource capacity when our business volumes were significantly lower. In 2014/15, we have had to deal with this huge increase in volumes with the same resource capacity and this has resulted in us missing some of our performance targets.

Activity	% Target	Achievement 2014/15	Achievement 2013/14
Helpline Calls			
Call answered within			
30 seconds	95%	71%	92%
60 seconds	99%	78%	95%
Abandoned calls	<10%	9.9%	4%
Written Enquiries			
Case cleared within			
5 working days	90%	28%	95%
9 working days	99%	65%	99%
Disputes Cases Allocated to staff			
Case cleared within			
6 months	65%	74%	67%
12 months	85%	92%	89%
Financial			
Agreed invoices to be paid within			
10 working days of receipt	95%	96%	98%

We answered 71% of calls within 30 seconds and 78% within 60 seconds, where our targets were 95% and 99% respectively. Our aim was to keep abandoned calls down to less than 10% and we did keep the abandonment rate to just below 10%. We answered 97.5% web chats within 30 seconds. Our specialists took to pick up a call when available was only 4 seconds, which shows how hard they have worked during this period of high demand. The performance on written enquiries has also not met the targets that we set ourselves due to the increased length of the enquiries and more staff being deployed on to the real time Helpline calls. Our dispute resolution

staff over achieved their targets by clearing 74% of cases within 6 months and 92% within 12 months. We also maintained our financial service levels in paying 96% of our agreed invoices within 10 days. During the year, our resource was focussed on the real time activity. With the additional resource that we have in 2015/16, we aim to clear the backlog on written enquiries. We will be seeking efficient ways of responding to the enquiries in order that we can better serve the customer.

Satisfaction Surveys

Despite not meeting our responses times on the Helpline, we are delighted that, from our telephony work, 97.3% of customers tell us that they are very satisfied or satisfied with the service they have received on our Helpline. On our written enquiries, we are sometimes the bearer of bad news and this does impact the recorded level of satisfaction. 64.5% of people have responded saying that they were either very satisfied or satisfied with the response they have received to their letter, referral or email.

Users satisfied with the service	% Target	Achievement 2014/15	Achievement 2013/14
Handling written disputes against schemes – casework	85%	85%	88%
Handling written enquiries	85%	65%	73%
Handling Helpline calls	85%	97%	90%

Internally our quality assurance framework and the work we do to share best practice continues to have a strong focus on how to increase satisfaction further, to increase customer engagement and to manage constructively some of the negative messages we sometimes have to give to customers.

We are pleased to note that customer satisfaction on the dispute resolution service remained high at 85%. Our ability to provide our service relies heavily on our volunteer advisers who give their time and expertise for free. It is our ambition to increase and strengthen our volunteer network. To this aim we formulated and agreed a volunteer strategy to help attract, retain and support volunteer advisers. We are delighted to note that the number of volunteers supporting the TPAS service has increased from 384 to 402. We have been able to continue to offer retired and non-working volunteers affiliate membership of the Pensions Management Institute to help them keep up-to-date.

We continue to monitor and reflect on satisfaction rates and on how we can encourage more people to respond to our surveys. The current achieved satisfaction ratings for handling written enquiries is disappointing but is based on very low response rates. In 2015/16 we will undertake an exercise to gain greater insight into customer satisfaction and outcomes.

Sustainable Development

Although we are exempt from the requirements of Greening Government commitments due to our size, we endeavour to try to protect the environment, so we

- recycle paper and other materials. In 2014/15 we recycled 7,850 kg (2013/14: 6,770 kg) of paper, saving the equivalent of 95 (2013/14: 88) trees and 11,040

(2013/14: 9,610) kilograms of CO2 – we believe that the reduction is due to the reduced printing of e-mails;

- work hard to reduce energy consumption by buying equipment that has low energy consumption ratings whenever available; and
- use public transport, where possible.

**Staff and
Volunteer Adviser
Development**

Our key asset is our staff and volunteers. During the year, our Investors in People accreditation was successfully renewed. This accreditation is an opportunity for us to use a framework that enables us to identify areas which we need to concentrate on in developing our people.

Our staff have led on the work to implement the actions arising from the last staff survey. Following a skills survey of our volunteer advisers, we have continued to capitalise on their vast skills through activities such as mentoring other volunteer advisers.

Staff Sickness

The average number of days for all sickness per member of staff in 2014/15 was 5.83 compared with 6.35 in 2013/14. Our average compares favourably to the levels of staff sickness in the Civil Service, where the average is 7.3 days and in the rest of the public sector where the rate is around 8.7 days⁴ for non-manual staff.

**Complaints against
Our Service**

Despite high levels of customer satisfaction, there are occasions when people are unhappy with the service we provide. We thoroughly investigate all complaints, and use the findings to evaluate and improve our service. Often complaints are a result of the fact that customers were unhappy with what they were told, rather than the service they received.

During 2014/15 we received sixteen complaints, an increase of two from the prior year. The Senior Management Team reviews the complaints in order to learn lessons from them and to improve our service where possible. These figures should be viewed in the wider context of the fact that we helped tens of thousands of people during the year, and hence demonstrate an excellent customer service record.

Financial Position

Year end reserves are £681,471 compared with £331,709 at the end of 2013/14. Total assets have increased by £471,389 to £1,053,269. The main reasons for the increase are additional assets arising from Pension Wise which was a service added in 2014/15 and the renewal of the IT infrastructure in line with the IT Strategy. Total liabilities increased by £121,627. The main element is deferred income related to Pension Wise grant funding. The financial statements and notes provide further information.

Signed on behalf of the Board by:



Michelle Cracknell

Accounting Officer

24 June 2014

⁴ Source: Cabinet Office website.

Governance Statement

The Pensions Advisory Service is a company limited by guarantee and an executive-non-departmental public body sponsored by the Department for Work and Pensions. During the year, it also took on the Pension Wise obligations arising from a grant agreement with HM Treasury.

Governance Framework

As a company limited by guarantee, TPAS is governed in accordance with its Memorandum and Articles of Association. Subject to the Articles, Directors are responsible for the management of the company's business, for which purpose they may exercise all the powers of the company. As a non-departmental public body (NDPB), TPAS is accountable to the Department for Work and Pensions (DWP) for the use of its resources and its performance. The relationship is set out in a Framework Document. As Accounting Officer, I am responsible for maintaining a sound system of internal control that supports the achievement of TPAS' objectives and complies with the Framework Document including safeguarding public funds for which I operate in accordance with the responsibilities set out in Managing Public Money. Board members are responsible for TPAS' strategic direction and for monitoring the performance of the Chief Executive and the Senior Management Team (SMT). The Board currently comprises five non-executive Directors, the Chair and the Chief Executive.

During the financial year, there were a number of Board membership changes. Partha Dasgupta, former Chair of the Board, retired in July 2014. David Harker, who was appointed as his successor by the Secretary of State for the Department for Work and Pensions, from 14 July 2014 sadly passed away on 2 March 2015 after a period of illness. Geoff Shanks was appointed as Interim Chair on 19 January 2015. Three Board members appointed in August 2010 completed their term at the end of July 2014 and three non-executive directors, including the Interim Chair, were appointed in August 2014. Two of the remaining non-executive members of the Board appointed at the same time will complete their extended three year term on 31 July 2015 and successors have been appointed to start their term on 1 August 2015. Board members have a wide range of management skills and specialist experience in and out of the pensions sector. Prior to advertising for the replacement of the two members leaving in July 2015, the Remuneration and Appointments Committee undertook an assessment to determine the skills required over the next three years and to identify the gaps in the current Board that will be filled by the incoming new non-executive members.

All Directors are required to complete a register of interests. A register of Board members' business interests is published on TPAS' website at:
http://www.pensionsadvisoryservice.org.uk/corporate-documents-files/uploads/Boards_declaration_of_interest_2014_Dec.pdf.

The Board has two sub-committees:

- Audit and Risk Management Committee (ARC), with two non-executive members, reviews the completeness, reliability and integrity of the assurance framework and advises the Accounting Officer and the Board. The Chief Executive and representatives of the DWP, internal auditors and National Audit Office (NAO) attend all meetings of the Committee.
- Remuneration and Appointments Committee, with two non-executive members, determines pay and related matters, reviews performance appraisal frameworks and assists in the recruitment of senior staff, as well as monitoring equality and other staff-related policies.

The Board's responsibilities are to:

- establish and review, in consultation with the DWP, the strategic direction for TPAS;
- ensure that the Secretary of State for Work and Pensions is kept informed of changes likely to affect our strategic direction or the attainability of targets;
- ensure that TPAS operates within its legal framework and statutory obligations;
- scrutinise the performance of the Chief Executive;
- monitor targets and take action where necessary;
- contribute personal and professional experience to benefit the organisation;
- represent TPAS externally, when appropriate; and
- add value to the organisation through mentoring, support and advice – balancing a challenging approach with being supportive to TPAS and its objectives.

The Board meets six times a year, and the attendance records for the Directors for the year ending 31 March 2015 are set out below:

Board Members	Board	Audit and Risk Management Committee	Remuneration and Appointments Committee
Number of meetings⁵	6	4	3
David Harker ⁶	2 of 4	–	2
Geoff Shanks ⁷	4 of 4	1 of 1	1
Alan Woods	4 of 4	–	3
Baroness Drake of Shene	4 of 4	1	2
Colette Bewley ⁸	6	2	1 of 1
Tilly Ross	6	4	–
Partha Dasgupta	2 of 2	–	–
David Clarke	2 of 2	2 of 2	–
Baroness Hollis of Heigham	1 of 2	–	–
Michelle Cracknell	6	4	3

Board members also held unscheduled meetings to discuss the Corporate Plan and arrangements for taking on the new Pension Wise service obligations.

The Board conducted a formal Board Effectiveness Review in February 2015, using a self-assessment tool completed by non-executive Board members. This used a subset of questions recommended by the NAO, ranking the Board's performance in the areas of governance, risk, accountability and culture. Extra questions were added focusing on stakeholder management and Board behaviours. In addition to the five Non-Executive Board members (NED), views of the DWP Stewardship team as well as those of the Chief Executive and Head of Corporate Services were also sought via completing the questionnaire. While the results were on the whole positive a number of areas for improvement were raised with a view to identifying follow up actions. While NEDs felt happy with the level of challenge and support of the Executive some thought that it could be more focussed and of higher in quality. On Board papers there was a continuing need for the Board in its discussions not to get too operational, and for the level of content to assist this process e.g. more consideration of which issues were big enough to come to the Board. Without compromising their independent role, NEDs felt that there was more that they could offer by way of

⁵ David Harker, Geoff Shanks, Alan Woods and Baroness Drake of Shene joined the Board part way during the financial year and the maximum number of meetings they could have attended was 4 for the Board, 2 for the Audit and Risk Management Committee and 1 for the Remuneration and Appointments Committee.

⁶ David Harker only attended the Remuneration and Appointments Committee for specific items on the Chief Executive's objectives and performance as well as the recruitment of new Board members and not as a member of the Committee.

⁷ Geoff Shanks also only attended the Remuneration and Appointments Committee for specific items on the Chief Executive's objectives and performance as well as the recruitment of new Board members and not as a member of the Committee. He also attended one of the Audit and Risk Management Committee meetings in an observer capacity following his appointment as Interim Chair.

⁸ Colette Bewley joined the Remuneration and Appointments Committee in March 2015 to replace Baroness Drake when she became interim chair of the Audit and Risk Management Committee.

assistance on stakeholder engagement and that this was appropriate given the small size of TPAS. There was a need to continue the representation of Volunteer Advisers at Board level. While its Terms of Reference require the Audit and Risk Management Committee (ARC) "to advise the Board and Accounting Officer on the strategic processes for risk, control and governance", there was a request to provide more insight to the Board on the granularity of the ARC's work on risk.

During the year, the Board and the Executive devoted a significant amount of time to securing a grant agreement with HM Treasury to deliver the telephony element of the Pension Wise guidance service. In addition to discussions at scheduled Board meetings, a number of extra meetings and teleconferences were held in addition to regular updates. The Chair and Interim Chair had meetings with HM Treasury, DWP Ministers and senior civil servants involved in the programme. In addition to the Board testing the Executive's capacity and capability to deliver this service successfully, it also took advice on key legal matters. The final decision to enter into formal obligations for delivering the service was only taken after considering customers' interests, TPAS' operational readiness, legal risk, appropriate indemnities, the strategic opportunity, the probability of success and the long-term interests of TPAS including its business as usual services.

In discharging its responsibilities, the Board has overseen TPAS' project to build the services in respect of the HM Treasury's Pension Wise, which has resulted in a doubling of the organisation's staff. The team comprised of TPAS Senior Management Team and KPMG. It developed a programme of work, identified risks and worked closely with HM Treasury, who designed and built the Pension Wise service that TPAS will be delivering. The Pension Wise project risk register was presented at Board meetings and at the Audit and Risk Management Committee. A regular project status report including key risks was also presented to the Board as well as HM Treasury. Specific risks at the point of signing the grant agreement included the uncertain outcome of HM Treasury retendering the service, call volumes and outstanding technical and governance actions. The Board felt that these risks were acceptable given the greater risk of TPAS' non participation in the delivering of the service. Following the completion of their work as project managers, KPMG produced an end of project report for consideration by the Board and the Executive in evaluating the project and planning for the future of the service.

Assurance The Board and the Audit and Risk Management Committee rely on multiple sources of assurance that the organisation is being well managed towards the achievement of its objectives and that appropriate controls are in place and working. These are:

- management reporting and key performance indicators, together with robust enquiry and discussion at Board meetings;
- detailed policies and operating procedures being delivered by capable, well-qualified senior managers;
- regular consideration of the strategic and operational risks which TPAS faces;
- advice from the Audit & Risk Management Committee;

- a programme of Internal Audit; and
- external Audit by the National Audit Office.

In its annual report to the Board, the Audit and Risk Committee stated that it is satisfied that "TPAS' approach to risk and control is generally sound and is proportionate to its limited resources and the potential risks it faces".

Internal Audit produced 6 reports during the year, all of which were rated as providing substantial assurance including the financial controls audit. Internal auditors identified a number of areas that required improvement including ensuring that SMT minutes fully reflect discussions held, updating and service specific risk registers and fully documenting IT controls in place. All recommendations were accepted by the Executive and are being implemented by the due dates subject to budget constraints in one case. The independent internal audit contractor's annual report its opinion was that, "The Pensions Advisory Service has adequate and effective management, control and governance processes to manage the achievement of its objectives". The external audit of the annual report and accounts did not identify any significant deficiencies or weaknesses and TPAS received a "clean" audit opinion.

Risk Appetite

During the year, the Board reviewed and confirmed its appetite for operational risk, taking a minimalist approach to reputation, compliance and financial risk, but adopting a more open approach to innovation in areas including operational delivery, productivity and value for money, in order to encourage well thought-through new approaches.

The most significant operational risks facing the organisation during the year have been:

- increased volumes of customers
- implementing Pension Wise
- absence of the Chair through illness

The Board considers that satisfactory mitigation of these risks has been achieved by management through, inter alia, having an agreed succession plan, robust contract management and flexible management of staff resources during peaks and troughs.

Risk Management and Control

TPAS applies the principles set out in HM Treasury's Orange Book (Management of Risk – Principles and Concepts) as far as possible in putting in place systems for identifying and managing risks and setting a risk appetite. The framework does not set out to eliminate risk but to manage risks to an acceptable level and seize opportunities to deliver TPAS' objectives.

The Board members consider and decide on the strategic risks. The Chief Executive and Senior Management Team are responsible for assessing, monitoring and mitigating all operational risks, assisted by the Audit and Risk Management Committee.

In comparison with other areas of public service, TPAS is a low-risk organisation but, in a fluid and challenging environment, where significant change characterises pensions' policy, the Board identified four strategic challenges that it monitors and holds management to account for appropriate mitigation. These are that TPAS:

- maintains its central role in the delivery of the future Pension Wise service
- builds on its current excellent reputation with key stakeholders as the source of accurate, current, independent technical expertise
- continues to expand its reach to serve the unmet demand for accessible pensions advice within the constraints of available funding
- manages its risks more dynamically, to reflect the rapidly changing operating environment

While actions have been taken to mitigate these risks, their strategic nature means that they will continue to be priority areas for TPAS.

Reporting of strategic and operational risk alternates half yearly, with specific aspects of risk management especially relating to Pension Wise; resulting in risk being considered about every quarter by the Board. As in prior years, significant projects have their own risk registers which are reviewed as a part of the project implementation process by the Chief Executive and the member of SMT responsible for the project.

Information Security

TPAS treats its data protection obligations extremely seriously and regularly reviews its security measures under the supervision of the Audit and Risk Management Committee. It completed the DWP's annual information security assessment and has policies and procedures in place appropriate to the organisation to manage the risks inherent in the business model. TPAS complies with the Government's Security Policy Framework as far as it applies to small NDPBs and the latest end of year review led by DWP indicates that we have implemented all significant actions arising from the last review.

In order to improve our security, TPAS embarked on a phased project to enable our volunteer advisers to use TPAS IT facilities starting with using e-mail facilities, with a view to providing them with access to saving files on TPAS' servers. This is a long recognised risk area that we are now addressing by gradually implementing actions that will ensure that information held by volunteer advisers is held in a more controlled environment.

No information security breaches were reported.

Conclusion

TPAS corporate governance framework rests on a Board that comprises independent non-executive Directors, an active Audit and Risk Management Committee and a separate Remuneration and Appointments Committee. Board members are highly experienced with a good track record in identifying and implementing good practice in governance and as a consequence, governance, assurance, risk assessment and control at TPAS stands comparison with larger and more complex organisations in government.

Until recently, TPAS has been a small, low risk organisation. The risk profile has been increased by the growth brought about by Pension Wise. The Board and the Executive recognised this early in the project and put arrangements in place to

manage the risks. TPAS continually reviews its governance arrangements and its risk and control frameworks and has made further improvements in the past year. As the Accounting Officer, I and the Board consider that TPAS complies with those aspects of the Code of Good Practice for Corporate Governance in central government departments that are relevant to it as a non-departmental public body.



Michelle Cracknell

Accounting Officer

24 June 2015

Remuneration Report

Service Contracts All TPAS appointments are made on merit on the basis of fair and open competition. Some officials covered by this report hold renewable fixed term contracts. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Remuneration (Salary) and Pension Entitlements The following sections provide details of the remuneration and pension interests of TPAS' Board members. The total salaries paid to non-executive Board members and the Chair are shown below. The information in these tables has been subject to audit.

Remuneration (salary)		2014/15	2013/14
	Board member Pay	Salary £'000	Salary £'000
	Colette Bewley	5-10	0-5
	Baroness Jeannie Drake	0-5	N/A
	Tilly Ross	5-10	0-5
	Geoff Shanks	15-20	N/A
	Alan Woods	0-5	N/A
	Alex Balfour	0-5	0-5
	David Clarke	0-5	0-5
	Baroness Patricia Hollis	0-5	0-5

Non-executive directors do not receive pension benefits and apart from the reimbursement of out of pocket expenses they do not receive any benefits in kind.

Baroness Jeannie Drake, Geoff Shanks and Alan Woods were appointed to the Board from 1 August 2014. Alex Balfour, David Clarke and Baroness Patricia Hollis ended their term on the Board on 31 July 2014. The Chair, David Harker was appointed on 14 July 2014 following Partha Dasgupta's decision to retire on 13 July 2014. Sadly he passed away on 2 March 2015. Geoff Shanks was appointed Interim Chair of TPAS on 19 January 2015 pending the appointment of new Chair. The information in this table has been subject to audit.

	Date appointed/ Reappointed	2014/15 Salary £'000	2013/14 Salary £'000	Unexpired term of contract	Notice period
Geoff Shanks	19/01/2015	15-20	N/A	6 months	1 month
David Harker	14/07/2014	20-25	N/A	N/A	–
Partha Dasgupta	04/01/2013	5-10	25-30	N/A	–

Executive Staff Salaries

Pay awards for senior staff fall within the remit of the Remuneration and Appointments Committee having regard to the pay remit agreed with DWP. Increases to staff remuneration are subject to DWP Secretary of State's approval. Staff can receive a performance award based on performance, providing the total bonuses do not exceed a fixed percentage (3.5%) of the total pay bill.

The only Executive Board member is the Chief Executive, whose targets fall under the remit of the Remuneration and Appointments Committee. Other staff targets are approved by the Chief Executive.

The following section provides details of the remuneration, pension interests and notice periods of senior executives. The information in this table has been subject to audit.

Salary, Performance Award and Pensions Single total figure of remuneration

Chief Executive	Salary Banding £'000				Performance Award Band £'000		Pension Benefits £'000		Total £'000	
	2014/15 Annual	2014/15 Actual	2013/14 Annual	2013/14 Actual	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14
Michelle Cracknell	95-100	95-100	95-100	50-55	0-5	N/A	N/A	N/A	100-105	50-55
Jonathan Kalemera	N/A	N/A	90-95	75-80	N/A	0-5	N/A	6	N/A	90-95
Marta Phillips	N/A	N/A	90-95	30-35	N/A	N/A	N/A	3	N/A	35-40
Band of highest paid Executive's remuneration	95-100		95-100						100-105	90-95
Median Total	30,000		38,800						31,236	39,218
Ratio	3.3		2.6						3.35	2.42

Notes:

1. No employees received remuneration in excess of the highest paid office holder.
2. None of the Executives above was entitled to any benefits in kind.
3. Michelle Cracknell was reappointed on 1 October 2014 for a three-year contract. The unexpired term of contract is therefore 2 years and 6 months and her notice period is 3 months. She is in a partnership scheme for which no calculation has been provided by the scheme managers.
4. Jonathan Kalemera acted up as Chief Executive from 12 July 2013 to 30 September 2013.
5. Marta Phillips served as Chief Executive from 11 April 2010 to 11 July 2013.

Performance Awards

Performance awards are based on performance levels attained and are made as part of the appraisal process. They relate to the performance in the year in which they become payable to the individual. TPAS' performance is covered in the Strategic Report.

Executive Pension Arrangements

- Michelle Cracknell is a member of the PCSPS stakeholder 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 Classic plus, 65 for Nuvos and members of the stakeholder scheme elect their retirement age. Further details of the pension scheme and contribution rates made in respect of all staff during the year can be found in Note 13 in the Notes to the Accounts. The information in this table has been subject to audit.

Official	Accrued pension at pension age as at 31/03/15	Real increase in pension at pension age	CETV at 31/03/15	CETV at 31/03/14	Value of the real increase in pension
	£'000	£'000	£'000	£'000	£'000
Michelle Cracknell	N/A	N/A	N/A	N/A	N/A
Jonathan Kalemera	N/A	N/A	N/A	82	N/A
Marta Phillips	N/A	N/A	N/A	750	N/A

Note: Michelle Cracknell is in a partnership scheme for which no calculation has been provided by the scheme managers. TPAS contributed £16,300 (2013/14: £8,000) and she contributed £2,400 (2013/14: £1,200) to the scheme during 2014/15. Marta Phillips' CETV at 31 March 2014 included service before she joined TPAS.

The Cash Equivalent Transfer Value (CETV)

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 member 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 worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 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.

**Value of Real
Increase in
Pension**

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.



Michelle Cracknell

Accounting Officer

24 June 2015

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 as adopted by the European Union. 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 IFRSs 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 H.M. Treasury.

Signed on behalf of the Board by:



Michelle Cracknell

Accounting Officer

24 June 2015

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31 March 2015.

The Strategic Report section of this report provides a comprehensive review of the development and performance of TPAS' operations for the year ended 31 March 2015.

The Governance Statement section provides information on governance arrangements and risk management.

Our Funding

The company is funded by grant-in-aid from DWP out of a share of the general pension levy raised by DWP's Secretary of State. In 2014/15, DWP also provided ring-fenced programme funding from DWP to fund its automatic enrolment work. For its work to deliver services related to Pension Wise, TPAS received £1,353,356 from HM Treasury under grant agreements which require these amounts to be ring-fenced. TPAS' only other form of income is bank interest and our ability to meet contractual obligations is dependent on the continued receipt of these funds.

The total cost of administering TPAS was £3,458,578 (2013/14: £3,299,813). This excludes capital expenditure amounting to £119,642 (2013/14: £97,623) as well as specific funding for automatic enrolment and Pension Wise.

Movements in Assets and Liabilities

Changes in the level of creditors, fixed and intangible assets simply reflect the level of financial activity during the year and timing differences.

Corporate Responsibilities

Our list of Directors is shown at the front of this document on page 5.

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 2015 was 6 days (2013/14: 10 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 prescribed steps 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 £5 million in aggregate, including costs. HM Treasury has undertaken to cover this risk in respect of Pension Wise so no commercial insurance has been put in place.

Going Concern Status

The statement of the financial position at 31 March 2015 shows net assets of £681,471 (2013/14: £331,709). Future financing of TPAS will be met by grant-in-aid from DWP, as TPAS' sponsoring department and we do not foresee any change in this arrangement in the future. Pension Wise funding is agreed to 31 March 2016. Accordingly, we have adopted the going concern basis for the preparation of these financial statements.

Auditors The Government Resources and Accounts Act (Audit of non-profit making companies) Order 2009 appointed the Comptroller and Auditor General to audit the accounts of The Pensions Advisory Service. The order applies to accounts prepared for the financial years commencing on, or after 1 April 2008 and the Comptroller and Auditor General therefore audited these accounts for the year ended 31 March 2015.

Fees due to the NAO are £ 21,000 (2013/14: £18,250) for external audit work.

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

By order of the Board



Michelle Cracknell

Accounting Officer

24 June 2015

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

I certify that I have audited the financial statements of The Pensions Advisory Service Ltd for the year ended 31 March 2015 under the Government Resources and Accounts Act 2000. The financial statements comprise the Statement of Comprehensive Net 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 directors and the 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. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with 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 read all the financial and non-financial information in Annual Report and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements 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 2015 and of its deficit for the year then ended;
- the financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by 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 Strategic Report and 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 returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse

Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London, SW1W 9SP

26 June 2015

Statement of Comprehensive Net Expenditure

For the Year Ended 31 March 2015

	Note	2014/15 £	2013/14 £
Administration expenditure	2	(3,458,578)	(3,299,813)
Programme expenditure – Automatic enrolment	2	(90,046)	(212,269)
Total Programme Income – Pension Wise	2	(1,038,641)	-
Programme Income – Automatic enrolment		90,046	212,269
Total Programme Income – Pension Wise		1,246,790	-
Other Income		10	938
Operating deficit		(3,250,419)	(3,298,875)
Interest receivable		226	257
Deficit before taxation		(3,250,193)	(3,298,618)
Taxation	7	(45)	(51)
Deficit for the year		(3,250,238)	(3,298,669)

This deficit is funded by grant-in-aid from DWP of £3,600,000 (2013/14: £3,141,000) which, as it is a contribution from a controlling party, cannot be treated as income.

Other Comprehensive Expenditure

	Note	2014/15 £	2013/14 £
Items that will not be reclassified to net operating costs:			
Net loss on revaluation of Intangibles	8	-	(3,081)
Total Comprehensive Expenditure for the year ended 31 March 2015		(3,250,238)	(3,301,750)

All activities were continuing throughout the year.

The notes on pages 34 to 46 form part of these financial statements.

Statement of Financial Position

As at 31 March 2015

	Note	31 March 2015 £	31 March 2014 £
Non-current assets			
Intangible assets	8	189,463	105,574
Property, plant and equipment	9	294,408	177,987
Total non-current assets		483,871	283,561
Current assets			
Trade and other receivables	10	253,338	184,040
Cash and cash equivalents	11	316,060	114,279
Total current assets		569,398	298,319
Total assets		1,053,269	581,880
Current liabilities			
Trade and other payables	12	(371,798)	(250,171)
Total liabilities		(371,798)	(250,171)
Assets less liabilities		681,471	331,709
Reserves			
General reserve		673,219	323,457
Revaluation reserve		8,252	8,252
		681,471	331,709

The notes on pages 34 to 46 form part of these financial statements. The financial statements were approved and authorised for issue by the Board on and signed on its behalf by:



Geoff Shanks

Interim Chair



Michelle Cracknell

Chief Executive

24 June 2015

Statement of Cash Flows

For the Year Ended 31 March 2015

	Note	2014/15 £	2013/14 £
Cash flows from operating activities			
Operating deficit		(3,250,419)	(3,298,875)
Depreciation and amortisation	8,9	127,481	107,850
(Increase) in trade and other receivables	10	(69,298)	(25,452)
Increase/(decrease) in trade and other payables	12	121,627	(46,561)
Interest received		226	257
Taxation	7	(45)	(51)
Net cash outflow from operating activities		<u>(3,070,428)</u>	<u>(3,262,832)</u>
Cash flows from investing activities			
Purchase of property, plant, equipment and computer software	8,9	<u>(327,791)</u>	<u>(80,669)</u>
Net cash outflow from investing activities		<u>(327,791)</u>	<u>(80,669)</u>
Cash flows from financing activities			
Grant-in-aid received from DWP		<u>3,600,000</u>	<u>3,141,000</u>
Net cash inflow from financing activities		<u>3,600,000</u>	<u>3,141,000</u>
Net increase (decrease) in cash and cash equivalents during the period		201,781	(202,501)
Cash and cash equivalents brought forward	11	<u>114,279</u>	<u>316,780</u>
Cash and cash equivalents carried forward	11	<u>316,060</u>	<u>114,279</u>

The notes on pages 34 to 46 form part of these financial statements.

Statement of Changes in Taxpayers' Equity

For the Year Ended 31 March 2015

	Revaluation Reserve £	General Reserve £	Total Reserves £
Balance at 31 March 2013	11,333	469,606	480,939
Changes in taxpayers' equity for 2013/14			
Deficit for the year	–	(3,298,669)	(3,298,669)
Revaluation of intangible fixed assets	(3,081)	–	(3,081)
Total comprehensive expenditure for 2013/14	(3,081)	(3,298,669)	(3,301,750)
Grant-in-aid received from DWP	–	3,141,000	3,141,000
Notional funding for asset transfers	–	11,520	11,520
Balance at 31 March 2014	8,252	323,457	331,709
Changes in taxpayers' equity for 2014/15			
Deficit for the year	–	(3,250,238)	(3,250,238)
Revaluation of intangible fixed assets	–	–	–
Total comprehensive expenditure for 2014/15	–	(3,250,238)	(3,250,238)
Grant-in-aid received from DWP	–	3,600,000	3,600,000
Balance at 31 March 2015	8,252	673,219	681,471

The notes on pages 34 to 46 form part of these financial statements.

Notes to the Accounts

For the Year Ended 31 March 2015

1. Statement of Accounting Policies

1.1 Basis of preparation

These financial statements have been prepared, on a going concern basis, in accordance with applicable International Financial Reporting Standards as adopted by the EU, the Companies Act 2006, and the accounting and disclosure requirements given in HM Treasury's Financial Reporting Manual 2014/15 ("FReM") in so far as these are consistent with the requirement of the Companies Act. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the standards permit a choice of accounting policy, the accounting policy which is judged to be the most appropriate to the particular circumstances of TPAS for the purpose of giving a true and fair view has been selected. The particular accounting policies adopted by TPAS are set out below. They have been applied consistently in dealing with items considered material in relation to the accounts.

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.

These accounts have been prepared under the historic cost convention and modified to account for the revaluation of property, plant and equipment and intangible assets.

International Financing Reporting Standards Amendments and Interpretations effective in 2014/15

No Amendments or Interpretations that have been issued but are not yet effective, and that are available for early adoption, have been applied by TPAS in these financial statements. There are no Amendments or Interpretations issued, but not yet effective, which are expected to have a material effect on the financial statements in the future.

There were no other new or revised Standards and Interpretations adopted in the current year.

1.2 Intangible Assets

Intangible assets consist of computer software licences held only for the purpose of managing TPAS. All intangible assets are carried at fair value in accordance with the FReM and revalued using the price index numbers for current cost accounting obtained from the Office of National Statistics.

Software licences above the capitalisation threshold of £500 are capitalised in the year of acquisition and consist of assets with indefinite and finite lives of more than one year.

Amortisation is charged on a straight line basis over the estimated useful life being the period of the software licences. Where an indefinite licence period has been granted the amortisation is matched to the hardware on which the software is installed. Amortisation charges are included in Administration Expenses in the Statement of Comprehensive Net Expenditure.

Amortisation periods and methods are reviewed annually and adjusted if appropriate.

1.3 Property, plant and equipment

Property, plant and equipment consist of IT hardware and equipment together with some other furniture and fittings held only for the purpose of managing TPAS. All property, plant and equipment should be carried at valuation in accordance with the FReM. However, as permitted by the FReM, TPAS has elected to adopt a depreciated historical cost basis as a proxy for fair value of its property, plant and equipment, as these are assets that have short useful economic lives or low values (or both).

TPAS rents office space under operating leases, and does not own any land or buildings.

Non-current assets are recognised where the original cost of the item is in excess of £500 and has an expected useful life of more than one year.

1.4 Depreciation

Depreciation is charged on property, plant and equipment 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% reducing balance
Furniture & Fittings	20% reducing balance
Leasehold Improvements	Over the life of the lease

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

1.5 Programme income and expenditure

Programme income is receivable from The Department for Work and Pensions (DWP) to fund the company's expenditure in respect of advisory work relating to automatic enrolment for pension schemes.

Programme income is also receivable from HM Treasury to fund the company's expenditure in respect of its Pensionwise project.

1.6 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.

DWP recoups the Grant-in-aid via the general levy which is collected by The Pensions Regulator on behalf of the Secretary of State for Work and Pensions.

1.7 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 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 Net Expenditure.

1.8 Operating Leases

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

1.9 Pension Costs

The pension charge represents the contributions made by the company to pension plans during the year. This includes any charges made to make up the company's share of deficits in schemes that TPAS has participated in. Further details of the various plans are given in note 13.

1.10 Interest income

Interest income is recognised on an accruals basis.

1.11 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.

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

There are no significant sources of estimation uncertainty.

1.12 General Reserve

The general reserve is an accumulation of surplus Grant-in-Aid funding. There are no rights, preferences or restrictions attached to the general reserve.

1.13 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term deposits. Short term deposits are defined as deposits with an initial maturity of three months or less.

1.14 VAT

Expenditure in the Statement of Comprehensive Net Expenditure Account and costs for capitalised non-current assets are shown inclusive of VAT, which is irrecoverable.

2. Deficit before taxation

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

	Note			2014/15	2013/14
				£	£
		Pension Wise	Other	Total	Total
Staff costs – administration		–	2,119,566	2,119,566	2,045,532
Staff costs – programme		217,759	90,046	307,805	212,377
Total staff costs	3	217,759	2,209,612	2,427,371	2,257,909
Accommodation costs		29,399	344,746	374,145	374,745
Travel costs		495	14,883	15,378	12,746
Office Costs		50,308	611,900	662,208	473,418
Legal and professional fees		7,800	115,936	123,736	120,473
Auditors' remuneration		–	21,000	21,000	18,250
Bank charges		15	530	545	764
Other costs – administration		–	114,763	114,763	145,465
Other costs – programme		720,176	–	720,176	–
Total other costs				834,939	145,465
Depreciation	9	9,221	70,782	80,003	72,813
Amortisation	8	3,467	44,011	47,478	35,037
Operating lease rentals		–	462	462	462
Total expenditure		1,038,640	3,548,625	4,587,265	3,512,082
Programme income –				(90,046)	(212,269)
Automatic enrolment					3,512,082
Programme income –				(1,038,641)	–
Pension Wise					
Total administrative expenditure				3,458,578	3,299,813

Accommodation costs include £324,477 (2012/13: £297,652) operating lease rentals under land and Buildings.

3. Salaries and on-cost (including Board members)

	2014/15 Total £	2013/14 Total £
Wages and salaries	1,962,682	1,804,016
Social security costs	156,022	148,259
Pension costs	308,667	305,634
Total	2,427,371	2,257,909

Of the total wages and salaries costs, £1,713,107 (2013/14: £1,636,420) is included in administrative expenditure and £249,575 (2013/14: £167,596) is included in programme expenditure. Of the total social security costs, £138,096 (2013/14: £133,821) is included in administrative expenditure and £17,926 (2013/14: £14,438) is included in programme expenditure. Of the pension costs, £268,364 (2013/14: £275,290) is included in administrative expenditure and £40,303 (2013/2014: £30,244) is included in programme expenditure.

Of the total wages and salaries costs of £1,962,682, £1,756,739 (2013/14: £1,702,332) relates to permanent members of staff and £205,943 (2013/14: £101,684) relates to temporary members of staff.

Temporary staff includes pay costs amounting to £107,086 (2013/14: £23,421) for a DWP member of staff seconded to TPAS.

4. Employee Information

	2014/15	2013/14
The average number of employees during the year	42	41

Volunteer advisers continued to provide vital assistance in the delivery of the organisation's services during 2014/15. At the end of 2014/15 we had 401 volunteer advisers (2013/14: 384).

5. Directors Emoluments

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

(i) Total Directors Emoluments

	2014/15 £	2013/14 £
Total emoluments for Executive Directors	104,583	84,668
Pension contributions	16,300	16,156
Total for Executive Directors	120,883	100,824
Total emoluments for Non-Executive Directors	72,052	56,667
Total Directors' Emoluments	192,935	157,491

Non-executive Directors were also reimbursed for travel and subsistence costs of £2,287 (2013/14: £4,035).

(ii) Highest Paid Director

The remuneration for the highest paid director was:

	2014/15	2013/14
	£	£
Salary	104,583	50,879
Pension contributions	16,300	7,943
	<hr/> 120,883	<hr/> 58,822

6 Operating Segments

TPAS reports two operating segments internally to management. The segmental analysis for the core service and pension wise segments is available in note 2.

7. Taxation

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

	2014/15	2013/14
	£	£
UK Corporation tax 20% (2013/14: 20%) on bank interest received	45	51

8. Intangible Assets

	Software Licenses
	£
Cost or valuation	
As at 1 April 2014	227,987
Additions in year	131,367
As at 31 March 2015	<hr/> 359,354
Amortisation	
As at 1 April 2014	122,413
Charge for the year	47,478
As at 31 March 2015	<hr/> 169,891
Net Book Value	
As at 31 March 2015	<hr/> 189,463
As at 31 March 2014	<hr/> 105,574

**Software
Licenses**

£

Cost or valuation

As at 1 April 2013	190,490
Additions in year	45,520
Revaluation	(8,023)
As at 31 March 2014	<u>227,987</u>

Amortisation

As at 1 April 2013	92,318
Charge for the year	35,037
Revaluation	(4,942)
As at 31 March 2014	<u>122,413</u>

Net Book Value

As at 31 March 2014	<u>105,574</u>
As at 31 March 2013	<u>98,172</u>

9. Property, Plant and Equipment

	Leasehold Improvements	Information Technology	Furniture & Fittings	Total
	£	£	£	£
Cost				
As at 1 April 2014	25,872	423,528	183,341	632,741
Additions in year	–	178,536	17,888	196,424
As at 31 March 2015	25,872	602,064	201,229	829,165
Depreciation				
As at 1 April 2014	1,453	283,634	169,667	454,754
Charge for the year	3,198	71,914	4,891	80,003
As at 31 March 2015	4,651	355,548	174,558	534,757
Net Book Value				
As at 31 March 2015	21,221	246,516	26,671	294,408
As at 31 March 2014	24,419	139,894	13,674	177,987
Cost				
As at 1 April 2013	–	409,194	174,822	584,016
Additions in year	25,872	17,712	8,519	52,103
Adjustment	–	(3,378)	–	(3,378)
As at 31 March 2014	25,872	423,528	183,341	632,741
Depreciation				
As at 1 April 2013	–	215,882	166,059	381,941
Charge for the year	1,453	67,752	3,608	72,813
As at 31 March 2014	1,453	283,634	169,667	454,754
Net Book Value				
As at 31 March 2014	24,419	139,894	13,674	177,987
As at 31 March 2013	–	193,312	8,763	202,075

10. Trade and other receivables

	31 March 2015	31 March 2014
	£	£
Amounts falling due within one year:		
Prepayments and accrued income	185,209	149,067
Other receivables	68,129	34,973
	253,338	184,040
There are no intra government balances.		

11. Cash and cash equivalents

	2014/15	2013/14
	£	£
Balance at 1 April	114,279	316,780
Net change in cash and cash equivalent balances	201,781	(202,501)
Balance at 31 March	316,060	114,279
The following balances were held at:	31 March	31 March
	2015	2014
	£	£
Commercial banks and cash in hand	316,060	114,279

12. Trade and other payables

	31 March	31 March
	2015	2014
	£	£
Amounts falling due within one year:		
Trade payables	4,585	37,881
Taxation	45	51
Social security and other taxation	1,953	252
Accruals and deferred income	365,215	211,987
	371,798	250,171

Included in accruals and deferred income is £162,721 (2013/14: £76,148) due to other central government bodies. There are no payables falling due after more than one year (2013/14: £nil).

13. Pension Commitments

(i) Pension Schemes

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 had the right to remain in their existing schemes if they chose to. During 2012/13 the last member of staff in the Black Rock scheme transferred to the PCSPS.

The table below shows a breakdown of the contributions made by the company to the PCSPS plan totalling £308,667 (2013/14: £305,634).

Pension Scheme	2014/15	2013/14
	Contributions Paid	Contributions Paid
	£	£
PCSPS	308,667	305,634

At the end of March 2015, 65 (2013/14: 40) TPAS staff were covered by the provisions of the PCSPS, which is a defined benefit scheme. The PCSPS is an unfunded multi-employer defined benefit scheme, but TPAS is unable to identify its share of underlying assets and liabilities.

A full actuarial valuation was carried out at 31 March 2012. Details can be found in the accounts of the Cabinet Office Civil Superannuation (www.civilservice-pensions.gov.uk).

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

During 2014/15 employee contributions to both the Premium and Nuvos schemes were set at rates ranging from 3.5% to 8.85% (2013/14: 3.5% to 8.25%) 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 Consumer Price Index (CPI). Pension age is 60 for Premium scheme members.

Nuvos is a career average scheme in which a member builds up a pension based on pensionable earnings during the period of scheme membership. At the end of the scheme year (31 March 2015) the member's pension account is credited with 2.3% (2013/14: 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 CPI. Pension age is 65 for Nuvos scheme members. In all cases, members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

Employer contributions in both schemes range from 16.7% to 24.3% (2013/14: 16.7% and 24.3%) 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 2014/15, to be paid when the member retires and not the benefits paid during this period to existing pensioners.

From 1 April 2015 a new Civil Service pension scheme, Alpha is being introduced. Some employees will remain in Premium and Nuvos but the majority will transfer to Alpha and the majority of new employees will be enrolled into Alpha. The employer contribution rates for the three schemes will be in the range of 20% to 24.5%.

Instead of the Nuvos scheme, employees can choose to open a Partnership Pension Scheme. Four employees have opted to do so (2012/13: 2). The Partnership Pension Account is a stakeholder pension arrangement through PCSPS. The employer makes a basic contribution of between 3% and 12.5% (2012/13: 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% (2013/14: 3%) of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% (2013/14: 0.8%) of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

(ii) Outstanding or Prepaid Defined Contribution Scheme Payments

There are no outstanding or prepaid contributions in respect of defined contribution schemes (2013/14: £nil).

14. 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.

15. 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 2015	31 March 2014
Not later than one year	278,705	220,119
Later than one year and not later than five years	274,043	494,162
	<u>552,748</u>	<u>714,281</u>

The figures above relate to three operating leases in Belgrave Road. They are calculated based on the period left to the next lease break clause date which is June 2018. An element of the commitment is estimated by the lessor in advance and actual costs may vary slightly.

16. 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.

During the year, the company received grant-in-aid amounting to £3,600,000 (2013/14: £3,141,000) from DWP. The company received programme funding amounting to £90,046 (2013/14: £212,269) from DWP. At 31 March 2015 no amounts were outstanding (2013/14: £nil).

The company also received programme funding amounting to £1,353,356 (2013/14: £nil) from HM Treasury. Of this amount £106,566 has been deferred and is included within accruals and deferred income.

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

During the year, the company paid rent to HMRC amounting to £167,259 (2013/14: £176,642). At 31 March 2015 no amounts were outstanding (2013/14: £nil).

All transactions with directors are disclosed in the Directors' Emoluments Note 5. No Directors had any other transactions with TPAS during the year.

17. Financial instruments and associated risks

It is, and has been, TPAS' 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 and HM Treasury 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 have and has not had an exposure to foreign currency risk.

The fair values of TPAS' 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 2015	31 March 2014
	Loans and receivables	Loans and receivables
	£	£
Cash and cash equivalents	316,060	114,279
Other receivables	68,129	34,973
	384,189	149,252

Financial Liabilities by category

	31 March 2015	31 March 2014
	Financial Liabilities	Financial Liabilities
	£	£
Trade payables	4,585	37,881
Accruals	228,706	166,996
	233,291	204,877

The above figures exclude statutory payables which relate to tax due to HMRC. The accruals figure has been revised to exclude elements which are not financial liabilities.

18. Events after the reporting date

No material events have occurred since the reporting date that have an effect on the accounts.

19. Grant-in-Aid from the Department for Work and Pensions

The total grant-in-aid received from the Department for Work and Pensions in 2014/15 was £3,600,000. Of that £119,642 was applied to capital expenditure leaving £3,485,269 to be applied to revenue expenditure.

20. Grant payment from HM Treasury

Total grant payments received from the HM Treasury in 2014/15 amounted to £1,353,356. Of that £208,149 was applied to capital expenditure leaving £1,145,207 to be applied to revenue expenditure.

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