the pensions
advisory service

Annual Report and Accounts for the year ending 31 March 2011

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

The Pensions Advisory Service

Annual Report and Accounts for year ending 31 March 2011

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Contents

Company Information

Registered number:	02459671	
Directors:	**Chairman**	
	Partha Dasgupta	
	Chief Executive and Accounting Officer	
	Marta Philips OBE	Appointed 17 April 2010
	Malcolm McLean OBE	Resigned 16 April 2010
	Non-Executive Directors	
	Alex Balfour	Appointed 1 August 2010
	Colette Bewley	Appointed 1 August 2010
	David Clarke	Appointed 1 August 2010
	Bill Galvin	Appointed 1 August 2010
	Anthony Hodgkiss MBE	Resigned 30 June 2010, Reappointed 1 August 2010
	Baroness Hollis of Heigham	Resigned 30 June 2010, Reappointed 1 August 2010
	Tilly Ross	Appointed 1 August 2010
	Ian Feguson	Resigned 30 June 2010
	Colin Hartridge- Price	Resigned 30 June 2010
	Allan Martin	Resigned 30 June 2010
	Mick McAteer	Resigned 30 June 2010
	David Millington	Resigned 30 June 2010
	Robert West	Resigned 30 June 2010
Registered office:	11 Belgrave Road Victoria London SW1V 1RB	
Auditors:	Comptroller and Auditor General National Audit Office 157-197 Buckingham Palace Road Victoria London SW1W 9SP	
Bankers:	Lloyds TSB Bank Plc National Clubs and Charities Centre Sedgemoor House Dean Gate Avenue Taunton TA1 2UF	

About The Pensions Advisory Service

We are an independent voluntary organisation, founded in 1983. We are a company limited by guarantee and registered in England and Wales, company number 02459671 and have been classified as an executive non departmental public body (NDPB). We are funded by means of a grant-in-aid from the Department for Work and Pensions (DWP). This is recoverable from a general levy imposed on occupational and personal pension schemes.

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

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

The service is free to the public. As an independent body, we are uniquely placed to provide both information and guidance and, because we are at the sharp end, an insight into the areas that are causing concern. We provide our service through a mix of paid staff (we had an average of 42 staff during the year) based in London and a nationwide network of volunteer pension professionals. It is delivered through:

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

Chairman's Review

Change was the main theme for 2010/11. A change of Government, a change in the leadership team at TPAS and a swathe of changes to all kinds of pensions, however, TPAS continues to do its job helping more people than ever with their pension queries.

The election of a new Government influenced many of our activities. We were retained following the Government review of public bodies, a ringing endorsement for our business model of supplementing paid staff with volunteers. During the summer we contributed to the Comprehensive Spending Review, the results of which require TPAS to reduce its annual budget by 18% in real terms by 2015. This will be tough and will require some difficult trade-offs to be made in the next few years, especially during a time when we expect demand for our services to increase significantly. A raft of changes to state, private and public pensions has been proposed, adding to the significant changes anticipated by the introduction of automatic enrolment in 2012. The Government's spending restrictions have been the main driver of our financial results for this year. The impact of pay freezes, recruitment freezes, limits on IT expenditure, marketing and advertising has meant that we are reporting cumulative reserves of £346,913.

Despite the changes to the Board, the senior management has enabled the staff to continue to perform well and in some cases to improve performance; notwithstanding the significant changes to pension policy. This year saw a jump in the number of written queries and a reduction in the number of helpline calls. The only area of disappointment is that we were only able to respond to 73% of written enquiries within 15 days versus a target of 90%. The 18,419 written enquiries we received was 2,500 higher than the number we had expected. This was partly compensated by a reduction in helpline calls to 63,751. However, TPAS usually receives the tougher pension queries so the extra written volumes placed extra demands on the staff. More promisingly, the number of new written dispute cases fell by 1,700 to 6,021 from its peak last year, although this may just reflect the transitory impact of the financial crises on the 2009 figures and a return to normality.

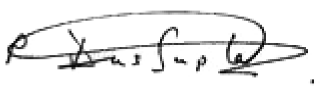
The pattern of contacts from the public has shifted over time with more emphasis on web communications and e-mail. The TPAS website received over two million visits. The functionality continues to be enhanced, although due to Government spending restrictions we have not been able to invest as much into the website as we had planned. The website has been praised for its accessibility in an external review conducted for DWP. We exceeded the target for the number of workplace visits, which deliver information and guidance on retirement planning to employees at their workplace, reaching 334 employers and over six thousand employees. An external review found our work in this area to be cost effective and beneficial to the attendees who are generally prompted into taking positive action on their pension planning. This all emphasises the impact of changes and the public's voracious appetite for reliable information and guidance in an area seen altogether too dense and complex.

Closer to home, our long standing chief executive Malcolm McLean retired. Marta Philips succeeded Malcolm as chief executive and has put in place a strong leadership team. The Board also stood down on 30 June 2010 as previously agreed as part of the transformation of corporate governance. We were able to maintain continuity with the re-appointment of Tony Hodgkiss MBE and Baroness Hollis of Heigham. I am pleased to say that we have an energetic and passionate group of new non-executive directors who have made their presence felt since joining last August.

DWP completed a number of research reviews on our activities during the year. These covered our website, workplace programme and our frontline services. I am glad to say that these reviews found that we are delivering an excellent service to the public, very cost effectively. However, the pressure to continue to improve efficiency persists. The management changes will deliver some cost savings and our technology refresh programme has reduced our IT costs significantly. The lease on our current building has been renewed on favourable terms. Inevitably, we will need to tighten our belts even further. The Board and executive published its corporate plan 2011-2015 which sets out how it proposes to balance the needs of delivering a high quality service against the requirement to reduce costs.

Our volunteers continue to play an integral part of our service delivery. We have been able to keep dispute case work volunteer numbers at similar levels to last year, despite the fact that there are many competing pressures on people's free time. I am particularly pleased that we have been able to increase the number of London office volunteers. These individuals handle about 15% of our helpline calls. The number of workplace volunteers has increased to 150 and they have delivered over a third of all our workplace talks during the year. I would like thank all our volunteers for the guidance, help and advice they provide to the public.

Finally, I would like to thank the staff for their outstanding efforts. I have been hugely impressed by their commitment and passion for the job. The public's satisfaction rating of 95% for written enquires and 99% for helpline enquires are truly astonishing. I have no doubt that they will be able help us all navigate through the up and coming changes to pensions and make them accessible to us all.



Partha Dasgupta
Chairman

30 June 2011

Performance Review

Workload and Targets

Our Workload

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

Workload	2010/11	2009/10	% Increase/ (Decrease)
Written Enquiries	18,419	16,391	12
Written Disputes	6,021	7,769	(22)
Helpline Calls	63,751	74,717	(15)
Website Visits	2,010,210	1,305,348	54

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

Performance Measurement

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

Performance Targets

To monitor outputs, we have established a series of performance targets that staff should meet, the targets set for 2010/11 were the same as the previous year. As shown below, due to reduced staff and a significant peak in calls in March 2011, we have not met all our targets. While workload for the helpline was 17% below forecast, the number of written disputes was 21% less than forecast while written enquiries exceeded our forecasts by 17%. This put a strain on our resources because we brought forward a large number of unanswered written queries from the previous year and we did not fill a few vacant posts, therefore we were unable to meet all of our targets. The results are broadly comparable with those achieved last year. The results comparing this year's with the previous year's are shown overleaf.

Activity	% Target	Achievement 2010/11	Achievement 2009/10
Written Casework			
Enquiries: Case cleared within			
15 working days	90	73	84
20 working days	95	88	93
25 working days	99	98	97
Disputes: Case cleared within			
3 months	50	49	46
6 months	70	72	69
12 months	95	89	91
Helpline Calls			
Call answered within			
20 seconds	90	99	97
30 seconds	95	99	97
60 seconds	99	100	99
Abandoned calls to be less than	10	1.6	1
Financial			
Agreed invoices paid within 10 working days of receipt	99	100	100

Volunteer Benchmarks

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

Activity	% Target	Achievement 2010/11	Achievement 2009/10
Acknowledge receipt of a case and issue form of authority within two weeks of receiving the case	85	92	93
Take positive action within four weeks of receipt	85	90	90
Keep enquirer informed at regular intervals not exceeding two months	80	87	85
Appropriate quality of advice given	95	95	96

Satisfaction Surveys

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

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

Activity Users satisfied with the service	% Target	Achievement 2010/11*	Achievement 2009/10
Handling of Written Disputes against Schemes – casework	85	88	95
Handling of Written Enquiries	90	99	94
Handling of Helpline Calls	95	99	100

Note* – We have changed the basis of reporting satisfaction with handling written disputes. Figures on the same basis as 2009/10 would have been 84% for written disputes.

Corporate Responsibilities

A comprehensive range of operational policies are in place to ensure due governance of grant-in-aid and to protect the organisation, members of staff and members of the public. These policies cover a wide range of subjects including information security, expenditure on services, expense claims, the use of Information Technology and telephony equipment, health and safety, membership of professional bodies and associated qualifications, general training, equality, discrimination and disability awareness. These policies are regularly reviewed to ensure we comply with current legislation and that the safeguards in place are appropriate. During 2009/10 we undertook an equality impact assessment on our existing policies and procedures to ensure our policies met the requirements of the:

- Race Equality Duty
- Disability Equality Duty
- Gender Equality Duty

A number of action points emanated from the assessments. The action points and progress were reviewed in 2010/11. A copy of this assessment with the action points can be found on our website

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

We follow a sustainable development policy that includes reducing paper consumption, using public transport where possible, recycling paper, plastic bottles, cans and toners. Staff members are also periodically reminded of the need to conserve energy.

Sickness Absence Data

The average number of days of sickness for each member of staff in 2010/11 was 5.1 (2009/10 – 2.3). This increase is due to two members of staff who have had long periods of illness. According to the 2007 CBI survey, it is below the national average of 6.7 days (9 in the public sector).

Complaints against Our Service

There are occasions when people are unhappy with the service we provide. Often their complaint is a result of the fact that they were unhappy with what they had been told as opposed to the service they had received. All complaints are thoroughly investigated. During 2010/11, we received 8 complaints. This compares with 10 received in 2009/10 and represents a 20% reduction over the previous year. Given the fact that we have helped in excess of eighty thousand people during the year and have had over two million visits to our website, less than 0.01% of those we helped have had cause to complain. This is a remarkable customer service achievement. Details of our complaints procedure are available on our website. (http://www.pensionsadvisoryservice.org.uk/about-us/not-happy-with-our-service)

Personal Data Policy and Incidents

TPAS treats its data security obligations extremely seriously and under the supervision of the Audit and Risk Management Committee regularly reviews security measures employed. Personal sensitive data is not normally transmitted electronically from our London office. The only exceptions are where the data is encrypted and the destinations are known to be secure sites.

During 2010/11 all TPAS policies relating to information security were reviewed and all staff received training provided by the National School of Government. Also during 2010/11 the Chief Executive reminded advisers of their responsibility to ensure all data and personal information is kept secure and that personal information is not transmitted without adequate safeguards.

Accountability and Governance

Board Structure

Following an external corporate governance review in late 2008, TPAS implemented a modernisation programme during 2010/11. As a result of that modernisation programme the following changes were introduced:

- From 1 July 2010 the Board was reduced in size from 12 to 9 directors (eight non-executives and one executive director (the Chief Executive);
- All non-executive appointments to the Board are subject to open competition and they are paid appointments;
- Two of the appointments were recruited from the volunteer advisers.
- The Chairman was appointed by the Secretary of State for an initial period of three years. The appointment can be renewed for a further three year period;
- The appointments of the Chief Executive and remaining non–executive directors were subject to approval by the Secretary of State; and,
- The non-executives were appointed for a three year term. This can be renewed subject to a maximum term of ten years.

The implementation of these changes meant that TPAS operated two different Board structures for 2010/11. On 30 June 2010 the terms of all existing Board members ended, with the exception of the Chairman and the Chief Executive. The new Board appointments commenced on 1 August 2010 and will run until 31 July 2013 for all members except Anthony Hodgkiss MBE who will step down in 2012 after 10 years on the Board.

Board Responsibilities

The functions of the Board and individual directors are to:

- establish and review in consultation with DWP, the overall strategic direction of TPAS;
- ensure that DWP Secretary of State is kept informed of any changes which are likely to impact on the strategic direction of TPAS, or on the attainability of its targets, and determine the steps needed to deal with such changes;
- ensure that any statutory or administrative requirements for the use of public funds are complied with and that the Board operates within the limits of its legal responsibilities;
- contribute to Board meetings and discussions, drawing in particular on their particular field of expertise;
- ensure that in reaching decisions they take into account guidance issued by DWP;
- have good communication skills and be able to influence people both within and outside TPAS;
- scrutinise the performance of the Chief Executive in ensuring that TPAS's functions are exercised efficiently and effectively;

- monitor the extent to which the Board is meeting its objectives and targets;
- ensure that DWP is informed in a timely manner about the activities of TPAS and provides positive assurance to DWP that appropriate action has been taken on such concerns;
- monitor the Board's reporting of its activities in the annual report;
- evaluate whether the Board's internal financial controls secure the proper conduct in its financial affairs;
- contribute to setting the remuneration of the Chief Executive;
- act as a confidant, mentor and wise counsel to the Chair, balancing a challenging approach with being supportive;
- act as a mentor to senior executives of TPAS, particularly in their areas of specialist expertise;
- where appropriate, represent TPAS externally, and help it build relationships with key private and public sector players;
- contribute their own professional experience to guide the development of TPAS in a way that is supportive and adds value;
- demonstrate high standards of corporate governance at all times; and
- promote the interests of TPAS.

Board Skills

TPAS' current non-executive directors have a wealth of experience, skills and knowledge acquired in central and local Government, the wider public sector, the private sector and the voluntary sector. The following is a summary of the skills areas the non-executive directors have:

- pensions;
- audit and finance;
- legal;
- organisational development and change management;
- strategic planning;
- legislation;
- communications including new media;
- customer service; and
- marketing strategy.

Board Appointments

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

Board Performance

A formal review is undertaken annually to ensure the Board is fulfilling its corporate governance responsibilities and is continuing to perform effectively. The current Board has been in office less than a year and will be undertaking its first annual review of effectiveness in 2011/12.

Board Committees

The TPAS Board has put in place two committees to which it has delegated specific responsibilities: The Audit and Risk Management Committee reviews the completeness of assurances, designed to meet the Board and the Accounting Officer's assurance needs; reviews the reliability and integrity of these assurances; and advises the Board and Accounting Officer about these assurances, consequently supporting them in decision taking and discharging their accountability obligations. The Remuneration and Appointments Committee determines the terms of service, the performance and appraisal arrangements, pay and pension policies; undertakes the recruitment of senior staff; and monitors equality and other staff related policies.

Attendance at Board and Committee Meetings from 1 April 2010 to 31 March 2011

The Board met six times during the year. The attendance records for the Directors for the Board and its Committee meetings for the year ended 31 March 2011 are:

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

1 Partha Dasgupta only attended the Remuneration and Appointments Committee for a specific item on senior staff appointments and not as a member of the Committee.

Board Members who resigned on 30 June 2010 and were not reappointed	**Board**	**Audit and Risk Management Committee**	**Remuneration and Appointments Committee**
Ian Ferguson[2]	1	N/A	N/A
Colin Hartridge-Price[2]	2	N/A	N/A
Allan Martin[2]	1	1	N/A
Mick McAteer[2]	2	N/A	1
David Millington[2]	2	1	N/A
Robert West[2]	1	1	N/A
Malcolm McLean[2]	N/A	N/A	N/A
Des Hamilton[2]	1	N/A	N/A
Barry Wilkins[2]	2	1	1

2 Apart from Partha Dasgupta, the Chairman and Marta Phillips OBE, the Chief Executive, all other Board members who were in place in June 2010 resigned and were replaced by new Board Members from 1 August 2010. Anthony Hodgkiss MBE and Baroness Hollis of Heigham also stood down on 30 June 2010 and were reappointed to the new Board.

Non-Executive Directors Biographies

Partha Dasgupta – Chairman

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

He served as Chief Executive and Accounting Officer of the Pension Protection Fund from 2006 to 2009. Prior to that he had a successful career in the City.

He has a degree in Mathematics from Heriot-Watt University and was awarded an honorary doctorate in 2008.

Alex Balfour

Alex is the Head of New Media at London 2012 (LOCOG) the organisation responsible for staging the London 2012 Olympic and Paralympic Games. He is one of the UK's most experienced, well connected and respected new media professionals and has five years experience of chairing the board of a leading private sector Internet business. He also holds an MA in History.

Colette Bewley

Collette is a TPAS volunteer adviser and an experienced executive board director of Burges Salmon LLP, a UK top 50 commercial law firm. She has responsibility for strategic development of the firm's legal services to support competitive advantage for their clients. Colette is a Solicitor and former Partner in Pensions working at a time of rapid growth and change in the pension arena. She has significant experience in organisational development and change management. She is a Fellow of the Pensions Management Institute, BSc, Diploma in Law and an Executive coach.

David Clarke

David has over 20 years board level experience, both as a non-executive and executive director. His non-executive roles include: Forensic Science Service Ltd, Cumberland Building Society and PhonepayPlus Ltd. He is a fellow of the Chartered Institute of Marketing and the Chartered Institute of Management Consultants in addition to a BSc in Business Studies.

Bill Galvin

Bill is Chief Executive of The Pensions Regulator and a member of the Managing Board of the Committee of European Insurance and Occupational Pensions Supervisors (CEIOPS). Previous to this he was an Executive Director for The Pensions Regulator with responsibility for strategy, research and analysis, regulatory policy and programmes, communications and stakeholder management. He has significant board level experience in the public and private sectors and holds an MBA.

Anthony Hodgkiss MBE

Anthony is an experienced senior board member with a background in the management of large organisations mainly in the public sector. He has many years experience of leading strategic planning and management including the creation of private, public and voluntary partnerships. He is a qualified solicitor (not practicing) and mediator.

Anthony was made an MBE in the 2011 New Year's Honours List for his public service.

Baroness Hollis of Heigham

Barnoness Hollis is a working peer in the House of Lords and from 1997 to 2005 she was a DWP Minister specialising in pension work. She has had three careers: as a university academic in Norwich, local authority leader and member of various public bodies. She has written a number of publications and is a frequent conference speaker.

Tilly Ross

Tilly is the Global Head of Pensions at National Grid plc, with responsibility for strategy, governance, administration, risk management and funding of pension and other post retirement plans. Her board experience includes being Chair of the CBI's Pensions Panel and a member on National Grid's Global Retirement Plan Committee.

Board Members prior to 1 July 2010

The following Non-executive Board members served on the Board between 1 April 2010 and 30 June 2010 and are not members of the current Board:

Ian Ferguson

Colin Hartridge-Price

Allan Martin

Mick McAteer

David Millington

Robert West

Executive Director's Biography

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

Marta Phillips joined TPAS on 12 April 2010. She was Director of Compliance at the National Lottery Commission which she joined in November 1999. Prior to that, she was Head of Finance for the European Social Fund Unit in the Department for Education and Employment. Before that she worked in HSBC's International Audit Department, and finance and treasury systems development, and for a short time she worked for The Stock Exchange. She started her career with Ernst & Young where she qualified as a Chartered Accountant. She has an honours degree in Economics and Accounting, a Master's degree in Computing Science and is a qualified Project Manager for Information Systems. She is a member of the Chartered Accountants of Scotland and was elected to its Council in April 2010.

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

The following Executive Directors retired during 2010-11:

Malcolm McLean OBE. Chief Executive and Accounting Officer until 16 April 2010

Des Hamilton – Technical Director. His term as an Executive Director ended on 30 June 2010.

Barry Wilkins – Director of Administration. His term ended on 30 June 2010.

Report of the activities of the Audit and Risk Management Committee 2010/11

The Audit and Risk Management Committee's remit is to review and approve the framework for ensuring that all areas of potential risk are properly managed and that there are robust financial controls in place. The current Committee started its work with an introductory teleconference in October 2010. Since then, the main items the Committee considered, at its meetings were:

- Audit & Risk Management Committee Terms of Reference;
- Information Security;
- The NAO's 2009/10 Audit Completion Report;
- The Internal Audit Plan for 2010/11;
- Assurance reviews for Policy and Technical and Information and Guidance and Corporate Services areas. As part of these reviews, the Chief Executive presented the organisation-wide assurance framework;
- The Whistle blowing policy;
- A review of accounting policies;
- Internal Audit arrangements;
- Internal Audit Reports;
- The implications of the withdrawal from The Pensions Trust pension scheme;
- A review of policies and procedures;
- The NAO's 2010/11 External Audit strategy; and
- The 2010/11 annual accounts production.

Strategic risk management was reviewed at all the meetings. The Committee focused on the framework for risk management. The Corporate Risk Register was considered by all Board members, facilitated by the Chairman of the Audit and Risk Management Committee.

The Committee consists of three non-executive directors. As at 31 March 2011, the members of the Committee were:

David Clarke – Chairman

Bill Galvin

Tilly Ross

Also in attendance at Committee meetings is a representative from DWP, representatives from TPAS' External Auditors (the National Audit Office), and the Internal Auditors (MacIntyre Hudson).

Report on the Activities of the Remuneration and Appointments Committee

The Remuneration and Appointments Committee's primary remit is to determine the appointment procedures, performance objectives and pay for senior staff within the pay remit agreed with DWP. It met four times during the year including one teleconference. The main items the Committee considered, at its meetings were:

- Changes in its terms of reference to include the approval of the framework surrounding the setting of performance objectives, pay awards and bonus payments for the Heads of Service;
- TPAS staff pension arrangements;
- Setting the Chief Executive's objectives;
- Performance award payments to staff;
- The review of Investors in People;
- The Remuneration Report;
- The Pay Policy Review Plan;
- Flexible Working Arrangements;
- Remuneration policy; and
- Home working.

The Committee consists of three non-executive directors. As at 31 March 2011, the members of the Committee were:

Anthony Hodgkiss MBE – Chairman

Baroness Hollis of Heigham

Colette Bewley

Remuneration Report

Non-Executive Board members

From 1 January 2010 the Chairman receives an annual fee of £30,000 for a minimum of 60 days commitment. From 1 April 2010 to 30 June 2010 appointed Board members, other than the Chairman, were paid an allowance for attending Board and Committee meetings (£540 for Board meetings and £270 for Committee meetings). From 1 July 2010 Board members are paid an annual fee of £5,000 for a minimum commitment of 10 days.

Other than out of pocket expenses, non-executive Board members do not receive any other remuneration.

The total allowances and/or fees paid to non-executive Board members and the Chairman are shown below:

The information in this table is subject to audit.

Board Member Allowances	Notes	2010/11 Allowance £	2010/11 Salary £000	2009/10 Allowance £
A Balfour		N/A	0-5	N/A
C Bewley		N/A	0-5	N/A
D Clarke		N/A	0-5	N/A
B Galvin		N/A	0-5	N/A
A J Hodgkiss		2,970	0-5	7,560
Baroness Hollis		1,350	0-5	3,780
P M Ross		N/A	0-5	N/A
I J Ferguson	1	N/A	N/A	N/A
C C Hartridge-Price	1	N/A	N/A	N/A
A C Martin	1	N/A	N/A	N/A
M G McAteer		1,350	N/A	2,160
D Millington		1,350	N/A	3,510
R J West	1	N/A	N/A	N/A
Total		**7,020**	**23**	**17,010**

Notes:
1. Elected by the members, therefore no allowance due

The Chairman

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

	Joining Date	2010/11 Salary £'000	2009/10 Salary £'000	Unexpired term of contract	Notice Period
Partha Dasgupta Chairman	04/01/2010	25-30	5-10	1 year 9 months	6 months

Executive Board Members

The remuneration of the staff and the Executive Board Members was determined by the non-executive members of the Executive Committee in 2009-10, having regard to the pay remit agreed with DWP. In line with the Government pay freeze, the 2009-10 pay levels remained unchanged in 2010-11. They will also remain unchanged in 2011-12. Future pay awards for senior staff fall within the remit of the Remuneration and Appointments Committee. Increases to staff remuneration are governed by Treasury and departmental guidance and specifically by the overall pay remit agreed with DWP. Staff can receive a bonus payment based on performance providing the total bonuses do not exceed a fixed percentage (3.5%) of the total pay bill.

Executive Board Member targets were approved by the Executive Committee prior to 1 July 2010. From 1 July 2010, 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 Members of the Board.

Executive Staff Salaries

The information in this table is subject to audit.

2010/11 was a year in which the fundamental restructure of the senior management team was implemented. The figures below reflect the transition that took place as a result.

	Joining Date	2010/11 salary[1] £'000	2009/10 salary £'000	Unexpired term of contract	Notice Period
Marta Phillips	12/04/2010	90-95	N/A	2 Years	3 months
Malcolm McLean[2] Chief Executive	06/01/1997	10-15	115-120	Retired 16 April 2010	N/A
Des Hamilton[2] Technical Director	20/04/1998	35-40	90-95	Retired 26 July 2010	N/A
Barry Wilkins[3] Director of Administration	01/04/1992	210-215	90-95	Left 31 July 2010	N/A

1. 'Salary' is gross salary including performance bonus (2010/11: nil, 2009/10: £0-5,000 for Malcolm McLean, Des Hamilton and Barry Wilkins). 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.
2. Malcolm McLean retired on 16 April 2010 and Des Hamilton retired on 26 July 2010.
3. Barry Wilkins left on 31 July 2010 and received a payment of £181,414 in respect of loss of office. The payment is included in the figures above. This payment was provided for in the 2009/10 accounts.

Executive Pension Arrangements

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

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

Following the introduction of PCSPS, Des Hamilton and Barry Wilkins opted to join the PCSPS, while Malcolm McLean decided to remain with The Pensions Trust Scheme. The current Chief Executive, Marta Phillips OBE is a member of the PCSPS scheme.

Further details of the pension scheme and contribution rates made in respect of all staff during the year can be found in Note 14 on pages 51 to 53 in the Notes to the Accounts.

The information in this table is subject to audit.

Pension Benefits	Accrued pension as at pension age at 31/03/11	Real increase in pension at pension age	CETV / at 31/03/11	CETV / at 31/03/10 or date of appointment	Value of the Real Increase in Pension
	£'000	£'000	£'000	£'000	£'000
Marta Phillips	63	9	580	450	92

Cash Equivalent Transfer Values (CETV)

This 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. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Value of Real increase in Pension

This is the value element of the increase in accrued pension funded by the employer. It excludes increases due to inflation and contributions paid by the employee. It is worked out using common market valuation factors for the start and end of the period.

Marta Phillips OBE
Chief Executive

30 June 2011

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. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements the directors are required to:

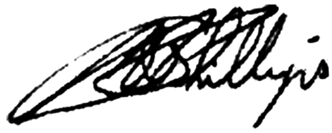
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRSs as adopted by the European Union; and,
- prepare the financial statements on the 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
Chief Executive
30 June 2011

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31 March 2011.

Historical and Statutory Background

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

Funding is primarily by means of a grant-in-aid which was administered by the Occupational Pensions Regulatory Authority (OPRA) under Section 174 of the Pensions Act 1993, as modified by Schedule 5 paragraph 73 of the Pensions Act 1995. Following the replacement of OPRA by The Pensions Regulator (TPR), the grant has been administered by the DWP.

Principal Activities

The company's principal activity is the provision of an independent source of information and guidance to the general public on all matters concerning pension schemes, including occupational pensions, personal pensions and stakeholder pensions.

TPAS has three core services that it offers to individuals free of charge:

- Information and Guidance – we give general information on all pension matters, except investment advice;
- Dispute Resolution – we endeavour to resolve specific problems an individual may have with their pension provider, except the state pension; and
- Workplace visits – we undertake visits to the workplace to provide information on retirement planning.

The company is not authorised under financial services legislation to give financial advice.

Business review

In the past the company produced a three year corporate plan each year which details its strategic objectives for the next three years and highlights specific action points and key performance indicators for the first year of the plan. For 2011/12 a four year corporate plan has been produced to cover the same period as the Government's spending review.

The latest plan covering the period 2011/2015 can be found on the company's website http://www.pensionsadvisoryservice.org.uk/publications/company-documents-reports#conduct

Set out below is a summary of the activities and outputs during 2010/11 relating to the achievement of the objectives set out in the corporate plan. Details are published in a separate Annual Review also published on the company's website.

Information and Guidance

As the first point of contact within TPAS for anyone with a pension enquiry or complaint, the Information and Guidance team provide an invaluable first line service attracting an average of 300 calls to our helpline each day to our dedicated team of paid and volunteer technical specialists based in our head office in Belgrave Road.

Typically 15% of all calls to our helpline are dealt with by our London office advisers who are all volunteers. All of our London office advisers are recent retirees from the pensions and actuarial professions with a strong ongoing commitment to give something back and to share their extensive knowledge.

The commitment and contribution of our London office advisers remains both inspirational and a vital component of what TPAS is. In addition to the fantastic help and wisdom they bring, their contribution day to day enables us to help more people and have a much richer, lively and diverse workforce. In the coming year we hope to continue to enhance the volunteer role within our office and attract more people to join our busy team.

In terms of how we performed this year, with so much change both within TPAS and in the pensions world, we were especially pleased that feedback from our customers continues to be excellent. An independent survey conducted on behalf of the DWP confirmed that of those surveyed, 94% of people who contacted our helpline were either very satisfied or satisfied with the service they received. This is a fantastic achievement and our challenge in the year ahead will be to maintain such good customer service.

Of the enquiries we received more than 63,000 were by calls to our helpline. We also received over 23,000 written queries. The breadth and diversity of these enquiries remains a constant challenge amplified even further by the rapidly changing pensions landscape we find ourselves in.

Resolving Disputes

The number of written complaints referred to TPAS was 6,021. This is a 22% reduction when compared to the number we received in the previous 12 months. While we hope that improving administration standards explains the fall in complaints, we suspect that the less damaging effect of delays when fund values rise in value is perhaps the main reason why the number of complaints about delays fell by 38%. There was similarly a 45% fall in the number of complaints about investment administration.

It is also pleasing to report that the total number of complaints about mistakes and overpayments fell by 15%. However, within this figure, there has in fact been an increase of 22% in the numbers of complaints we received about overpayments.

As in previous years, a significant proportion of the complaints we received were about decisions taken with regard to ill-health retirement applications. This is repeated this year. The other main issue we were contacted about related to complaints about entitlements and rights, for example, rights to early payment of pensions and cash sums.

As always, our ability to investigate and resolve disputes relied heavily on our volunteer network. We owe a huge debt to our volunteers for the time, experience and expertise, they give freely to TPAS.

Talks in the Workplace

This has been another successful year for the team. We have given 334 talks and seen 6,399 people in the workplace. In addition, we have reached an extra 1,181 people in various road shows, bringing our total outreach to over 7,000.

We continue to be incredibly well supported by our volunteers. We currently have over 150 people who have volunteered to help us deliver presentations in the workplace. This year approximately half of our talks have been given by our volunteers. We would like to thank all our volunteers both those who have presented for us and those we have not been able to use. We hope to increase the number of volunteers we are able to use in the coming years as the demand for our service continues to grow. Knowing that we have so many volunteers allows us to be a truly national service.

Over this year the people we have presented to have been predominantly public sector workers. This has been developed through referrals from one employer to the next, especially between the NHS Trusts that we have worked with. However, we have seen many private sector employees and will be looking to expand our reach further into the private sector over the next few years.

Website

Two million visits were made to our website. This is an increase of 57% on last year, which recorded an increase of 60% on 2008/9. The continued popularity of our website and the continued growth in its usage shows that for more and more people, the preferred means to get information about pensions is to search the internet. We expect the website to be an important tool in managing our workflow if we experience a significant increase in the number of people who approach us for help because of the implications of automatic enrolment.

Future Developments

During the recent past, a number of pensions initiatives have either been enacted or announced. The following is a summary of the key pension issues that we are already aware of which will take place over the next four years and which are more likely to generate high volumes of calls and written correspondence to us:

- Increase of female state pension age to 65 over the period April 2010 to November 2018; and increases to male and female state pension ages to 66 between December 2018 and April 2020 with further changes to state pension ages, details and effective dates are yet to be announced.
- Reduction in the Annual Allowance from £255,000 to £50,000 from 6 April 2011;
- Freeze in the maximum saving credit under the pension credit from April 2011;
- Abolition of the default retirement age from October 2011;
- Statutory indexation of deferred pensions and pensions in payment in line with CPI from April 2011;
- Reduction in the Lifetime Allowance from £1.8 million to £1.5 million from 6 April 2012 and the protection of existing pensions funds forecast to be valued up to £1.8 million;
- Introduction of automatic enrolment and National Employment Savings Trust from July 2012 for the largest employers and the availability of NEST from that date;

- Possible introduction of a flat rate universal 'citizens' pension for new retirees from 2015;
- Changes to public service pensions; effective date is unknown;
- Removal of the requirement to buy an annuity from April 2011;
- Changes to the taxation of lump sum death benefits from 6 April 2011;
- New income drawdown rules from April 2011; and
- Possible new rules on pension transfers and commutation of small pension funds for a lump sum.

Given the pace of these changes, we can see an increased demand for our services. When new pensions issues emerge, the most immediate impact is felt on our helpline and in the number of email enquires we receive. Streamlining our business process to manage these demand peaks more effectively, will be one of our key operational priorities.

Principal Challenges and Risks

The 2010 Comprehensive Spending Review (CSR) poses significant challenges for TPAS which will result in us making choices about how we prioritise our work with key target groups. The 2010/13 corporate plan had provided for staff increases in anticipation of the expected significant increase in our workload. CSR required us to deliver significant reductions in our budget in real terms by 2015. The outcome of CSR 2010 for us was an 18% reduction which will result in around a 20% reduction in our planned workforce. By changing the way in which office technology is supplied and supported, we have already made significant savings in running costs during 2010/11 which will generate further savings during the corporate planning period, but we will need to secure further efficiencies to deliver the reductions required. This will be particularly challenging as our service is heavily dependent on having an adequate level of staff to meet workload demand, if we are to meet our performance targets.

The economic environment is likely to put additional pressure on employer and household budgets. We expect this to create a higher level of concerns and disputes relating to pensions which is likely to result in more calls on this part of our service. The main challenge will therefore be the expectation to do more with less at a time of this and other major changes in the pensions landscape.

Funding

The company is funded by a grant-in-aid from DWP out of a share of the levy collected by The Pensions Regulator. TPAS' only other income is bank interest. Its ability to meet contractual obligations is dependent upon the continued receipt of these funds. In 2010/11, the company received £3,984,000 of funding from DWP (2009/10 £3,435,000). It is appropriate for our accounts to be prepared on a going concern basis because DWP has approved our expenditure for 2011/12 and we have already drawn down our first quarter's funding.

Results

The total cost of administering TPAS amounted to £3,609,349. This includes an exceptional payment of £204,403 to The Pensions Trust, which is explained later in the report. Closing reserves at 31 March 2011 were £346,913 (31 March 2010: £27,738 deficit).

Grant-in-aid received from the DWP is treated as financing and is taken direct to reserves as opposed to being recognised as income. The grant-in-aid available to TPAS was underspent as a result of implementing Government controls on expenditure introduced in 2010. The company does not trade with a view to profit.

Trade and Other Payables Costs

The main reason for the increase in payables is the IT Infrastructure Refresh that was implemented in February and March 2011. Payment will only be released on the completion of the User Acceptance Testing. In addition to this, we held back some invoices from the new IT Managed Services provider pending the fulfilment of some contractual conditions.

Changes in Property, Plant and Equipment

The movements in property, plant and equipment during the year are set out in note 8 to the accounts.

Intangible Assets

Intangible assets are set out in note 8 to the accounts.

Corporate Responsibilities

Details of the Company's environmental, social and community policies are set out on page 10.

Directors and their interests

The Directors who served during the period are shown below:

Non-Executive Directors

Partha Dasgupta	Chairman appointed 4 January 2010
Alex Balfour	Appointed 1 August 2010
Colette Bewley	Appointed 1 August 2010
David Clarke	Appointed 1 August 2010, Audit and Risk Management Committee Chairman
Bill Galvin	Appointed 1 August 2010
Anthony Hodgkiss MBE	Resigned 30 June 2010. Reappointed 1 August 2010
Baroness Hollis of Heigham	Resigned 30 June 2010. Reappointed 1 August 2010
Tilly Ross	Appointed 1 August 2010
Ian Feguson	Resigned 30 June 2010
Colin Hartridge-Price	Resigned 30 June 2010
Allan Martin	Resigned 30 June 2010
Mick McAteer	Resigned 30 June 2010
David Millington	Resigned 30 June 2010
Robert West	Resigned 30 June 2010

Executive Directors

Marta Phillips OBE	Chief Executive	Appointed 17 April 2010
Malcolm McLean	Chief Executive	Left office 16 April 2010
Des Hamilton	Technical Director	Left office 30 June 2010
Barry Wilkins	Director of Administration	Left office 30 June 2010

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

Policy and practice on payment of creditors

The company adheres to Government standards for settling accounts. The company aims to pay all properly authorised invoices in accordance with the terms of the relevant contract or in any event within 10 days. The company's average creditor payment period at 31 March 2011 was 10 days (2009/10: 14.6 days).

Disclosure of information to auditors

So far as the Directors are aware, there is no relevant information of which the company's auditors are unaware and they have all taken the steps that they ought to have taken as Directors, in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Directors' legal indemnity

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

Going concern status

The statement of financial position at 31 March 2011 shows net assets of £346,913 (2009/10 Net liabilities of £27,738). Future financing of TPAS will be met by Grant-in-Aid from the DWP, as TPAS' sponsoring department and there is no reason to suppose that this will not continue. It has accordingly been considered appropriate to adopt the going concern basis for the preparation of these financial statements.

Auditors

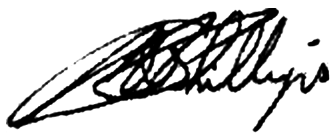
The Government Resource Accounts Act (Audit of Non-profit making companies) Order 2009 appointed the Comptroller and Auditor General to audit the accounts of The Pensions Advisory Service. The Order applies to accounts prepared for the financial years commencing on or after 1 April 2008 and the Comptroller and Auditor General therefore audited these accounts for the year ended 31 March 2011.

Fees due to the NAO are £18,500 for external audit work (2009/10 £26,000 including costs relating to compliance with International Financial Reporting Standards).

Laying of Accounts

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

By order of the Board



Marta Phillips OBE
Chief Executive and Accounting Officer

30 June 2011

Statement on Internal Control

Scope of responsibility

As Accounting Officer I have responsibility for maintaining a sound system of internal control that supports the achievement of The Pensions Advisory Service's (TPAS) policies, aims and objectives, and which safeguards the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned in Managing Public Money. I am accountable to the DWP, under the terms of a Framework Document. The DWP receives reports on performance, finance and risk at quarterly accountability review meetings.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of our policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in TPAS for the year ended 31 March 2011 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Capacity to handle risk

The relatively recent appointment of a new Accounting Officer, Senior Management Team and Board has limited the organisation's capacity, in the short term, to use its corporate memory to anticipate and avoid risks; but with some continuity at Board level, adequate hand-over processes and the technical skills brought by new Senior Management Team (SMT) members, I am satisfied that TPAS has rapidly acquired the skills and processes to facilitate management and control. The new Board was recruited to a specific skills and experience profile that has also strengthened our overall management and strategic capability.

During the year ended 31 March 2011, the Board met six times to consider the plans and overall strategic direction of the service, while the Audit and Risk Management Committee met four times during the year. Up until 30 June 2010, it monitored the implementation of agreed strategies. The Audit and Risk Management Committee has the responsibility for ensuring that an appropriate risk management strategy is in place. This year has seen a change in the responsibilities of the Board and the Audit and Risk Management Committee (ARC) for risk management. The ARC now concerns itself with ensuring that a satisfactory framework and processes exist for the management of risk, leaving the Board to concentrate on reviewing actual and potential risks and the adequacy of the mitigation put in place by management. This clearer separation of roles should improve our capacity to manage risk in the organisation.

In addition, the Senior Management Team meets at least monthly to consider management information and I meet with each of the Service Delivery Heads on a one to one basis at least monthly. Given the size and scope of TPAS' activities I believe that these meeting frequencies and the associated Key Performance Indicators (KPIs) and management information we review, provides more than adequate capacity to manage risk. All members of staff are responsible for managing risks within their control, and Heads of Service are responsible for service delivery risks. These are documented on the Service Delivery Risk Registers, which are reviewed with me during one-to-one update meetings. The top ten corporate risks are overseen by me as the Accounting Officer and reviewed by the Board periodically. We recognise that risk varies by service delivery area and the ARC is receiving a series of presentations from Service Delivery Heads about the assurance framework in place within each area and how KPIs and quality assurance measures relate to identified risks. This will be a regular feature of the Committee's work and contributes to the continuous improvement in our capacity to handle risk.

The risk and control framework

The risk and control framework within TPAS comprises:

- The identification, mitigation and management of risk through a formal risk management process that assigns responsibilities clearly to the Board, ARC, SMT and staff;
- The monitoring and management of performance through a suite of appropriate KPIs and financial management information that is regularly and promptly available to a high standard of accuracy and allows, amongst other things, tight budgetary control of public money;
- A level of close personal supervision by the Chief Executive Officer (CEO) and SMT, coupled with well documented policies and procedures and a performance management process that focuses staff attention on priority issues. This is supported at a strategic level by scrutiny from independent non-executive board directors with extensive technical and managerial skills and experience; and
- A properly constituted ARC with responsibility for the completeness, reliability and integrity of the organisation's assurance needs, supported by an Internal Audit programme delivered by an independent firm of professional advisers.

All risks are detailed in a Service Delivery Team's Risk Register and the top ten risks are set out in the Corporate Risk Register. Risks are assigned to a senior responsible member of staff for ownership of the risk. During the year, the Audit and Risk Management Committee undertook a thorough review of the process.

The most significant risks that we monitored are:

- Information risk, which relates to the accuracy of information given to our service users during a time of rapid change in the pensions environment, safeguarding information from loss or unauthorised access, and ensuring that we comply with the law and guidance relating to the gathering and handling of personal data;
- The website was recognised in our Risk Register as it is a key component of our service delivery. We have commissioned work to ensure that it meets minimum standards required by the Central Information Office (CIO) and we

have put procedures in place to control what is added and to deal with out-dated information;

- Implementation of our Information and Communications Technology infrastructure refresh and the change of our managed services provider which might have posed the risk of loss of service due to poor implementation. Some of the risk crystallised when we lost access to our telephone helpline system. We now have a dedicated support service to address this risk;
- Business Continuity risk that might arise from loss of access to premises and technology;
- Operating effectiveness (including response times);
- Unexpected events in the wider pensions landscape affecting workload;
- Financial risk that might arise from inadequate resources or poor controls;
- Practice risk that might arise from misuse of TPAS contacts for personal gain; and
- Reputation risk which might arise from poor management of relationships with key stakeholders or delivery of inaccurate information guidance.

Information security was recognised as a key risk in previous years. TPAS was required to carry out an Information Assurance assessment by DWP, which was part of the Government wide initiative on information security. This resulted in the production of an action plan to further improve information security measures. During 2010-11, I raised the implementation of the action plan to a high priority level. The Audit and Risk Management Committee and the Board also viewed this area as one of the corporate risks for TPAS. The outcome is that we addressed all the key areas in the action plan, with few actions remaining to be completed in 2011/12. Actions taken include:

- Completion of an Information Management Policy which incorporates: a Policy Statement, the Information Security Policy, Information Risk Policy, Information Classification Scheme and a Security Incident Log.
- Completion of an Information and Communications Technology – Acceptable Use Policy which sets out what is acceptable and what is not acceptable in relation to using TPAS' ICT facilities. It also sets out responsibilities and sanctions that will be taken for improper use.
- All staff have been trained on Information Security by the National School of Government. They will keep their training up to date by periodically taking online refresher training courses.

Internal audit services have been provided on an outsourced basis by MacIntyre Hudson (MH). They were appointed for a three year period in 2008. The Audit and Risk Management Committee approves an overall internal audit plan for each financial year. MH submits reports that include their independent opinion on the appropriateness and effectiveness of The Pension Advisory Service's internal controls together with their recommendations for improvement. The completion of accepted recommendations is actively monitored by the Audit and Risk Management Committee

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness is informed by the Head of Corporate Services, who has day to day responsibility for the development and maintenance of the internal control framework, internal audit reports and comments made by the external auditors in their management letters and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and the Audit and Risk Management Committee. While Internal Audit did not raise any major weaknesses, it did identify areas for improvement. A plan to address the issues identified by their reports is in place with dates set for implementation of the recommendations. Regular reports on progress are made to the ARC.

The current ARC has only been in place since the new Board was appointed in August 2010, and its views are limited by this. Notwithstanding this, it comments on the positive steps TPAS has taken in managing risk and states that:

> "Taken together the ARC believes that TPAS' approach to risk and control is on an upward trend and is proportionate to the size of the organisation and the potential risks it faces. We are on a journey together, with both the Committee and the SMT recognising and implementing improvements as we each become more familiar with our roles."

These comments are helpful in enabling me to form my opinion on TPAS' assurance framework.

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

- Improved visibility and accountability for risk management at Board level.
- Simplifying the risk register format and introducing Service Delivery Team Risk Registers which are reviewed frequently.
- Implementing the Information Risk Action Plan, including putting in place a new Information Management Policy, a new ICT Acceptable Use Policy and training all staff on information security.
- A robust project plan and risk register were created for the implementation of our ICT infrastructure refresh, which was our most risky project in 2010-11.
- Our policies have been kept under review to ensure that they are relevant and fit for purpose.
- Staff training needs, which included managing specific risks have been assessed and addressed.

Significant Internal Control Issues

There are no significant internal control issues.

Marta Phillips OBE
Accounting Officer

30 June 2011

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

I certify that I have audited the financial statements of The Pensions Advisory Service for the year ended 31 March 2011 under the Government Resources and Accounts Act 2000. These 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 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.

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

Opinion on Regularity

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

Opinion on Financial Statements

In my opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its deficit for the period then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- 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 sections Company information, About the Pensions Advisory Service, Chairman's Review, Accountability and Governance and the Directors Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters for which I report by exception

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

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

Report

I have no observations to make on these financial statements.

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

5th July 2011

Statement of Comprehensive Net Expenditure

For the Year Ended 31 March 2011

	Note	2010/11	2009/10
		£	£
Administration expenditure		(3,609,601)	(3,706,963)
Operating deficit		(3,609,601)	(3,706,963)
Interest receivable		319	378
Deficit before taxation	2	(3,609,282)	(3,706,585)
Taxation	7	(67)	(79)
Deficit for the year		(3,609,349)	(3,706,664)

The company made no gains or losses in 2010/11 other than the deficit for the year.

The notes on pages 43 to 54 form part of these financial statements.

The Pensions Advisory Service (Registered No.2459671)

Statement of Financial Position

As at 31 March 2011

	Note	31 March 2011 £	31 March 2010 £
Non-current assets			
Intangible Assets	8	62,032	–
Property, plant and equipment	9	197,996	94,620
Total non-current assets		260,028	94,620
Current assets			
Trade and other receivables	10	122,573	114,486
Cash and cash equivalents	11	498,067	154,163
Total current assets		620,640	268,649
Total assets		880,668	363,269
Current liabilities			
Trade and other payables	12	533,755	209,593
Provisions	13	–	181,414
Total liabilities		533,755	391,007
Assets less liabilities		346,913	(27,738)
Reserves			
General reserve		346,913	(27,738)

The notes on pages 43 to 54 form part of these financial statements. The financial statements were approved and authorised for issue by the Board on 14 June 2011 and signed on its behalf by:

Partha Dasgupta
Chairman
30 June 2011

Marta Phillips OBE
Chief Executive
30 June 2011

Statement of Cash Flows

For the Year Ended 31 March 2011

	Note	2010/11 £	2009/10 £
Cash flows from operating activities			
Operating deficit		(3,609,601)	(3,706,963)
Depreciation		88,694	99,234
Increase in trade and other receivables		(8,087)	(7,336)
Increase in trade and other payables		107,786	105,864
(Decrease)/increase in provisions		(181,414)	181,414
Interest received		319	378
Adjustments to assets		(14,179)	–
Loss/(Profit) on disposal of property, plant and equipment		131	(415)
Taxation		(79)	(2,800)
Net cash outflow from operating activities		(3,616,430)	(3,330,624)
Cash flows from investing activities			
Purchase of property, plant and equipment		(23,666)	(15,192)
Proceeds from sales of equipment		–	965
Net cash outflow from investing activities		(23,666)	(14,227)
Cash flows from financing activities			
Grant-in-aid received from DWP		3,984,000	3,435,000
Net cash inflow from financing activities		3,984,000	3,435,000
Net increase in cash and cash equivalents during the period		343,904	90,149
Cash and cash equivalents brought forward	11	154,163	64,014
Cash and cash equivalents carried forward	11	498,067	154,163

The notes on pages 43 to 54 form part of these financial statements.

Statement of Changes in Taxpayers' Equity

For the Year Ended 31 March 2011

	General Reserve £
Balance at 1 April 2009	243,926
Changes in taxpayers' equity for 2009-10	
Deficit for the year	(3,706,664)
Total comprehensive expenditure for 2009-10	(3,706,664)
Grant-in-aid received from DWP	3,435,000
Balance at 31 March 2010	(27,738)
Changes in taxpayers' equity for 2010-11	
Deficit for the year	(3,609,349)
Total comprehensive expenditure for 2010-11	(3,609,349)
Grant-in-aid received from DWP	3,984,000
Balance at 31 March 2011	346,913

The notes on pages 43 to 54 form part of these financial statements.

Notes to the Accounts

For the Year Ended 31 March 2011

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 2010/11 ("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.

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.

International Financing Reporting Standards Amendments and Interpretations effective in 2011/12

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.

Software licences are capitalised in these accounts in the year of acquisition.

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 that the software is installed on.

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 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 expenditure is in excess of £500. This was raised from £100 which was in force in 2009/10.

1.4 Depreciation

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

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

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

1.5 Grant-in-aid

Grant-in-aid was received during the year from The Department for Work and Pensions (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 Works and Pensions.

1.6 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.

1.7 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.

1.8 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 14.

1.9 Interest income

Interest income is recognised on an accruals basis.

1.10 Significant Judgements

In application of the company's accounting policies, which are described in note 1, the directors are required to make judgments, estimate and assumption 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.

1.11 Provisions

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

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.

2. Deficit before taxation

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

	Note	2010/11 £	2009/10 £
Staff costs	3	2,361,626	2,259,035
Accommodation costs		322,254	351,048
Depreciation		88,694	99,234
Operating lease rentals		4,123	4,011
Adjustments to assets		(14,179)	–
Loss/(Profit) on disposal of assets		131	(415)
Auditors' Remuneration*		18,500	26,000

*The 2009/10 statutory audit fee includes £5,000 in respect of additional fees charged in relation to the 2008/09 audit.

3. Staff costs (including Executive Directors)

	2010/11			2009/10
	Total	Permanent staff	Temporary Staff	Total
	£	£	£	£
Wages and salaries	1,714,413	1,714,077	336	1,816,560
Social security costs	138,781	138,781	–	140,582
Pension costs*	508,432	508,432	–	301,893
Staff costs	2,361,626	2,361,290	336	2,259,035

*Pension costs include a one-off payment to The Pensions Trust – see note 14.

4. Employee Information

	2010/11	2009/10
	No.	No.
The average number of employees during the year	42	40

Volunteer advisers continued to provide vital assistance in the delivery of the organisation's services during 2010/11. At the end of 2010/11 we had around 460 volunteer advisers (2009/10: 450).

5. Directors' Emoluments

(i) Executive Directors

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

	2010/11	2009/10
	£	£
Total emoluments	161,918	306,890
Payment for loss of office	–	181,414
Pension contributions	37,188	63,650
Group Life	–	6,558
	199,106	558,512

- Two directors, Malcolm McLean and Des Hamilton took retirement during 2010/11.
- One director was remunerated for loss of office in the sum of £181,414 on 31 July 2010 due to internal restructuring of the senior management team. This amount was included within provisions at 31/3/09.

The highest paid director received £31,980 (2009/10: £119,126) in salary, £7,347(2009/10: £19,567) of pension contributions made on his behalf by the company and £181,414 in respect of loss of office.

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

Up to 30 June 2010 appointed non-executive Board members received a meeting attendance allowance (up to £540 per Board meeting and up to £270 per committee meeting). After that date the Chairman and non-executive Board members are now paid a salary. The total paid in respect of Board costs for the year was £63,720 (2009/10: £23,569) which comprised salaries of £53,333 (2009/10: nil), allowance payments for attending Board and committee meetings of £7,020 (2009/10: £17,010) and travel and subsistence costs of £3,367 (2009/10: £6,559).

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.

	2010/11	2009/10
	£	£
UK Corporation tax 21% (2009/10: 21%) on bank interest received	67	79

8. Intangible Assets

	Computer Software	Total
	£	£
Cost or valuation		
As at 1 April 2010	–	–
Additions in year	62,032	62,032
Disposals	–	–
As at 31 March 2011	62,032	62,032
Amortisation		
As at 1 April 2010	–	–
Charge for the year	–	–
As at 31 March 2011	–	–
Net Book Value		
As at 31 March 2011	62,032	62,032
As at 31 March 2010	–	–

	Computer Software	Total
	£	£
Cost or valuation		
As at 1 April 2009	–	–
Additions in year	–	–
Disposals in year	–	–
As at 31 March 2010	–	–
Amortisation		
As at 1 April 2009	–	–
Charge for the year	–	–
On disposals	–	–
As at 31 March 2010	–	–
Net Book Value		
As at 31 March 2010	–	–
As at 31 March 2009	–	–

9. Property, plant and equipment

	Information Technology	Furniture & Fittings	Total
	£	£	£
Cost			
As at 1 April 2010	200,424	297,546	497,970
Additions in year	175,613	2,409	178,022
Adjustment	(465)	(10,480)	(10,945)
Disposals in year	(5,250)	(119,945)	(125,195)
As at 31 March 2011	370,322	169,530	539,852
Depreciation			
As at 1 April 2010	188,593	214,757	403,350
Charge for the year	20,826	67,868	88,694
Adjustments	(18,071)	(7,053)	(25,124)
On disposals	(5,250)	(119,814)	(125,064)
As at 31 March 2011	186,098	155,758	341,856
Net Book Value			
As at 31 March 2011	184,224	13,772	197,996
As at 31 March 2010	11,831	82,789	94,620

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

10. Trade and other receivables

	31 March 2011 £	31 March 2010 £
Amounts falling due within one year:		
Prepayments and accrued income	84,683	80,286
Other receivables	37,890	34,200
	122,573	114,486

11. Cash and cash equivalents

	2010/11 £	2009/10 £
Balance at 1 April	154,163	64,014
Net change in cash and cash equivalent balances	343,904	90,149
Balance at 31 March	498,067	154,163

The following balances were held at:	31 March 2011 £	31 March 2010 £
Commercial banks and cash in hand	498,067	154,163

12. Trade and other payables

	31 March 2011 £	31 March 2010 £
Amounts falling due within one year:		
Trade payables	27,957	57,760
Taxation	67	79
Other payables	–	1,041
Accruals	505,731	150,713
	533,755	209,593

There are no payables falling due after more than one year (2009/10: £nil).

13. Provisions

	31 March 2011 £	31 March 2010 £
Balance at 1 April	181,414	–
Payments made during the year	(181,414)	–
Provision	–	181,414
Balance at 31 March	–	181,414

Analysis of expected timing of discounted flows

The 2009-10 provision represented a payment to a director for loss of office, made in 2010-11 (1 April 2009 – £Nil).

14. Pension Commitments

(i) Pension Schemes

From 1 March 1994 to 30 September 2010 the company participated in The Pensions Trust Growth Plan. Additionally it offered access to the Black Rock Stakeholder Plan. However, since 1 January 2007, the company has been eligible to join the Principal Civil Service Pension Scheme (PCSPS). As a result of this for new employees the company now provides access to only the PCSPS. Existing staff have the right to remain in the Black Rock scheme. As at 31 March 2011, 35 staff (2009/10: 33) had joined the PCSPS, 1 (2009/10: 1) remained with Black Rock (now closed to new staff), and TPAS has now withdrawn from The Pensions Trust Growth Plan as it no longer has staff in the scheme, following the retirement of the last TPAS member at the end of September 2010 (2009/10: 2).

The pension charge represents the contributions made by the company to all the plans (Pensions Trust, Black Rock and PCSPS) and amounted to £508,432 (2009/10: £301,893).

Pension Scheme	2010/11 Contributions Paid £	2009/10 Contributions Paid £
PCSPS	297,451	270,052
BlackRock	3,706	7,349
Pensions Trust Growth Plan	207,275	24,492
	508,432	301,893

The payments in respect of The Pensions Trust Growth Plan include £204,403 which relate to TPAS' share of the scheme's fund deficit, which became due when TPAS stopped having any members in the scheme. The payment which included fees was made under the terms of section 75 of the Pensions Act 2005 (as amended).

(ii) Pensions Trust Growth Plan

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

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

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

When the last TPAS employee in The Pensions Trust Growth Plan retired on 30 September 2010 a liability for TPAS, arising from the deficit in the scheme, crystallised. Following an actuarial valuation, TPAS paid £201,465 to meet the liability and related valuation fees amounting to £2,938.

In May 2011, TPAS and The Pensions Trust trustee executed a deed to record the fact that TPAS had paid its debt in full and had therefore ceased to participate in the Trust as an employer for the purposes of section 75 of the Pensions Act 1995 with effect from 30 September 2010. On execution of the deed TPAS also ceased to be a former employer as it had satisfied regulations 9(3)(c)(iii) and 9(8) of the Occupational Pension Schemes (Employer Debt) Regulations 2005 and it has no further liability to make any contribution or other payment to the Trustee or The Pensions Trust.

(iii) BlackRock Stakeholder Plan

Since September 2001, members of staff have also been provided with access to a stakeholder pension, which is a defined contribution scheme administered by Black Rock. The assets are held separately from the company in a separately administered fund. As at the reporting date, there was one active member employed by the company (2009/10: 1 member).

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

The majority of the employees, 35 (2009/10: 33), are 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 resource accounts of the Cabinet Office Civil Superannuation (www.civilservice-pensions.gov.uk).

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

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

In the Nuvos scheme, a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% (2009/10: 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% (2009/10: 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 2010/11, to be paid when the member retires and not the benefits paid during this period to existing pensioners. For the year commencing 1 April 2011, 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 (2009/10: 2). The Partnership Pension Account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (2009/10: 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% (2009/10: 3%) of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% (2009/10:0.8%) of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

(v) Outstanding or Prepaid Defined Contribution Scheme Payments

There are no outstanding or prepaid contributions in respect of defined contribution schemes. (2009/10: None)

15. Liabilities of Members

The company is limited by guarantee and has no issued share capital. Every member, in pursuance with Article 2 of the Articles of Association, undertakes to contribute a sum not exceeding £1 in the event of the company being wound up whilst they are a member. Any surplus on winding up, in pursuance of Clause 3(iii) of the Memorandum of Association, will be repaid to any body which has contributed grants or other funding to the company. The retained surplus carried forward does not, therefore, represent funds attributable to members.

16. Operating Lease commitments

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

Land and Buildings

Obligations under operating leases comprise:–	31 March 2011 £	31 March 2010 £
Not later than one year	216,175	132,536
Later than one year and not later than five years	266,814	325,737
Later than five years	–	24,988
	482,989	483,261

Other

Obligations under operating leases comprise:–	31 March 2011 £	31 March 2010 £
Not later than one year	–	264
	–	264

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

17. Related-party transactions

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

The ultimate source of TPAS's grant-in-aid is the pension scheme levy. Section 174 of the Pension Schemes Act provides that The Pensions Regulator (TPR) can make grants to bodies like TPAS. With effect from 3 July 2008, the agreed quarterly amounts have been released by DWP to TPR, who then credit TPAS with the same amount.

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

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

18. Financial instruments and associated risks

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

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

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

Financial Assets by category

	31 March 2011 Loans and receivables £	31 March 2010 Loans and receivables £
Cash and cash equivalents	498,067	154,163
Other receivables	37,890	34,200
	535,957	188,363

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

Financial Liabilities by category

	31 March 2011 Financial Liabilities £	31 March 2010 Financial Liabilities £
Trade payables	27,957	57,760
Accruals	505,731	150,713
Other payables	–	1,041
	533,688	209,514

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

19. Contingent liabilities

The company had no contingent liabilities outstanding at the year end. (2009/10 Pensions Trust Growth Plan see note 14.)

20. Events after the reporting date

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

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