the pensions advisory service

Annual Report and Accounts for the year ending 31 March 2013

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

The Pensions Advisory Service
Annual Report and Accounts for year ending 31 March 2013

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Company Information

Registered number	02459671
Directors	**Chairman** Partha Dasgupta **Chief Executive and Accounting Officer** Marta Phillips OBE CA **Non-Executive Directors** Alex Balfour Colette Bewley David Clarke Bill Galvin Anthony Hodgkiss MBE Retired 31 July 2012 Baroness Hollis of Heigham Tilly Ross
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Bankers	Lloyds TSB Bank Plc National Clubs and Charities Centre Sedgemoor House Dean Gate Avenue Taunton TA1 2UF

About The Pensions Advisory Service

The Pensions Advisory Service is an independent and impartial organisation, dedicated to ensuring pensions are accessible to everyone through a range of methods and services.

Our free service aims to help everyone understand and access pensions information, to help people to plan for their retirement.

Our dedicated team is complemented by hundreds of experts who work as volunteers to ensure our customers receive high quality advice, help and support.. Our discussions each year with tens of thousands of members of the public, the pensions industry, financial institutions and other government bodies mean we are uniquely placed to highlight current concerns, offer advice and suggest ways forward for a better system for all.

We are proud of our heritage and planning for our future at a time of unprecedented change so we can meet, and rise to, the range of challenges new pension arrangements will bring. We will continue to work in partnership, to promote education and understanding of pensions, enabling those with whom we work to become self-reliant, minimising future dependency on state benefits and burdens on the taxpayer.

We help by providing:

- information, guidance and signposting;
- a dispute resolution service; and
- evidence-based information and insight to government departments and the pensions industry on pensions policy.

This is provided through a range of channels including:

- a national telephone helpline run by TPAS staff and volunteers
- written queries via email, post or our online web form
- our website, visited by more than 3 million users last year
- educational leaflets and factsheets
- face to face discussions at community shows and exhibitions

We receive a grant from the Department for Work and Pensions which is funded from a general levy on occupational and personal pension schemes.

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.

Chairman's Review

The transformation of the UK pension system has continued during the last year. The automatic enrolment of employees into pension schemes and the Government's announcement of a new flat rate state pension are among the most significant changes in the sector in the last half century. These are just two of the many reasons that the public has contacted the Pensions Advisory Service over the last 12 months. Our independent service has helped millions of people over the last 30 years by providing a vital source of impartial information, guidance and dispute resolution.

One of our strategic objectives is to encourage the public to use our digital tools to resolve their problems in the first instance. There were more than three million visits to our website in the last 12 months – half a million more than the year before. Adding to our online 'Ask the Expert' sessions, we expect our new online web chats to be popular, offering another way to access our expertise. During the year we launched our Facebook page and tweeted for the first time. These social media tools should also help us to access a wider audience. The number of helpline calls, written enquiries and dispute cases we handled was lower than last year. Helpline calls fell by 10%. The reduction in call numbers means that we did not meet our target for the number of calls answered per person per day. Nevertheless, I am pleased to report that customer satisfaction with our helpline remains very high with 96% willing to recommend our service and 78% taking direct action as a result of their call. We have been able to reduce the average response time for most written enquiries to five days. This is a significant improvement compared with previous years.

Our volunteers have continued to support all aspects of our service. They answered 14% of our helpline calls and were allocated 64% of our dispute resolution cases, thus contributing a notional £10m in resources – almost three times our annual expenditure. In addition to conducting our annual volunteer survey we also completed a volunteer skills audit to help equip our volunteer network with the right skills to respond to the changes taking place in the pension system. The survey revealed that our volunteers have an appetite to contribute more broadly to our activities, and we are keen to respond to that offer. We have recruited a Casework and Volunteer Manager who will recruit, support and co-ordinate the network.

We have moved from the planning to the implementation stage of automatic enrolment. This work is funded directly by DWP. The calls and written queries we receive have steadily increased during the year but they are significantly lower than the volumes expected. This might be due to employees in larger schemes having access to greater support from their employer. In the first six months of the scheme, many of the questions have come from smaller employers rather than their employees. We have seen a 3:1 ratio of employers to employees contacting us. A key focus will be to identify what role TPAS will play in supporting smaller employers as they reach their staging dates. We will continue to review the allocation of resources to this work in consultation with DWP over the next year.

Our annual operating expenditure is consistent with achieving the efficiency savings we agreed with DWP as part of the 2010 Comprehensive Spending Review. We have continued to invest in our infrastructure and so capital spending has been higher. In the last 12 months, we upgraded our telephone systems. This follows recent upgrades to our customer relationship management system and our web infrastructure. The effects of these changes should be improved productivity levels and a better service to the public. Undoubtedly, the forthcoming spending review will result in more pressure to find further efficiency savings. The Board agreed a set of principles for working with other organisations, designed to preserve our independence and impartiality but allowing us to foster partnership working and joint initiatives with others in the industry, ensuring we deploy our scarce resources effectively.

We contributed to policy development in areas relevant to our objectives. We influenced and supported the final stages of The Pensions Regulator's initiative in raising awareness on preventing fraud in the early release of pension savings. We were involved in the industry's development of the Code of Practice for Incentive Exercises and were pleased to see that many of our recommendations were incorporated. We also gave oral and written evidence to the Work and Pensions Select Committee on governance and best practice in workplace pension provision. One benefit of our new infrastructure is the ability to track emerging trends and issues more effectively. We expect this to guide our policy interventions going forward.

Marta Phillips OBE CA, our Chief Executive, announced in March that she would be standing down in summer 2013. I would like to thank her for the contribution she has made over the last three years. The Board has begun the recruitment process for a successor and would hope to make an appointment in the autumn. I would also like to thank the Board for their contribution over the last 12 months.

TPAS is now an important part of the pensions architecture, something that seemed unimaginable 30 years ago. It has been successful thanks to the support of many individuals and organisations. I would like to thank our generations of volunteers for their commitment and for donating both time and effort. I would like to thank the pensions industry without whose support we could not function – both through funding us and by co-operating with us in dispute cases. Finally, I would like to thank all the staff in the London office, past and present, for their hard work and professional approach.

Partha Dasgupta

Chairman

20 June 2013

Performance Review

Information and Guidance

As the gateway into the TPAS service, the work of our Information and Guidance team remains fundamental to the way TPAS is perceived by the general public. Our paid and voluntary technical specialists are the first point of contact, delivering our national helpline and information services and dealing with an average of 260 calls and more than a 100 written queries per day.

We value the range of skills our staff and volunteers contribute:

- their ability and patience in understanding what customers want and need;
- the currency of their knowledge;
- their skill in translating complex information to ensure their responses are appropriate and accurate, and
- their capacity to make themselves understood – so our enquirers understand their choices and what to do next.

We are proud of the fact that 96% of people who contact our helpline tell us they would definitely recommend our service to their families and friends and that 78% take positive action on their pensions after talking to us.

We will continue to actively explore avenues to support our volunteers with regular training, workshops and other opportunities for their continuing professional development. Volunteer advisers who answer the telephones in our office are seen as part of the wider team, are invited to team meetings and have access to all our staff briefings and technical updates. We regularly review the work of our volunteers, ensuring that the information and guidance offered remains of a high quality and that volunteers are aware of and supported to adopt best practice.

In recognition of the likely impact of changes in pensions policy on our service, we have strengthened our infrastructure and increased support for our Information and Guidance team. In the future we anticipate this team will be dealing with increased volumes of increasingly complex enquiries. It is important they have the tools to meet those demands. We have increased training to ensure our knowledge and technical ability is current and strong. Through investment in our technology infrastructure, we have strengthened our ability to monitor and manage workloads and have put tools in place to help people to contact us through a range of new and improved channels.

To keep our service running as effectively as possible and to help us to manage any sharp increases in demand, we have completed a significant service development programme. Key achievements this year included the introduction and integration of new telephony and customer relationship management systems (CRM) and the introduction of a Quality Assurance Framework to ensure TPAS continues to offer an excellent customer service. We have also developed an improved management information system, to enable us to develop our services more effectively in the future.

Our Part in Automatic Enrolment

We have worked closely with DWP and our partners to deliver the Government's automatic enrolment policy. During the year, we continued to discuss how our role will evolve as government policy matures. The Department's research showed an estimated significant increase in our workload; consequently, we were separately funded to do this work. As the Department expected us to deal with the more complex enquiries, we changed our business model, using our management information to make our processes as efficient as possible. We also recruited additional staff and provided additional training and support for staff and volunteer advisers.

Through the monitoring and collecting of management information, we have been able to raise awareness of the customer experience during the early days of automatic enrolment. While the estimated increase in telephone call volumes did not materialise in 2012/13, we expect this to take place from 2013/14 as smaller companies and organisations begin to become affected. Consequently, the strategic investment in telephony and IT systems will help us to handle the predicted increase in telephone calls to our office and visits to our website.

Resolving Disputes

In 2012/13 the number of complaints that we took on as casework was 1,966; 64% of that casework was allocated to volunteers who worked directly with complainants, schemes and employers to resolve disputes.

As always, our ability to investigate and resolve disputes relies heavily on our volunteer network. We owe a huge debt to our volunteers for the time, experience, and expertise, they give freely to TPAS. We have focussed on how we can increase support to this part of our network who, located across the UK, can often only access support by telephone or the internet. Because of this, the role of our volunteer regional organisers (who work alongside us on the induction, mentoring and oversight of the complaint casework undertaken by dispute volunteers) is pivotal to the effectiveness of the service we offer and how confident our volunteers feel about handling complex complaint disputes.

Our focus on extending support to volunteer advisers has included the development of a new volunteer focussed role and a skills audit to enable us to understand whether the skills base of our current volunteer network is fit for purpose for the years ahead. Results of this skills audit have been fed into our development and training plan and are also used to make sure that our cases are being allocated to the most appropriate volunteers.

We work hard to ensure our volunteers know how much we value their contribution. Over the last year, we have developed our service offering to volunteers and have looked closely at what motivates people to volunteer for us and how we can enhance their experience. We have been able to offer retired and non-working volunteers affiliate membership of the Pensions Management Institute to help people keep up-to-date.

We have also worked on enhancing and updating the technical guidance provided to our volunteers, making all our technical material available on a secure adviser section of our website. This non-public part of our website now includes the first of many planned video briefings that will help us reach our volunteers around the UK who may find it difficult to attend workshops in person.

Internally, the introduction of our new CRM system and our review of how we collect information, means we are now able to have real time information on the types of complaints we receive and the events that trigger people to contact us. Typically, the work undertaken by this team can arise sometime after the complainant's original issue has occurred.

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 our service. We are increasingly able to share our insights and have a growing evidence base we can use, to try to forecast when our resources are likely to be most called upon.

While we have yet to see increased volumes of calls or complaint cases as a result of automatic enrolment, we are conscious of the fact that the initiative will increase the percentage of the population who are members of pension schemes. By extension, this is likely to lead to an increase in the numbers of people with complaints.

Policy and Technical development

This has been a busy and productive year for the Policy and Technical team. In additional to the numerous changes occurring in pensions policy, we have successfully completed the total rewrite of the TPAS website. We need to ensure the information we are able to provide is up to date and accessible to a wider audience, many of whom have a low level of pensions knowledge and little financial confidence.

We have taken this opportunity to ensure that the language used in our publications is consistent with the DWP language guide for automatic enrolment and is in plain English.

In our written publications, we have carried out a full refresh of our booklets and have also made these available online alongside our increasing range of factsheets covering 20 of our most popular technical topics. Our publications also provide signposts to other key agencies, such as HMRC, of benefit to our customers.

In recognition of their primary responsibility for ensuring TPAS' technical knowledge is up to date, support to staff and volunteers has been a particular focus. Working across the organisation we have put in place a technical training and development plan which we have delivered in a number of ways. We have done this through:

- workshops,
- technical surgeries to staff and volunteers and
- developing internal technical standard factsheets and guidelines on emerging pensions legislation.

The technical team were responsible for ensuring that our staff taking the Pensions Management Institute's qualification on automatic enrolment were equipped with sufficient knowledge and confidence – resulting in a 100% pass rate.

In policy development, we were pleased to be on the Steering Group which oversaw the development of the Code of Practice for Incentive Exercises, published in June 2012. We also made significant contributions to the industry working groups which did the detailed work. The Code is aimed at improving protection for pension scheme members involved in incentive pension transfer and pension increase exchange exercises. We are proud that a significant number of our recommendations were incorporated in the final Code. We are listed as an organisation that supports the Code and are on the industry's board for monitoring its effectiveness. Going forward, we are a member of the Monitoring Group which will oversee how the Code is applied in practice.

We were active participants in the Open Market Option Review Group. This has resulted in scheme members who are approaching retirement being signposted from their pension provider to our services. As a result we expect to see an increase in the numbers of people coming to us for help with choosing their retirement options.

This year we contributed evidence to another inquiry held by the House of Commons Work and Pensions Select Committee. We submitted three pieces of written evidence and were called to give oral evidence to the inquiry into '*Governance and best practice in workplace pension provision – how to ensure defined contribution schemes deliver good outcomes for their members*'. We are pleased to note that the committee's report draws on our written and oral evidence and supported our call for education in schools to include saving for retirement.

Service Delivery

The table below sets out the number of enquires and disputes about pension schemes that we closed, as well as the number of helpline calls received and handled and the number of visits to our website during 2012/13.

Work	2012/13	2011/12	Increase (Decrease)
Written Enquiries	19,877	20,219	(1.7%)
Written Complaints and Disputes	4,661	5,044	(7.6%)
Helpline Calls received	61,426	68,534	(10.4%)
Helpline Calls handled[1]	57,638	66,142	(12.9%)
Website Visits	3,013,986	2,514,105	19.9%

Note: From 2012/13 onwards, we are reporting closed written enquiries, complaints and disputes (rather than received) as they better reflect activity during the financial year and they are related to outputs rather than inputs. We have therefore restated the 2011/12 comparative figures in order to compare like with like. The received figures reported in 2011/12 were 20,656 for written enquiries and 5,120 for written complaints and disputes.

Productivity

In order to help more people access our services we have continued investing in our digital first strategy and the technology infrastructure. With refreshed website content, we have seen a continued increase in visitors to our website and a shift in how customers are accessing our services. We have seen an almost 20% increase of visits to our website. This shift has freed up capacity to deal with more complex cases, which are becoming more frequent. The channel shift has also meant that there has been reduced demand for our helpline, written enquiries, and dispute work. This has adversely impacted our delivery of the productivity targets set in the corporate plan.

1 This excludes abandoned calls.

In 2013/14 there were over 167,000 downloads of our factsheets and leaflets from the website. We are therefore responding to the increase in demand for simple, clear information and are investing in web tools and planners to help people plan for their retirement. The skills mix of our technical specialists is adapting to support the demand for more complex information. We have outlined how our policy team is supporting this shift in the section 'Policy and technical development.' Productivity in our Information and Guidance team reflects this adjustment. We will continue to make adjustments on how we allocate our resources across our different communication channels and are well-placed to be able to respond flexibly as demand increases in the future.

In previous years, we have had high numbers of people contacting our service believing that we were part of the government and could access personal information or administer their state pension. Through our improved messaging about what we do and do not cover, on both our website and in our welcome message on helplines, people are guided to the most appropriate services, which in some cases may not be TPAS. This has contributed to a decrease in the number of written enquiries and calls to our helpline and increases in the abandoned rate on our helpline as some people hearing our message realise we are not what they need. The number of complaints and disputes with pension providers has also fallen.

We will continue to work to raise our profile and to improve the website further so that we can help more people can find the information they need online and increase awareness of our other services. In the coming year, we will seek to improve productivity levels whilst ensuring that our highly skilled technical specialists are able to respond quickly to any increase in demand at peak times.

Performance Management and Targets

We continue to outperform most of our targets as set out in the table below. The introduction of new internal systems and processes has led to increased efficiency. For example we have exceeded our internal target to reduce the turnaround times for written queries from 20 days to fewer than five days.

There was a small reduction in performance for dispute cases closed in six months, mainly because we have to wait for responses from the parties involved to enable us to resolve them. On Helpline calls, we have achieved our targets for answering calls within 30 seconds, but as a consequence of the way in which we have restructured our service (to ensure customers who write in to us receive equal service to helpline callers), our achievement is slightly lower than last year. We have noted a small increase in the length of time taken to deal with some calls which could indicate that the issues on which callers need support are becoming more complex.

Activity	% Target	Achievement 2012/13	Achievement 2011/12
Written Enquiries			
Case cleared within			
20 working days	90	97	97
25 working days	99	99	99
Disputes			
Case cleared within			
6 months	65	71	74
12 months	85	92	92
Helpline Calls			
Call answered within			
30 seconds	95	95	98
60 seconds	99	97	98
Abandoned calls to be less than 10	10	6	2
Financial			
Agreed invoices to be paid within			
10 working days of receipt[2]	99	96	99

Satisfaction Surveys

Significant improvements have been made in customer satisfaction, particularly for helpline and written enquiry services. While there has been a small reduction in the satisfaction level for our handling of written disputes against schemes, our achievement this year continues to exceed the target set.

We value our customers' views, and have developed new ways of interacting with them, proactively asking for their opinions and recommendations on how we can improve the work we do.

In order to sustain the continued drive to improve customer satisfaction, we have introduced new quality assurance processes and we will continue to develop this work in 2013/14.

Users satisfied with the service	% Target	Achievement 2012/13	Achievement 2011/12
Handling of written disputes against schemes – casework	85	87	90
Handling of written enquiries	85	81	70
Handling of Helpline calls	90	96	91

2 The decrease in performance arose from our bank's IT system failure over a number of days affecting our ability to make payments.

Sustainable Development Policy

We have an active sustainable development policy which means we:

- recycle paper and other materials– in 2012/13 we recycled 13,600 kg (2011/12: 4,770 kg) of paper, saving the equivalent of 175 (2011/12: 61) trees and 19,280 (2011: 6,740) kilograms of CO_2;
- work hard to reduce energy consumption; and
- use public transport, where possible.

Staff Sickness

The average number of days for all sickness per member of staff in 2012/13 was 4.6 compared with 5.2 in 2011/12. This compares favourably to the levels of staff sickness in the civil service, where the average is 6.8[3] and the rest of the public sector where the rate is around 7.8[4] 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 were a result of the fact that customers were unhappy with what they were told, rather than the service they received.

In 2012/13 we have made it easier for customers to submit a complaint, so that we can continuously improve the quality of our services. We have included a link to our feedback form and details on how to raise complaints on our website and in all staff and volunteer adviser email signatures. During 2012/13 we received fourteen complaints which compares with nine received in 2011/12. In one case we were able to improve our internal policies and processes as a result of the complaint made.

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 over 85,000 people during the year, with over three million visitors using our website. We believe these figures illustrate an excellent customer service record.

3 Source: Cabinet Office website.

4 Source: CBI Absence and workplace health survey 2011.

Governance Statement

This statement outlines the framework for governance in operation at TPAS and comments on the effectiveness of the governance arrangements. It highlights the role of the Board, its approach to risk management, the key risks being faced and evidences those controls that the Board has relied upon during the year and in presenting this governance statement.

The statement is signed by the Accounting Officer, as required by HM Treasury, but it reflects the views of the Board and the Board takes joint responsibility for its contents.

Management and Organisation

The Accounting Officer is the TPAS Chief Executive, who is responsible for day-to-day management of the organisation and for delivering the corporate and business plans approved by the Board. There are four service delivery teams, led by Heads of Service, who report to the Chief Executive. The Chief Executive and the Heads of Service form the senior management team (SMT) which meets formally on a monthly basis. There are also regular bi-lateral discussions between the Chief Executive and individual Heads of Service. As a small organisation of fewer than 40 staff, TPAS has a relatively flat organisation structure with clear line of sight for its senior managers into the day-to day activities of the organisation.

Governance Framework

Governance in TPAS is the responsibility of the Board, comprised of seven non-Executive Directors, the Chairman and the Chief Executive.

The current Chairman was re-appointed by the Secretary of State for the Department for Work and Pensions, for a second three-year term of office in January 2013. The non-executive members of the Board were appointed through open competition in 2010 and will be subject to re-appointment in 2013-14. They comprise a group with a wide range of management skills and specialist experience in the pensions sector.

All Directors are required to complete a register of interests. A register of Board members' business interests is held by the Head of Corporate Services at the company's address.

The Board has two sub-committees:

- Audit and Risk Management Committee (ARC), with three non-executive members, which 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, which 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 overall 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 2013 are set out below:

Current Board Members	**Board**	**Audit and Risk Management Committee**	**Remuneration and Appointments Committee**
Number of meetings	**6**	**4**	**2**
Partha Dasgupta[1]	6	–	2
Alex Balfour[2]	4	–	0
Colette Bewley	6	–	2
David Clarke	6	4	–
Bill Galvin	6	4	–
Anthony Hodgkiss MBE[3]	2	–	–
Baroness Hollis of Heigham	6	–	2
Tilly Ross	5	3	–
Marta Phillips OBE CA[4]	6	4	2

1: Partha Dasgupta only attended the Remuneration and Appointments Committee for specific items on the Chief Executive's objectives and performance and not as a member of the Committee.

2: Alex Balfour was due to attend one (the only one that took place since he was appointed to the Committee) of the Remuneration and Appointments Committee meetings, however due to bad weather he was unable to attend. However his comments were passed to the Committee Chair and these were discussed at the meeting.

3: Anthony Hodgkiss MBE retired from the Board in July 2012, in accordance with TPAS' Rules, having served ten years as a Board member.

4: Marta Phillips OBE CA attends both the Audit and Risk Management, and the Remuneration and Appointments Committees but is not a member.

In discharging its responsibilities the Board has overseen the development of a Strategic Plan and Budget for the organisation and, through management reports and board papers, monitored performance towards the achievement of both the plan and budget. At each meeting it received a report from the Chief Executive and a finance report from the Head of Corporate Services, as well as regular papers on key issues such as automatic enrolment and the replacement of two business critical technology systems. Members of the SMT are invited to attend board meetings for much of the agenda and keep the Board aware of developments in their areas through a series of presentations. Board members supported management during the year by assisting with specialist knowledge in areas such as web-site development and advice on pensions' policy and the Audit and Risk Management Committee was involved in assisting with the formulation of a new approach to risk management. Particular areas of challenge from the Board to management included the preparation of the Strategic Plan, productivity performance, the deployment of appropriate resources for lower than expected volumes of automatic enrolment enquiries and stakeholder relations.

The Board conducted a formal Board Effectiveness Review in February/March 2013, 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. This was followed by qualitative feedback between the Chairman and Board members. The results were very positive, with issues such as the variety of board skills, achieving a strong consensus on key issues and excellent working relationships, each scoring highly. Looking forwards and as a result of the review, the Board has agreed to focus on three strategic areas in the current year:

- Organisational resilience: assessing capability, skills and knowledge.
- Scope and positioning: where do TPAS' priorities lie?
- Awareness: identifying an appropriate level of awareness of TPAS' activities.

The Board also recognises that the senior management team will need support and guidance in the period of transition to a new Chief Executive. This could raise segregation of duties issues for the remaining team but, through the Audit & Risk Management Committee, Internal and External Audit activity will be heightened to cover any emerging issues and controls will be made more strict wherever appropriate.

Assurance

The Board relies 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 Committee
- A programme of Internal Audit
- External Audit by the National Audit Office

During the year the Board gave guidance to the Chief Executive on the content and structure of her report and the Audit and Risk Management Committee examined the Key Performance Indicators in two areas of the business. Improvements were noted in the Disputes Resolution area and better quality information became available in the Information and Guidance area as a result of implementing new business systems and procedures for managing customer records and telephone calls.

Following an initiative by the Audit and Risk Management Committee the Board agreed to implement a new approach to the management of risk, becoming more active in the identification of strategic risk whilst delegating the management of operational risk to the senior management team.

In its annual report to the Board, the Audit and Risk Management Committee gave the opinion that TPAS' approach to risk and control is generally sound and at least proportionate to its limited scale and size. The Committee did not wish to draw the Board's attention to any risks beyond those already under consideration, the most obvious being the transition to a new Chief Executive, but noted that broad areas of risk which had been highlighted for the past two years remained on the agenda. It encouraged the Board to work with management to make more progress in these areas. They are:

- TPAS' ability to deliver productivity gains.
- Systems risk, not least the limited choice and poor performance of government approved IT contractors.
- Uncertain future workload and an unclear remit for subsequent stages of automatic enrolment.

Internal Audit produced five reports during the year, all but one of which were rated as providing substantial assurance, the fifth was rated adequate. As in prior years, the financial controls audit produced a substantial assurance rating. In the independent internal audit contractor's annual report its opinion was that TPAS has adequate and effective risk management, governance and control processes.

The external audit of the annual report and accounts has produced no issues requiring management action and TPAS received a "clean" audit opinion.

Risk Management and Control

The Board has previously considered the risks to which TPAS is exposed by a bi-annual review of the corporate risk register, which was itself based on a series of departmental risk registers prepared by the Heads of Service and regularly reviewed by the Chief Executive. The departmental and corporate risk registers are also reviewed quarterly at the formal SMT meeting, although the internal audit review commented that these discussions needed to be more fully documented. In January 2013, the Board reconsidered how it wished to approach risk management in the light of these comments and a concern that its view of the strategic risks facing TPAS might not concur with those being put forward in the corporate risk register.

As a consequence the Board and SMT members now decide on the strategic risks and request a report from management on their mitigation. The Chief Executive and SMT remain responsible for assessing, monitoring and mitigating all operational risks, assisted by the Audit and Risk Management Committee and these are reported to the

Board. Reporting of strategic and operational risk alternates half yearly, with some aspects of risk management now being considered 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.

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 has identified five strategic risks that it will monitor and hold management to account for appropriate mitigation. These are that TPAS:

- ceases to be a part of the pension architecture;
- is unable to respond to the pace of change in pensions;
- is unable to meet changing customer needs;
- fails to deliver the Government's e-enablement agenda; or
- cost effectiveness is compromised.

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

Risk Appetite

In 2012/13, the Board has considered and agreed on 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:

- the risk of giving out of date or inappropriate information and guidance.
- poor performance by our information communication and technology systems managed services provider
- the implementation of a new telephone system

The Board considers that satisfactory mitigation of these risks has been achieved by management through, inter alia, a complete re-write of the technical information on TPAS' web-site, robust contract management and contingency arrangements which enabled TPAS to deal with the insolvency of a prime contractor and effective project management of the new telephony system.

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 NDPB's and the latest end of year review led by DWP indicates that we have implemented all significant actions arising from the last review. There were no significant IT Security breaches in the year.

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.

TPAS is a small, low risk organisation but its controls work well and it has a well-earned reputation in internal and external audit opinions. It continually reviews its governance arrangements and its risk and control frameworks and has made improvements in the past year. The Chief Executive, as the Accounting Officer, and Board consider that TPAS complies with those aspects of the Code of Good Practice for Corporate Governance in a central government departments that are relevant to it as a non-departmental public body.

Marta Phillips OBE CA
Accounting Officer

20 June 2013

Remuneration Report

Service Contracts

All TPAS appointments are made on merit on the basis of fair and open competition. The 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 Chairman are shown below. The information in these tables is subject to audit.

Remuneration (Salary)

Board member Pay	2012/13 Salary £'000	2011/12 Salary £'000
A Balfour	0-5	0-5
C Bewley	0-5	0-5
D Clarke	0-5	0-5
B Galvin	0-5	0-5
AJ Hodgkiss	0-5	0-5
Baroness Hollis	0-5	0-5
PM Ross	0-5	0-5

All the Board members were appointed in August 2010 for a three year term. The Chairman, Partha Dasgupta, was reappointed for a further term of three years from January 4 2013. The post is non-pensionable. His salary and notice period are shown in the following table. The information in this table is subject to audit.

Partha Dasgupta	Date Reappointed	2012/13 Salary £'000	2011/12 Salary £'000	Unexpired term of contract	Notice period
Chairman	04/01/2013	25-30	25-30	2 years 9 months	6 months

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 all staff remuneration are governed by Treasury and DWP guidance and specifically by the overall pay remit, subject to DWP Secretary of State Approval. Staff can receive a bonus payment based on performance, providing the total bonuses do not exceed a fixed percentage (3.5%) of the total pay bill.

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 the Executive member of the Board. The information in this table is subject to audit.

	Joining date	2012/13 Salary £'000[1]	2011/12 Salary £'000	Unexpired term of contract	Notice period
Marta Phillips					
Chief Executive	12/04/2010	90-95	95-100	3 months	3 months
Band of Highest Paid Director's total remuneration		90-95	95-100		
Median Total		38,239	39,510		
Ratio		2.4	2.4		

1. 'Salary' is gross salary including performance bonus (2012/13: nil, 2011/12: £0-5,000). Performance bonus payments relate to performance in the calendar year in which payment is made. This report is based on accrued payments made by TPAS and thus recorded in these accounts.

Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2012/13 relate to performance in 2012/13 and the comparative bonuses reported for 2011/12 relate to the performance in 2011/12.

Executive Pension Arrangements

Marta Phillips OBE is a member of the PCSPS scheme. The accrued pension quoted is the pension the member is entitled to receive when they reach retirement age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of Premium and 65 for members of Nuvos.

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 is subject to audit.

Official	Accrued pension at pension age as at 31/03/13	Real increase in pension at pension age	CETV / at 31/03/13	CETV at 31/03/12	Value of the real increase in pension
	£'000	£'000	£'000	£'000	£'000
Marta Phillips	66	3	725	638	44

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.

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:

Marta Phillips OBE CA
Accounting Officer

20 June 2013

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31 March 2013.

In 2012/13, we started the year with an expectation that with the introduction of automatic enrolment we would see significantly increased levels of demand and increasingly complex enquiries. Whilst we have started to see this work coming through, volumes across the organisation have been significantly lower than expected but have enabled us to have the capacity to build a strong and effective infrastructure for the future.

Our Expertise

We have significant strengths to maintain and/or build on thanks to our:

- technical expertise covering all aspects of pensions – state, public and private;
- a national network of volunteer pension professionals;
- impartiality and independence from government; and
- a respected voice providing independent insight.

Our strategic objective is to maintain the quality of our work through continuous improvement. Within this, there are five issues that will affect how we work:

- the need to find cost savings in response to a decreasing budget;
- fundamental changes in the pensions landscape;
- the need to become even more efficient and effective;
- sourcing, maintaining and using technologies to maximise service levels and training; and
- targeting our resources to those people in the most need of our services – those who cannot afford independent financial advice.

The latest plan covering the period 2013/2016 is available on our website at: http://www.pensionsadvisoryservice.org.uk/publications/company-documents-and-reports

Looking to the Future

For the period from 2013 to 2016, the Board has agreed to focus on the following objectives:

- Improving our productivity for written enquiries and maintaining the 2011/12 level for calls and complaints;
- Delivering our part in automatic enrolment;
- Maintaining and developing our volunteer network, ensuring the skills we have keep pace with developments in the pensions industry;
- Maintaining and developing our skills and technical knowledge to keep pace with developments in the industry; and
- Moving towards significantly increasing online communications – digital by default.

Challenges The challenges TPAS will address over the next few years include the following:

- Pensions (private, public and state) are changing fundamentally. We expect demand in terms of calls, complaints, written queries and website visits to increase as a result;
- The fundamental changes in pensions will challenge our ability to recruit volunteers with the required skills – such as direct contribution (DC) skills;
- Automatic Enrolment will add seven million new pension scheme members. This will increase our workload, the demography we serve and will add small and medium enterprises to our customer group;
- More people are using the internet and social media to get information; and
- The financial settlement and Government spending restrictions will affect our flexibility and how quickly we can deliver the required projects.

To meet these challenges, TPAS is putting in place a wide range of initiatives which are set out in in our 2013/16 Corporate Plan. It can be viewed at: http://www.pensionsadvisoryservice.org.uk/publications/company-documents-and-reports

Our Funding The company is funded by grant-in-aid from DWP out of a share of the general levy raised by DWP's Secretary of State. In 2012/13, it also received ring-fenced programme funding from DWP to fund its automatic enrolment work. 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. In 2012/13, the company received £3,324,000 funding from DWP. The programme funding was £173,881.

The total cost of administering TPAS was £3,359,091. This excludes capital expenditure.

Trade and Other Payable Costs The main reason for the increase in payables is that there was a higher level of financial activity than in the previous year.

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

Intangible Assets The movements in intangible assets during the year are set out in note 8 to the accounts.

Corporate Responsibilities Our list of Directors is shown at the front of this document on page 4.

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, with 10 days. The company's average creditor payment period at 31 March 2013 was 10 days (2011/12 – 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.

Going Concern Status

The statement of the financial position at 31 March 2013 shows net assets of £480,939 (2011/12: £504,539). 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. 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 commending on, or after, 1 April 2008 and the Comptroller and Auditor General therefore audited these accounts for the year ended 31 March 2013.

Fees due to the NAO are £18,250 (2011/12: £18,500) 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

Marta Phillips OBE CA
Accounting Officer

20 June 2013

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 2013 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 the annual report to identify material inconsistencies with the audited financial statements. 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 2013 and of its deficit for the year then ended; and
- the financial statements have been properly prepared in accordance with the International Financial Reporting Standards as adopted by the European Union; and
- the financial statements have been properly 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 the Government Financial Reporting Manual; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

- adequate accounting records have not been kept; or 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.

Amyas C E Morse **Date**
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Statement of Comprehensive Net Expenditure

For the Year Ended 31 March 2013

	Note	2012/13 £	2011/12 £
Administration expenditure	2	(3,359,091)	(3,054,620)
Programme expenditure		(173,881)	(12,000)
Programme Income		173,881	12,000
Operating deficit		(3,359,091)	(3,054,620)
Interest receivable		197	279
Deficit before taxation	2	(3,358,894)	(3,054,341)
Taxation	7	(39)	(53)
Deficit for the year		(3,358,933)	(3,054,394)

This deficit is funded by grant-in-aid from DWP of £3,324,000 which, as it is a contribution from a controlling party, cannot be treated as income.

Other Comprehensive Expenditure

	Note	2012/13 £	2011/12 £
Items that will not be reclassified to net operating costs:			
Net gain on revaluation of Intangibles	8	11,333	–
Total Comprehensive Expenditure for the year ended 31 March 2013		(3,347,600)	(3,054,394)

The notes on pages 34 to 45 form part of these financial statements.

Statement of Financial Position

As at 31 March 2013

	Note	31 March 2013 £	31 March 2012 £
Non-current assets			
Intangible assets	8	98,172	120,711
Property, plant and equipment	9	202,075	185,013
Total non-current assets		300,247	305,724
Current assets			
Trade and other receivables	10	158,588	168,886
Cash and cash equivalents	11	316,780	263,802
Total current assets		475,368	432,688
Total assets		775,615	738,412
Current liabilities			
Trade and other payables	12	294,676	233,873
Total liabilities		294,676	233,873
Assets less liabilities		480,939	504,539
Reserves			
General reserve		469,606	504,539
Revaluation reserve		11,333	–
		480,939	504,539

The notes on pages 34 to 45 form part of these financial statements. The financial statements were approved and authorised for issue by the Board on 18 June 2013 and signed on its behalf by:

Partha Dasgupta
Chairman
20 June 2013

Marta Phillips OBE
Chief Executive
20 June 2013

Statement of Cash Flows

For the Year Ended 31 March 2013

	Note	2012/13 £	2011/12 £
Cash flows from operating activities			
Operating deficit		(3,359,091)	(3,054,620)
Depreciation and amortisation		116,018	105,119
Decrease/(Increase) in trade and other receivables		10,298	(46,313)
Increase/(Decrease) in trade and other payables		52,998	(315,598)
Interest received		197	279
Loss on disposal of property, plant and equipment		–	1,516
Taxation		(39)	(53)
Net cash outflow from operating activities		(3,179,619)	(3,309,670)
Cash flows from investing activities			
Purchase of property, plant, equipment and computer software		(91,403)	(138,271)
Proceeds from sales of equipment		–	1,656
Net cash outflow from investing activities		(91,403)	(136,615)
Cash flows from financing activities			
Grant-in-aid received from DWP		3,324,000	3,212,020
Net cash inflow from financing activities		3,324,000	3,212,020
Net increase in cash and cash equivalents during the period		52,978	(234,265)
Cash and cash equivalents brought forward	11	263,802	498,067
Cash and cash equivalents carried forward	11	316,780	263,802

The notes on pages 34 to 45 form part of these financial statements.

Statement of Changes in Taxpayers' Equity

For the Year Ended 31 March 2013

	Revaluation Reserve £	General Reserve £	Total Reserves £
Balance at 1 April 2011	–	346,913	346,913
Changes in taxpayers' equity for 2011/12			
Deficit for the year	–	(3,054,394)	(3,054,394)
Total comprehensive expenditure for 2011/12	–	(3,054,394)	(3,054,394)
Grant-in-aid received from DWP	–	3,212,020	3,212,020
Balance at 31 March 2012	–	504,539	504,539
Changes in taxpayers' equity for 2012/13			
Deficit for the year	–	(3,358,933)	(3,358,933)
Revaluation of intangible fixed assets	11,333	–	11,333
Total comprehensive expenditure for 2012/13	11,333	(3,358,933)	(3,347,600)
Grant-in-aid received from DWP	–	3,324,000	3,324,000
Balance at 31 March 2013	11,333	469,606	480,939

The notes on pages 34 to 45 form part of these financial statements.

Notes to the Accounts

For the Year Ended 31 March 2013

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 2012/13 ("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 2012/13

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 of 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 these accounts 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 should be 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 consists 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

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.

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 GiA 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		**2012/13** **£**		**2011/12** **£**
Staff costs – administration		2,096,034		2,028,184	
Staff costs – programme		165,322		–	
Total staff costs	3		2,261,356		2,028,184
Accommodation costs			348,417		369,324
Travel costs			12,006		16,404
Office Costs			527,693		340,806
Legal and professional fees			118,458		77,495
Auditors' remuneration			18,250		18,500
Bank charges			270		–
Other costs – administration		121,482		109,226	
Other costs – programme		8,560		–	
Total other costs			130,042		109,226
Depreciation	9		73,181		66,934
Amortisation	8		42,837		38,185
Loss on disposal of assets			–		1,516
Operating lease rentals			462		46
Total expenditure			3,532,972		3,066,620
Programme income			(173,881)		(12,000)
Total administrative expenditure			3,359,091		3,054,620

Accommodation costs include £297,652 (2011/12:£324,250) operating lease rentals under land and Buildings.

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

	2012/13 Total £	Permanent staff £	Temporary Staff £	2011/12 Total £
Wages and salaries	1,805,815	1,691,070	114,745	1,597,571
Social security costs	150,418	150,418	–	138,504
Pension costs	305,123	305,123	–	292,109
Total	2,261,356	2,146,611	114,745	2,028,184

Of the total wages and salaries costs, £1,675,329 (2011/2012: £1,597,571) is included in administrative expenditure and £130,486 (2011/2012: £nil) is included in programme expenditure. Of the total social security costs, £138,522 (2011/2012: £138,504) is included in administrative expenditure and £11,896 (2011/2012: £nil) is included in programme expenditure. Of the pension costs, £282,184 (2011/2012: £292,109) is included in administrative expenditure and £22,939 (2011/2012: £nil) is included in programme expenditure.

4. Employee Information

	2012/13 No.	2011/12 No.
The average number of employees during the year	39	37.5

Volunteer advisers continued to provide vital assistance in the delivery of the organisation's services during 2012/13. At the end of 2012/13 we had 342 volunteer advisers (2011/12: 428).

5. Directors Emoluments

(i) Executive Directors

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

	2012/13 £	2011/12 £
Total emoluments	94,101	96,965
Pension contributions	22,477	22,477
	116,578	119,442

The highest paid director received £92,500 (2011/12: £96,431) in salary, £22,477 (2011/12: £22,477) of pension contributions made on their behalf by the company.

(ii) Non-Executive Directors' salaries, allowances and expenses

The total paid in respect of Board costs for the year was £66,105 (2011/12: £68,962) which comprised salaries of £61,667 (2011/12: £65,000), and travel and subsistence costs of £4,438 (2011/12: £3,962).

6. Operating Segments

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

7. Taxation

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

	2012/13 £	2011/12 £
UK Corporation tax 20% (2011/12: 20%) on bank interest received	39	53

8. Intangible Assets

	Software Licenses £	Total £
Cost or valuation		
As at 1 April 2012	158,896	158,896
Additions in year	8,965	8,965
Revaluation	22,629	22,629
As at 31 March 2013	190,490	190,490
Amortisation		
As at 1 April 2012	38,185	38,185
Charge for the year	42,837	42,837
Revaluation	11,296	11,296
As at 31 March 2013	92,318	92,318
Net Book Value		
As at 31 March 2013	98,172	98,172
As at 31 March 2012	120,711	120,711

	Software Licenses £	Total £
Cost or valuation		
As at 1 April 2011	62,032	62,032
Additions in year	96,864	96,864
As at 31 March 2012	158,896	158,896
Amortisation		
As at 1 April 2011	–	–
Charge for the year	38,185	38,185
As at 31 March 2012	38,185	38,185
Net Book Value		
As at 31 March 2012	120,711	120,711
As at 31 March 2011	62,032	62,032

9. Property, plant and equipment

	Information Technology £	Furniture & Fittings £	Total £
Cost			
As at 1 April 2012	324,457	169,316	493,773
Additions in year	84,737	5,506	90,243
As at 31 March 2013	409,194	174,822	584,016
Depreciation			
As at 1 April 2012	151,186	157,574	308,760
Charge for the year	64,696	8,485	73,181
As at 31 March 2013	215,882	166,059	381,941
Net Book Value			
As at 31 March 2013	193,312	8,763	202,075
As at 31 March 2012	173,271	11,742	185,013

	Information Technology £	Furniture & Fittings £	Total £
Cost			
As at 1 April 2011	370,322	169,530	539,852
Additions in year	56,343	780	57,123
Disposals in year	(102,208)	(994)	(103,202)
As at 31 March 2012	324,457	169,316	493,773
Depreciation			
As at 1 April 2011	186,098	155,758	341,856
Charge for the year	64,124	2,810	66,934
On disposals	(99,036)	(994)	(100,030)
As at 31 March 2012	151,186	157,574	308,760
Net Book Value			
As at 31 March 2012	173,271	11,742	185,013
As at 31 March 2011	184,224	13,772	197,996

10. Trade and other receivables

	31 March 2013 £	31 March 2012 £
Amounts falling due within one year:		
Prepayments and accrued income	121,867	119,661
Other receivables	36,721	49,225
	158,588	168,886

Included in other receivables is £nil (2011/12: £12,000) due from other Government bodies.

11. Cash and cash equivalents

	2012/13 £	2011/12 £
Balance at 1 April	263,802	498,067
Net change in cash and cash equivalent balances	52,978	(234,265)
Balance at 31 March	316,780	263,802
The following balances were held at:	31 March 2013 £	31 March 2012 £
Commercial banks and cash in hand	316,780	263,802

12. Trade and other payables

	31 March 2013 £	31 March 2012 £
Amounts falling due within one year:		
Trade payables	50,748	82,631
Taxation	39	58
Other payables	–	70
Social security and other taxation	83	–
Accruals and deferred income	243,806	151,114
	294,676	233,873

Included in trade payables is £nil (2011/12: £12,000) and included in accruals and deferred income is £8,119 (2011/2012: £nil) due to other Government bodies. There are no payables falling due after more than one year (2011/12: £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 and Black Rock plans totalling £305,123 (2011/12: £292,109).

Pension Scheme	2012/13 Contributions Paid £	2011/12 Contributions Paid £
PCSPS	302,004	288,095
BlackRock	3,119	4,014
	305,123	292,109

(ii) BlackRock Stakeholder Plan

This is a stakeholder defined contribution scheme whose assets are held in a separately administered fund. During 2012/13, there was one active member employed by the company who transferred to the PCSPS before the end of the financial year (2011/12: 1 member).

(iii) The Principal Civil Service Pension Scheme (PCSPS)

At the end of March 2013, 43 (2011/12: 35) 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 2007. 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 2012/13 employee contributions to both the Premium and Nuvos schemes were set at rates ranging from 3.5% to 5.9% 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) the member's pension account is credited with 2.3% (2011/12: 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% (2011/12: 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 2012/13, to be paid when the member retires and not the benefits paid during this period to existing pensioners. For the year commencing 1 April 2013, the rates will be in the range of 16.7% to 24.3%.

Instead of the Nuvos scheme, employees can choose to open a Partnership Pension Scheme. Two employees have opted to do so (2011/12: 2). The Partnership Pension Account is a stakeholder pension arrangement through PCSPS. The employer makes a basic contribution of between 3% and 12.5% (2011/12: 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% (2011/12: 3%) of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% (2011/12: 0.8%) of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

(iv) Outstanding or Prepaid Defined Contribution Scheme Payments

There are no outstanding or prepaid contributions in respect of defined contribution schemes. (2011/12: £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 2013 £**	**31 March 2012 £**
Not later than one year	50,045	216,175
Later than one year and not later than five years	–	50,045
	50,045	266,220

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

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 £3,324,000 (2011/12: £3,212,020) from DWP. The company also received programme funding amounting to £173,881 (2011/12: £12,000) from DWP. At 31 March 2013 no amounts were outstanding (2011/12: £nil).

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 £150,146 (2011/12: £168,313). At 31 March 2013 no amounts were outstanding (2011/12: £nil).

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

17. Financial instruments and associated risks

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

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

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

Financial Assets by category

	31 March 2013 Loans and receivables £	31 March 2012 Loans and receivables £
Cash and cash equivalents	316,780	263,802
Other receivables	36,721	49,225
	353,501	313,027

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

Financial Liabilities by category

	31 March 2013 Financial Liabilities £	31 March 2012 Financial Liabilities £
Trade payables	50,748	82,631
Accruals	243,806	151,114
Other payables	–	70
	294,554	233,815

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

18. Contingent liabilities

The company had no contingent liabilities outstanding at the year end. (2011/12: £Nil.)

19. Events after the reporting date

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

20. Grant-in-Aid from the Department for Works and Pensions

The total grant-in-aid received from the Department for Works and Pension in 2012/13 was £3,324,000. Of that £99,208 was applied to capital expenditure leaving £3,224,792 to be applied to revenue expenditure.

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