

the pensions  
advisory service

Annual Report  
and Financial Statements  
31 March 2008

The Pensions Advisory Service Limited  
(Company Limited By Guarantee)  
Company Number: 2459671

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# 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 2459671. We are a public body and as such have been classified as an executive Non Departmental Public Body (NDPB). We are funded by means of a grant in aid from the Department of Work and Pensions (DWP). This is recoverable from a general levy imposed on occupational and personal pension providers.

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;
- bringing to the attention of government departments, the public and the pensions industry areas of concern arising out of our experiences.

It is a free service. 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 are a progressive organisation committed to providing the best possible service to the public. We:

- are an equal opportunities employer;
- introduce, where possible, practices to sustain the environment;
- have policies in place to ensure a good work-life balance;
- make full use, where possible, of IT to support our service;
- put the customer first;
- fully support the development of our staff and volunteers.

We provide our service through a mix of paid staff based in London and a nationwide network of volunteer pension professionals. It is delivered through:

- giving information and guidance on all aspects of pensions via our national telephone helpline, operated by a combination of volunteers and paid staff. The helpline is open Monday to Friday 9-00am to 5-00pm.
- responding to written enquiries received either 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](http://www.pensionsadvisoryservice.org.uk);
- producing and distributing leaflets on a range of pension issues;
- producing an annual review for public consumption;
- working in partnership with other bodies to ensure the public receive the best possible service.

# Chairman's Review

**Introduction** I am pleased to present our Annual Report and Accounts for the year ended 31 March 2008.

**Our Vision** We are a unique organisation providing a valuable service to members of the public in need of information or guidance on all aspects of pensions. Our vision was "To ensure that the public throughout the UK are free of poverty through greater awareness of pensions and the issues surrounding them".

## **Review of the Year a) Workload**

This has been another demanding year for both our volunteers and staff as a record number of people have used our services.

We divide our written work between enquiries and complaints. During the year we have seen a small increase in the number of written complaints received from people unhappy with their pension provider, up 3% over the previous year, from 6,821 to 7,026. There has been an increase in the number of written enquiries, up 18% over the previous year, from 7,965 to 9,364. The number of helpline enquiries also rose significantly, up 19% from 52,179 to 61,935. During the year we ran a very successful special helpline for women. This received in excess of 9,000 calls during an eight week period and put enormous pressure on our resources. I am pleased that the staff and volunteers managed to meet the increased workload and were still in most instances able to meet our performance targets. This is a commendable achievement. Following on from last year's large increase we have seen yet another increase in visitors to our website, up from 434,082 to 557,589, an increase of 28%. We continue to develop our website to provide comprehensive information and guidance on all aspects of pensions.

## **b) Volunteers**

We are indebted to the army of pension professionals who help us provide our service. During the year we managed to recruit 40 new advisers. Unfortunately we experienced, for the third year running, a decline in the overall number of advisers. During the year we received 56 resignations giving us a net loss of 16 over the previous year. The number of volunteers now stands at 432. This is disappointing, but we appreciate the increasing pressures on the pensions industry. We shall be attempting to arrest this decline by actively recruiting over the next 12 months and, as with last year, putting in place a detailed plan of action aimed at increasing the number of advisers. We have set ourselves a target of recruiting 50 new advisers during the course of the year. For those who do volunteer, it is truly remarkable given the demands on them from their day jobs and the changes in legislation that they need to come to terms with, that time can still be found to help others. I never cease to be amazed at the sheer professionalism and dedication of our volunteers and it is these that make us unique, providing, at no cost to the enquirers, information and

guidance from experienced pension professionals. We are helped in our efforts to recruit by those companies who, through greater social awareness, are actively encouraging their employees to volunteer, for which we applaud them.

In our desire to recruit more volunteers, we will not relax the high standards of professionalism that we demand of the volunteers. The public deserve a first rate service and because we provide this largely through volunteers this does not mean an inferior service. We have set benchmarks that the volunteers must follow. Further details are on page 12. All volunteers receive a full induction before they start and training and ready support from our small paid staff is always at hand.

Due to the sterling work of our volunteers, our unit cost per enquiry remains low at approximately £113 for written casework and £13 per helpline call enabling us to continue to provide exceptional value for money. The open market cost of the services undertaken by our volunteers is estimated to be in excess of £10 million annually.

### **c) Accountability**

Our funding for the year has been provided by the DWP to whom we are accountable for our expenditure. Prior to April 2005 our funding was provided by the Occupational Pensions Regulatory Authority (Opra). Following the replacement of Opra by The Pensions Regulator, the DWP assumed direct responsibility for our funding. A Financial Memorandum and Management statement has been agreed between ourselves and the DWP, outlining the nature of the relationship, a copy of which can be found on our website. We are pleased that the document reinforces our independence and enables us to continue to raise areas of concern arising from our experiences. Each year we produce a three-year corporate plan outlining our objectives and plans for the next three years. Included in this are our delivery targets and we report quarterly to the DWP on our success in meeting these - see Report on Our Business Objectives 2007/08 on page 13-14.

### **d) Performance Targets**

Like most organisations, our paid staff are subject to performance targets. We have these for all aspects of our work, which include clearance times for written casework and response times in answering calls to our helpline. We consider the standards we have set to be exacting ones. These are reappraised on an annual basis to ensure that they are still relevant. I am pleased to report that in most areas we either met or exceeded our targets, though not surprisingly, given the increased workload the performance fell short of the very high standards achieved the previous year. Nevertheless this is an excellent achievement and one for which the staff should be congratulated. Further details of our performance targets can be found on page 11-12.

### **e) Our Strategic Objectives**

The Board of Directors oversees our strategies and work priorities with the Chief Executive, Malcolm McLean and his senior staff responsible for the day to day running of the organisation. There have been many developments during the year, not least the setting up of the Personal Accounts Delivery Authority and the Thoresen report on Generic Financial Advice. We consider we can play an important role in these projects. To ensure we are in a position to do so we set up a new Board Committee, the Strategy Group.

## **f) Our Board**

Last year we reported that we would be paying a small fee to appointed members of the Board for attending Board and Board committee meetings. Details of the amounts paid for 2007/08 are shown on page 35. During the year I am pleased to report that the Board has been greatly enhanced by the election of Allan Martin and Robert West, the re-election of Colin Hartridge-Price and the appointment of Mick McAteer. I would like to thank all the Board members for their professionalism, vision and commitment to ensuring we meet the needs of the public. Details of the Board and its committees can be found on pages 8-9.

## **g) Our Achievements**

We can look back with a genuine sense of pride over the past 12 months. During this period we successfully:

- resolved 88% of all complaints that we were asked to investigate;
- continued to work with the Association of Pension Lawyers in providing a mediation service to further assist resolution of disputes;
- managed an increase in workload while largely maintaining our targets;
- turned our website into the most comprehensive source of free information and guidance on pensions, reaching over 500,000 people annually;
- achieved despite an increased workload high satisfaction ratings from our customers for the service provided;
- piloted a work place initiative in conjunction with B&CE providing information and guidance to employees in the work place.

## **The Year Ahead**

I expect the forthcoming and subsequent years to provide us with the best opportunity since we were established for developing our service and reaching even more members of the public. Following the final Thoresen Report we shall be looking to play an important role in the Pathfinder Project being taken forward by the FSA. We shall also be seeking to place ourselves in a position to be the organisation to support the governments' Personal Accounts scheme and provide the advice the public will be seeking on such issues as auto enrolment. In the immediate 12 months we intend to expand our work place initiative and increase the number of presentations made. We have set a number of objectives for the next 12 months designed to ensure we continue to provide our highly respected service. Details of these can be found on page 13-14. 2008 is our 25th anniversary. This is a momentous achievement which has been celebrated by a special event in London, at which the Minister of State for Pensions Reform, Mike O'Brien was the guest speaker.



**Margaret Snowdon**

Chairman

14 October 2008

# Accountability and Governance

**Board Structure** The Board consists of a mix of nine non-executive directors (up to five elected directors and up to four appointed directors) and three executive directors. The elected directors are directors elected by the Members of The Pensions Advisory Service. The Members are those volunteers who having served for a minimum period are invited to become Members. All directors are Members. As at 31 March 2008, the number of Members stood at 359. Appointed Directors are directors appointed by the Board to fill gaps in its knowledge and expertise. The Board has identified that to function effectively it requires the directors collectively to have knowledge and experience in:

- management of pension schemes;
- pensions law;
- actuarial;
- finance and investment;
- consumer issues;
- corporate governance/strategic setting
- general management;
- other law e.g. company, employment
- accountancy;
- insurance;
- government departments;
- harnessing and motivating volunteers.

The Directors at 31 March 2008 were:

**Non-Executive** Margaret Snowdon\* (Chairman)

**Directors** Ian Ferguson\*

Colin Hartridge-Price\*

Tony Hodgkiss

Baroness Hollis of Heigham

Allan Martin\*

Mick McAteer

David Millington

Robert West\*

\*elected, the remainder are appointed.

**Executive** Malcolm McLean - Chief Executive

**Directors** Des Hamilton - Technical Director

Barry Wilkins - Director of Administration

## **Board Responsibilities**

- The Directors of TPAS have corporate responsibility for ensuring that TPAS fulfils its objectives as set out in its corporate plan and for promoting the efficient and effective use of staff and other resources by TPAS. To this end the board will amongst other things:
- i) establish the overall strategic direction of TPAS within its policy and resources framework;
  - ii) ensure that the 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;
  - iii) 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;
  - iv) ensure that in reaching decisions, it takes into account guidance issued by the DWP;
  - v) ensure that it receives and reviews regular financial information concerning the management of TPAS;
  - vi) ensure that it is informed in a timely manner about any concerns about the activities of TPAS and provides positive assurance to the DWP that appropriate action has been taken on such concerns;
  - vii) demonstrate high standards of corporate governance at all times;
  - viii) promote the interests of TPAS;
  - ix) ensure that the organisation is non discriminatory in all its actions.

Quarterly reports on Board performance are provided with a formal review being undertaken annually to ensure the Board is fulfilling its corporate governance responsibilities and is continuing to perform effectively.

## **Board Committees**

The Board has established three committees, an Executive Committee, an Audit and Risk Management Committee and a Strategy Group.

### **The Executive Committee**

The Executive Committee met three times during the year. Its remit is to monitor the implementation of agreed strategies and policies. It consists of three non-executive directors and the three executive directors. As at 1 April 2008 the members of the committee were:

Margaret Snowdon (Chairman)  
Des Hamilton  
Tony Hodgkiss  
Barry Wilkins  
Malcolm McLean

There has been a vacancy within the committee which was filled on 29 April 2008 by the appointment of Baroness Hollis to the Committee.

### **The Audit and Risk Management Committee**

The Audit and Risk Management Committee met twice during the year. Its remit is to identify and monitor all areas of potential risk, ensuring these are properly managed and that there are robust financial controls in place. It consists of three non executive directors. A representative from the DWP attends meetings. As at 1 April 2008 the members of the committee were:

David Millington (Chairman)  
Ian Ferguson  
Robert West (from 29 January 2008)

## The Strategy Group

The Strategy Group met three times during the year. Its main remit is to consider and recommend strategic options to enable TPAS to meet the needs of its customers and other stakeholders or to otherwise adapt its services to fit the medium and longer term pensions and general financial environment. As at 1 April 2008 the members of the committee were:

Margaret Snowdon (Chairman)

Colin Hartridge-Price

Mick McAteer

David Millington

Barry Wilkins

### Attendance at Board and Committee Meetings From 1 April 2007 to 31 March 2008

The Board met seven times during the year. Allan Martin and Robert West were elected to the Board and Mick McAteer appointed to the Board with effect from 15 October 2007. The attendance records of the current Directors as at 31 March 2008 for the Board and its committee meetings are:

	<b>Board</b>	<b>Executive Committee</b>	<b>Audit and Risk Management Committee</b>	<b>Strategy Group</b>
<b>Number of meetings</b>	<b>7</b>	<b>3</b>	<b>2</b>	<b>3</b>
Margaret Snowdon	7	3	N/A	2
Ian Ferguson	3	N/A	2	N/A
Colin Hartridge-Price	6	N/A	N/A	3
Tony Hodgkiss	7	3	N/A	N/A
Baroness Hollis of Heigham	7	N/A	N/A	N/A
Allan Martin	5	N/A	N/A	N/A
Mick McAteer	4	N/A	N/A	3
David Millington	7	N/A	2	1
Robert West	4	N/A	1	N/A
Malcolm McLean	6	3	N/A	N/A
Des Hamilton	7	3	N/A	N/A
Barry Wilkins	7	3	N/A	2

# Performance Measurement

We aim to provide a first rate service to the public. To help us we have in place a number of performance targets for staff and benchmarks for our volunteer workforce. It is important to us that those contacting us have a high regard for the service they receive. To ensure this is the case we issue a satisfaction survey to a sample of those using the service.

## Productivity Targets

To monitor work plan outputs, we have established a series of productivity targets that staff must meet. As shown below for the sixth year running, we have, in most instances, either met or exceeded our targets. The targets we have set are shown below.

### Financial

Unless there is a dispute with the invoice, we aim to pay all invoices within 10 working days of receipt. During the past two years we achieved a 100% success rate.

### Written Casework

These are divided into general enquiries/requests for information and complaints. By complaints, we mean that the person has a grievance with his/her pension provider. Some of these can be extremely complex and time consuming. During the year we received an increase in all aspects of our work. Compared to the previous year written enquiries rose by 18% to 9,364, complaints rose by 3% to 7,026, while calls to our helpline rose by 19% to 61,935.

Our achievements in dealing with this workload against the targets are shown below. For comparison we detail the achievements of the previous year. It is inevitable that, given the large increase in work load, there has been some slippage in the high ratings we achieved last year.

		Target %	Achievement 2007/08	Achievement 2006/07
<b>Enquiries</b>	Case cleared within:			
	15 working days	90	89	97
	20 working days	95	97	98
	25 working days	99	99	99
<b>Complaints</b>	Case cleared within:			
	3 months	50	41	47
	6 months	70	64	70
	12 months	90	87	88
<b>Helpline Calls</b>	Calls answered within:			
	20 seconds	90	97	98
	30 seconds	95	98	99
	60 seconds	99	99	100

Calls abandoned to be less than 10% of all calls received. The actual calls abandoned were less than 1% in both years.

**Adviser  
Benchmarks**

The volunteer advisers deal solely with complaints, working either from home or their place of work. We recognise that it is difficult to insist on the advisers having the same productivity targets as paid staff. However, we have set benchmarks for the advisers, which are closely monitored. The targets set have on the whole been achieved. The benchmarks and the targets are:

<b>Benchmark</b>	<b>Target %</b>	<b>Achievement 2007/08</b>	<b>Achievement 2006/07</b>
i) acknowledge receipt of a case and issue a form of authority to the enquirer seeking his/her agreement to contacting the scheme within two weeks of receiving the case;	85	87	89
ii) take positive action on the case within four weeks of receipt;	90	88	91
iii) keep the enquirer informed of developments at regular intervals, normally not exceeding two months;	85	80	84
iv) appropriate quality of information and guidance given.	95	95	99

Our staff monitor the progress of the case and ask for regular updates. The fact that we rely on volunteers does not mean that we provide a second-class service. Far from it, we pride ourselves on the high quality of service provided. This is supported by the returns from the satisfaction surveys sent to enquirers. Despite the increase in workload we have continued, and in some areas actually improved, the already high levels of satisfaction.

<b>Satisfaction Surveys</b>	<b>Target %</b>	<b>Achievement 2007/08</b>	<b>Achievement 2006/07</b>
The targets set and the achievements for the year are:			
Handling of Written Complaints against Schemes			
Users satisfied with the service	85	94	92
Handling of Written Enquiries			
Users satisfied with the service	90	96	96
Handling of Helpline Calls			
Users satisfied with the service	95	98	99

# A Report on our 2007/08 Objectives

**Action Plans** To supplement our long term goals each year the Board sets a number of objectives.  
**2007/08** We report below on how far we achieved our objectives in 2007/08.

**Provide a special helpline aimed at a specific consumer group for a limited period**

From 4 February 2008 we ran a specific helpline for women. The intention was to run it for an eight week period. Due to its success (over 9000 calls during the initial period) we have kept it open.

**Improve the information at our disposal by obtaining additional information from our helpline about the users of our service**

Our recent IT refresh means that we are now in a position to collect information as needed. We can run surveys at any time and this is used to obtain information about our customers' satisfaction with our service. We are now in a position to collect additional information as required.

**Use the IT systems to better identify advisers available to take cases, thereby releasing staff to provide information and guidance**

The IT refresh has greatly improved our ability to manage our caseload. The current system now provides us at the push of a button with a daily up date on the advisers who are available to take up cases, as opposed to the previous very longwinded weekly reports.

**Provide a special helpline for saving for retirement**

This was shelved as we did not consider there was a market for setting up this helpline.

**Increase the number of advisers by 2.5% to 463**

During the year we introduced a number of measures e.g. articles in periodicals, paid advertising. While this has resulted in 40 new advisers we also took the opportunity to remove a number of advisers who were no long taking cases. Therefore despite the new advisers the number of advisers has actually fallen to 435. The target was too exacting and for next year we have set ourselves a target of recruiting 50 new advisers an increase of 25% over the number recruited in 2007/08.

**Continue to improve our website**

During the year we continued to further improve our website. We introduced a state pension age calculator, a pension quiz and a Q&A section. Over the course of the year we received in excess of 500,000 visitors to the website.

**Establish links with Trade Unions to facilitate access to the workplace to provide talks on saving for retirement**

We established a partnership with B&CE industries, the largest supplier of financial benefits in the construction industry. Through them we have been able to give generic talks about retirement planning which embrace State provision and other things employees can do to improve their income in retirement. During the course of the year we made a number of successful presentations. We expect to expand this service during the next 12 months.

**To ensure the DWP accept that we are the best organisation to be underpinning Personal Accounts**

This is on-going. During the year we have met with representatives of the Personal Accounts Delivery Authority (PADA) to discuss the role we can play in the provision of a specialist helpline and website dedicated to Personal Accounts. The PADA Chief Executive, Tim Jones, has attended the office to see our service in action and he has addressed our Board.

**To increase awareness of our service**

We held a successful parliamentary reception which has improved our profile within parliament and the pensions industry. We have increased our local radio links thereby ensuring wider publicity of our service. During the year we achieved increases in all aspects of our work; written enquiries increased by 18%, written complaints by 3%, while calls to our helpline increased by 19%.

**To ensure the Thoresen Review is aware of the role we can play in the production of generic advice**

During the year we made representations to the Thoresen Review on our ideal model for the new service. Representatives have visited our office and Otto Thoresen has addressed our Board. We shall now be seeking discussions with the Pathfinder Project emanating out of the Thoresen Review with a view to having a significant role in the pilot.

# Our Future Plans

As part of our three year corporate plan for 2008-2011 we have set a number of key goals. These are to:

- support the government's aim of getting more people to save for their future through providing an accessible, friendly, independent and expert organisation to provide information and guidance to members of the public, whether they have a pension or not, on all aspects of pensions;
- communicate our capabilities to policy makers, the public and opinion formers especially to those formulating policy on generic financial advice (now known as Money Guidance) and Personal Accounts;
- help improve service standards within the industry through bringing to providers' attention areas of concern arising out of our experiences, resulting in a reduction in the number of dispute cases received;
- preserve our traditional dispute resolution role through being the first port of call for people who are experiencing a dispute with their pension provider;
- increase awareness and usage of our services;
- maintain the voluntary nature of our service. This is of enormous value to the public purse. It is the best way to produce a high quality free service providing maximum value for the grant we receive.

Supporting these key objectives are, for the first year of the plan, a number of specific action plans. These are reproduced below along with the key performance indicators showing how they are to be measured. They are not set in stone and will be regularly reviewed and, as appropriate, modified as the situation demands.

## Action Plans 2008/09

Action plans in support of our objectives

Objectives	Action Plans	Measurement/KPI
Support the government's aim of getting more people to save for their future through the provision of information and guidance via:		
i) providing an expert helpline providing information and guidance on all aspects of pensions to members of the public.	<p>To inform the delivery of our service and to provide feedback we shall continue to run regular surveys both via our helpline and website. Initiate an external survey (by September 2008) to identify who is using our service.</p> <p>Continue to provide access to, where appropriate, relevant professional qualifications to improve staff's skills e.g. PMI, Payroll Alliance. Provide relevant training courses for staff and volunteers.</p>	<p>Survey undertaken by September 2008. We are meeting the requirements of 90% of our customers.</p> <p>75% success rate in all examinations taken; Skill levels improve - fewer referrals to managers for information and guidance; Zero complaints of misinformation or wrong advice about the Helpline; 85% satisfaction with written enquiries and 90% satisfaction rate with helpline calls.</p>
ii) Expanding our role in providing information and guidance to employees in the work place.	<p>Increase the number of presentations made to employers to 200 annually.</p> <p>Continue to achieve a high satisfaction rating from the number of people who are satisfied with the presentation.</p>	<p>By 31 March 2009, 200 talks will have been made to employers.</p> <p>85% of employees satisfied with the presentation.</p>
iii) Increasing awareness of our service.	<p>Further develop and improve our website through the introduction of a number of initiatives including an online planner and a hot topics section.</p> <p>Increase our presence at relevant retirement planning conferences for the public.</p> <p>Continue with current media activities e.g. Working Lunch while establishing greater links both with local and national media resulting in increased media coverage.</p>	<p>The number of annual visitors to our website increases from 600,000 to 750,000.</p> <p>Attend and present at a minimum of four conferences throughout the year.</p> <p>Handle: a 5% increase in calls to the helpline (54,000 to 56,700); a 5% increase in the number of written enquires received (9,400 to 9,870); 6,660 dispute cases received.</p>

Objectives	Action Plans	Measurement/KPI
Help to improve the service standards within the industry through bringing to providers' attention, areas of concern arising out of our experiences.	<p>Continue to produce our annual casework review highlighting areas of concern.</p> <p>Meet quarterly with the FSA to discuss specific instances and practices we come across.</p> <p>Liaise with TPR when we come across something which we believe would be of interest to them.</p> <p>Work with the Raising Standards of Pensions group.</p>	<p>Annual casework report produced and launched on 1 July 2008.</p> <p>The number of cases reported in the casework report concerned with poor administration decrease from those previously reported. (For 2007/08 these stood at 2,178 [31%] of the cases received)</p>
To provide a dispute resolution role.	<p>Continue to help members of the public with disputes that they are having with their pension provider.</p> <p>Ensure schemes are aware of the role we play in disputes.</p> <p>Through engagement with FOS and the PO ensure dispute cases are referred to us where appropriate.</p>	<p>No. of dispute cases remain constant (6,660 cases annually.)</p> <p>Articles produced emphasising our role and annual casework report produced.</p>
Maintain the voluntary nature of the service.	<p>Continue with current recruitment policies - stands at conferences, talks, magazine articles, writing to schemes, etc with the aim of recruiting 50 new advisers a year.</p> <p>Make use of the advisers in employer talks.</p> <p>Continue to use volunteers on our helpline.</p>	<p>50 new advisers recruited with the total number of advisers remaining at their current level of 435.</p> <p>During the year we have a stand at a minimum of one major pensions conference.</p> <p>Maintain a group of 50 advisers available to assist in talks.</p> <p>Maintain a minimum number of 12 advisers who are used to help run the helpline.</p>

# Statutory Directors' Report: Foreword to the Accounts

The Accounting Officer and Members of the Board, as directors of the company limited by guarantee, present their report and the audited financial statements for the year ended 31 March 2008.

## **Statement of the Directors of The Pensions Advisory Service's and Accounting Officer's Responsibilities for these Accounts**

Company Law requires the Directors to prepare financial statements for each financial year, which 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 year. The Secretary of State of the DWP has directed The Pensions Advisory Service to prepare for each financial year a statement of accounts in the form and basis set out in the Accounts Direction.

In preparing those financial statements, the Accounting Officer and directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Accounting Officer and directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985 and any directions given by the DWP. The Accounting Officer and directors 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. With effect from 1 April 2005 the chief executive has been appointed as the company's Accounting Officer. The role of Accounting Officer carries with it certain responsibilities. These include responsibility for the propriety and regularity of the public finances and for keeping proper records, as set out in "Government Accounting".

Insofar as the Accounting Officer and directors are aware:

- there is no relevant audit information of which the company's auditors are unaware;
- they have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

<b>Historical and Statutory Background</b>	<p>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 it does not conflict with these, the Financial Memorandum between the company and the DWP. The forerunner of The Pensions Advisory Service Ltd, the Occupational Pensions Advisory Service, was formed in April 1983 with the intention of providing advice and assistance on all matters relating to occupational pension schemes both to individual elderly members of the public and those considered deserving of such advice and assistance by reason of their financial circumstances. Charitable status was conferred in May 1984. Requests for advice increased to such an extent that due to restrictions under which it operated, the charity was unable to provide the service required. In December 1990, OPAS Ltd was incorporated to solve this problem. In December 2004, OPAS Ltd changed its name to The Pensions Advisory Service Ltd. Funding is primarily by means of a grant-in-aid, which was originally administered by the Occupational Pensions Board (OPB). Following the closure of the OPB, from April 1997 the grant was administered by the Occupational Pensions Regulatory Authority (Opra) under Section 174 of the Pensions Act 1993 as modified by Schedule 5, paragraph 73 of the Pensions Act 1995. Following the replacement of Opra with the Pensions Regulator, from 1 April 2005, the grant has been administered directly by the DWP.</p>
<b>Preparation of Accounts</b>	<p>The Accounts have been prepared in accordance with an accounts direction given by the DWP. The accounts direction is reproduced as an appendix to the Accounts on page 38.</p>
<b>Review of the Business</b>	<p>The company's principal activity is the provision of an independent source of information and guidance to the general public, regardless of their circumstances, on all matters concerning pension schemes, including occupational pensions, personal pensions and stakeholder pensions. In the case of the state pension scheme generic information and guidance only is given. We are not authorised under financial services legislation to give financial advice. The provision of information and guidance is provided via a mix of paid staff operating from the London Office and a nation wide network of advisers who provide their time and expertise free of charge. The company maintains a small staff which co-ordinates the provision of this service both financially and technically. Additionally the company operates a national telephone helpline based at Belgrave Road, London. It is serviced by a mix of volunteers and paid staff.</p>
<b>Financial Activities</b>	<p>The Company's income is comprised almost entirely of a grant-in-aid from the Government. Its ability to meet contractual obligations is dependent upon the continued receipt of these funds.</p>
<b>Results</b>	<p>The company does not trade with a view to profit and it is proposed that the excess of expenditure over income for 2007/2008 (£2,863,954) is disclosed in note 17 together with the grant-in-aid for the year.</p>

**Changes in Fixed Assets** The movements in fixed assets during the year are set out in note 11 to the Financial Statements.

**Donations to Charity** During the year £850 was donated to charity. This was in lieu of spending money on sending Christmas cards.

**Directors Serving in the Year** The Directors serving during this period were:

**Non-Executive**

Graham Wright (Chairman - deceased)

Margaret Snowdon (Chairman from 9 July 2007)

Mike Anthony	Karen Aveyard	Colin Hartridge-Price
Ian Ferguson	Tony Hodgkiss	Baroness Hollis of Heigham
Allan Martin	Mick McAteer	David Millington
Baroness Turner of Camden	Keith Wallace	Robert West

**Executive**

Malcolm McLean	Des Hamilton	Barry Wilkins
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On 11 June 2007 Graham Wright sadly passed away and was succeeded as Chairman on 9 July 2007 by Margaret Snowdon. On 9 July 2007 Mike Anthony, Karen Aveyard, Baroness Turner of Camden and Keith Wallace retired from the Board. On 15 October 2007 Allan Martin and Robert West were elected to the Board. On the same date Colin Hartridge-Price was re-elected and Mick McAteer appointed to the Board.

Since 4 October 1999, there have been elective resolutions in force dispensing with the laying of accounts and reports before the company in general meeting and the holding of annual general meetings.

**Auditors** At an EGM held on 29 April 2000 an elective resolution dispensing with the annual appointment of auditors was passed. This is still in force. Section 482 of the Companies Act 2006 now allows non-profit making Non Departmental Public Bodies to be audited by the Comptroller and Auditor General (C&AG) under the Government Resources and Accounts Act 2000 instead of the normal discipline of statutory company audit. The C&AG will therefore be undertaking the audit for the year ending 31 March 2009.



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**M McLean**

Accounting Officer

14 October 2008

# Statement on the System of Internal Control

**Scope of responsibility** As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievements of The Pensions Advisory Service's policies, aims and objectives, whilst safeguarding the public funds for which I am personally responsible, in accordance with the responsibilities assigned to me under the Non-Departmental Public Bodies Accounting Officers' Memorandum, issued by the Treasury and published in Government Accounting. I also have a responsibility to ensure that the Board complies with the terms of the Management Statement and Financial Memorandum between the DWP and The Pensions Advisory Service.

**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 the Board of The Pensions Advisory Service for the year ended 31 March 2008 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

**Capacity to handle risk** During the year ended 31 March 2008, the Board met seven times to consider the plans and overall strategic direction of the service. The Strategy Group met three times to consider and make recommendations to the Board on the strategic direction of the organisation, while the Executive Committee met three times during the year to monitor the implementation of agreed strategies. The Board has delegated to the Audit and Risk Management Committee the responsibility for ensuring that an appropriate risk management strategy is in place. The Committee met twice during the year to identify and evaluate the risks and to ensure that policies and procedures are in place to manage the risks. A Risk Register identifying all major risks has been established to help monitor the risks. This is kept under continual review. The Audit and Risk Management Committee reports back to the Board on its findings.

**The risk and control framework** The purpose of risk management is to enable the mitigation and monitoring of the risks that have been identified and to capture the key risks to the achievement of our strategic objectives.

Risk is controlled through:

- using clearly documented financial and management procedures;
- monitoring by the audit and risk management committee;
- employing outside bodies to undertake an internal audit;
- comprehensive budgeting systems and financial reporting which indicates financial performance against the budget and forecast. Quarterly reports are made to the Executive Committee and as appropriate to the Board.

The most significant risks that we monitor are:

- loss of volunteers and key staff;
- loss of IT systems;
- litigation arising from information and guidance given;
- reliance on the DWP for funding;
- operating effectiveness (including financial);
- reduction in workload.

During the year the Board reviewed its corporate governance responsibilities and put in place a revised Code of Conduct to ensure it is complying with good practice in the public sector. The Audit and Risk Management Committee have identified gaps in our current business continuity plans. Discussions are currently taking place to ensure we have a robust policy in place that enables us to restore services within 48 hours in the event of a disaster recovery situation. Once complete we shall be making a business case to the DWP to fund the solution.

**Review of effectiveness**

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness is informed by the Director of Administration who has day to day responsibility for the development and maintenance of the internal control framework, the Audit and Risk Management Committee, internal audit reports and comments made by the external auditors in their management letters and other reports. Plans are put in place to rectify any weaknesses identified. Other than the need to revise our business continuity plan no weaknesses have been identified over the past 12 months.



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**Malcolm McLean**  
Accounting Officer

14 October 2008

# Remuneration Report

**Non Executive Board members** To ensure that we can attract the quality of member required and to enable us to compete with other organisations the Board approved the payment of a small allowance for appointed members for attending Board and Committee meetings (for the year ended 31 March 2008 up to £520 for Board meetings and up to £260 for Committee meetings, increased each year by RPI). Other than out of pocket expenses non executive board members do not receive any other remuneration. The total allowance paid to non executive Board members in the year, excluding out of pocket expenses amounted to £17,484.

**Executive Board Members** The remuneration of the whole staff including the executive Board members is determined by the non executive members of the Executive Committee. We have in place a staff remuneration package agreed with the DWP and the Treasury. Increases to staff remuneration are governed by Treasury and Departmental guidance. Increases to salary are determined by the Executive committee within the overall pay limits agreed with the DWP. Staff can receive a bonus payment based on performance providing the total bonuses do not exceed a fixed percentage (currently 3.25%) of the total pay bill.

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

**Notice Periods** All three executive members have a three month notice period.

**Remuneration and Pension** "Salary" includes gross salary including performance bonus. From 1 January 2007 employees were provided with access to the Civil Service Pension Scheme. Prior to this, employees were provided with access to either the Pensions Trust money purchase scheme or the Merrill Lynch stakeholder scheme. Contributions were set by reference to age. Des Hamilton and Barry Wilkins opted to join the Civil Service pension scheme, while Malcolm McLean decided to remain with the Pensions Trust scheme.

Upon joining the Civil Service Pension Scheme, up to 30 July 2007 employees could choose between joining the Premium final salary scheme or joining a good quality "money purchase" stakeholder arrangement with a significant employer contribution (Partnership pension account). From 30 July 2007 the Premium scheme has been replaced by the NUVOS scheme, a career average scheme. Both the Premium and NUVOS schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under the Premium and NUVOS schemes are increased annually in line with changes in the Retail Prices Index. Further details of the pension schemes provided during the year can be found in the Notes to the Accounts on pages 31-37.

Detailed in the table on page 25, are the salaries of the executive board members along with the value of the pension (Cash Equivalent Transfer Value) for those two members in the Civil Service Pension Scheme.

**Cash Equivalent  
Transfer Values  
(CETV)**

A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. 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 drawn.

**Real increase in  
CETV**

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

	Salary (in bands of £5,000) £,000	Real increase in pension to nearest £	Pension at 31 March 2008	CETV at Start Date 1 April 2007 to nearest £,000	CETV at End Date 31 March 2008 to nearest £,000	Employee contributions and transfers in to nearest £	Real increase in CETV funded by employer to nearest £,000
<b>Malcolm McLean</b>							
Chief Executive	105-110	N/A	N/A	N/A	N/A	N/A	N/A
<b>Des Hamilton</b>							
Technical Director	80-85	0-2.5	0-5	7	36	2930	26
<b>Barry Wilkins</b>							
Director of Administration	80-85	0-2.5	35-40	575	696	3732	38

Due to certain factors being incorrect in last year's CETV calculator there may be a slight difference between the final period CETV for 2006/07 and the start of period CETV for 2007/08.



**Margaret Snowdon**

Chairman

14 October 2008



**Malcolm McLean**

Chief Executive

14 October 2008

# Independent Auditors' Report to the Members of The Pensions Advisory Service Limited

For The Year Ended 31 March 2008

We have audited the financial statements of The Pensions Advisory Service Limited for the year ended 31 March 2008 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of directors and auditors**

The Directors' Responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statutory Directors' Report.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Statutory Directors' Report and the Chairman's Review. We consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information beyond that referred to in this paragraph.

**Basis of audit opinion** We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion** In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31st March 2008 and of its deficit for the year then ended;
- have been properly prepared in accordance with the Companies Act 1985; and
- are consistent with the information given in the Directors' Report.



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**MacIntyre Hudson LLP**

Chartered Accountants and Registered Auditors

New Bridge Street House

30-34 New Bridge Street

London EC4V 6BJ

21 October 2008

# Income and Expenditure Account

For The Year Ended 31 March 2008

		2008		2007 (restated)	
Income	Notes	£	£	£	£
Bank interest received	1.2		23,276		24,843
	1.4		23,276		24,843
<b>Expenditure</b>					
Staffing	Employment costs	2	1,700,808		1,563,882
	Training	2	15,077		9,577
	Travel & Subsistence	2	27,343		34,806
	Meetings	2	2,623		3,011
Board Travel and Other Expenses		3	7,681		1,995
Board Allowance		4	17,484		11,236
Promotional		5	96,352		83,741
Telephone & Fax			28,659		37,331
Print, Post, Stationery			89,530		79,316
Library		6	31,624		23,475
Insurance		7	15,004		18,983
Legal & Professional		8	28,355		551
Audit Fee		9	3,569		2,538
IT Costs		10	390,810		171,863
Repairs & other maintenance			8,542		7,265
Depreciation of fixed assets		11	105,104		69,940
Software acquisitions		12	(1,328)		185,599
Minor furniture & equipment		13	2,308		17,893
Regional Expenses			47,170		42,428
Miscellaneous		14	7,666		13,586
Lease Hire			3,687		3,582
Accommodation charges			253,657		261,676
Donations to Charity		15	850		25
Loss on disposal of Fixed Assets			0		16,048
			<u>2,882,575</u>		<u>2,660,347</u>
Deficit on ordinary activities before taxation			(2,859,299)		(2,635,504)
Taxation		16	4,655		4,720
Deficit on ordinary activities after taxation		17	<u>(2,863,954)</u>		<u>(2,640,224)</u>

The company made no recognised gains or losses in 2008 and 2007 other than the deficit for the year.

All amounts relate to continuing operations.

The notes on pages 31-37 form part of these financial statements.

# Balance Sheet

As at 31 March 2008

	Notes	2008		2007	
		£	£	£	£
<b>Fixed Assets</b>					
Tangible Assets	11		260,850		357,293
<b>Current Assets</b>					
Debtors - Prepayments and accrued income	18		111,761		115,456
Cash at bank and in hand			64,114		295,290
			<u>175,875</u>		<u>410,746</u>
<b>Creditors:</b>					
<b>Amounts falling due within one year</b>					
Accruals			(9,687)		(146,982)
Corporation Tax			(4,655)		(4,720)
Deferred grant income	1.4		(260,850)		(357,293)
			<u>(275,192)</u>		<u>(508,995)</u>
<b>Net current liabilities</b>			(99,317)		(98,249)
			<u>161,533</u>		<u>259,044</u>
<b>Reserves</b>					
General reserve	17		161,533		259,044
			<u><b>161,533</b></u>		<u><b>259,044</b></u>

The financial statements were approved by the Board on 14 October 2008 and signed on its behalf by:



**M Snowdon**  
Chairman



**M McLean**  
Chief Executive

# Cash Flow Statement

For The Year Ended 31 March 2008

	<b>2008</b>	<b>2007</b>
	£	£
<b>Reconciliation of operating surplus to net cash inflow from operating activities</b>		
Net expenditure for the period	(2,859,299)	(2,653,504)
Government grants credited to the general reserve	2,766,443	2,725,423
Depreciation charges	105,104	69,940
Loss on disposal of Fixed asset	0	16,048
Interest received	(23,276)	(24,843)
(Increase)/Decrease in debtors	3,695	(26,004)
Increase/(Decrease) in creditors	(137,295)	137,476
Deferred grant withheld/(released) in year	(96,443)	301,868
Net cash inflow/(outflow) from operating activities	<b>(241,071)</b>	<b>564,404</b>
<b>Cash Flow Statement</b>		
Net cash flow from operating activities	(241,071)	564,404
Returns on investments and servicing of finance (note 19.1)	23,276	24,843
Taxation	(4,720)	(1,482)
Capital expenditure	(8,661)	(387,856)
	<b>(231,176)</b>	<b>199,909</b>
Reconciliation of net cash flow to movement in net debt (note 19.2)		
Increase/(decrease) in cash in period	(231,176)	199,909
Change in net funds	(231,176)	199,909
Net funds at 1 April 2007	295,290	95,381
Net funds at 1 April 2008	<b>64,114</b>	<b>295,290</b>

# Notes to the Accounts

For The Year Ended 31 March 2008

## 1. Accounting Policies

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards and a Direction given by the Department for Work and Pensions (DWP). In addition the accounts have to comply with the provisions in the HMRC Financial Reporting Manual (FRoM), applicable to all NDPBs. A summary of the more important policies is shown below:

### 1.1 Basis of Accounting

The financial statements are prepared under the historical cost convention.

### 1.2 Change of Accounting Policy

The FRoM requires NDPBs to account for grants-in-aid received for revenue purposes as financing because they are regarded as contributions from a controlling party which gives rise to a financial interest in the residual interest of NDPBs. This is a change in accounting policy from earlier periods when such items were recorded as income. The effect of this change on the certified 2006-2007 accounts and the impact of the change on the results of the current year is shown below. Note there is no impact on the net assets of the company as a result of this change in policy.

	At 31 March 2007 (previously stated)	Impact of adopting the new policy	At 31 March 2007 (restated)
Surplus (deficit) 2006-2007	85,199	(2,725,423)	(2,640,224)
General Reserve	259,044	0	259,044
	At 31 March 2008 (without applying new policy)	Impact of adopting the new policy	At 31 March 2008 (Applying the new policy)
Retained deficit 2007-2008	(97,511)	(2,766,443)	(2,863,954)
General Reserve	161,533	0	161,533

### 1.3 Depreciation

Depreciation is provided using the following rates and bases to write off by annual instalments the cost of the tangible assets over their estimated useful lives.

Computer equipment costing more than £100	33% straight line
Software	written off in year of purchase
Computer equipment costing less than £100	
Furniture, Fixtures & Equipment costing more than £100	20% straight line
Furniture, Fixtures & Equipment costing less than £100	written off in year of purchase

## 1.4 Government Grants

Grants were received during the year from the DWP to fund our service. A general levy is set and payments collected from occupational pension schemes, personal pension schemes and public service schemes to recover our administrative costs. Grant income in respect of capital expenditure is credited to the Income and Expenditure account over the estimated useful life of the relevant fixed assets. Grants included in Accruals and Deferred Income represents the amount of Grants received in respect of Fixed Assets, less an annual release of grant (see Cash Flow Statement) to the Income and Expenditure Account of an amount equal to the depreciation of that asset. The actual Grant Income received in respect of the year's activities was as follows:

- £2,670,000 (2007 - £3,027,291)

## 1.5 Form and Content of the Accounts

The format of the Income and Expenditure Account is adapted and re-arranged from the prescribed formats in the Companies Act 1985 to provide a more meaningful presentation of the company's financial situation in the year. In all other respects, the form and contents of the Accounts are in accordance with the requirements of the Act.

## 1.6 Pension Scheme

Since 1 March 1994 the company has been participating in the Pensions Trust's Growth Plan. Additionally it offered access to the BlackRock Stakeholder Plan. However, since 1 January 2007, the company has been eligible to join the Civil Service Pension Scheme. As a result of this for new employees the company now provides access to only the Civil Service Pension Scheme and the Pensions Trust Growth Plan. Existing staff have the right to remain in any of the existing schemes. As at 31 March 28 staff had joined the Civil Service Pension Scheme, three remained with BlackRock (now closed to new staff), and two with the Pensions Trust Growth Plan.

The pension charge represents the contributions made by the company to all the plans (Pensions Trust, BlackRock and Civil Service) and amounted to £256,243 (2007 - £168,306).

### **Pensions Trust Growth Plan**

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

The Plan is funded and is not contracted out of the State Scheme. The rules of the Growth Plan allow for the declaration of bonuses and/or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis. Bonuses/ investment credits are not guaranteed and are declared at the discretion of the Plan's Trustees. The rules of the Growth Plan give the Trustees the power to require employers to pay additional contributions in order to ensure that the statutory funding

objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions. During the accounting period the company paid contributions of between 15% and 17%, depending upon the age of the employee. As at the balance sheet date there were two active members of the Plan employed by the company.

The last formal valuation of the Scheme was performed as at 30 September 2005 by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £675 million and the Plan's Technical Provisions (i.e. past service liabilities) were £704 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £29 million, equivalent to a funding level of 96%.

While the next formal valuation is not due until September 2008 the Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Plan as at 30 September 2007. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £806 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £40 million, equivalent to a funding level of 105%. Annual funding updates of the Growth Plan are carried out using approximate actuarial techniques rather than member by member calculations, and will therefore not produce the same results as a full actuarial valuation. However they will provide a good indication of the financial progress of the Plan since the last full valuation.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustees of the Plan. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up. This means that the debt will crystallise as soon as the last active member leaves the Scheme. The company has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2007. As of this date the estimated employer debt for the company was £114,188 (2006 £192,095).

### **BlackRock Stakeholder Plan**

Since September 2001, staff have also been provided with access to a stakeholder pension administered by BlackRock, the assets of which are held separately from the company in a separately administered fund. As at the balance sheet date there were three active members employed by the company.

For permanent staff, the company makes contributions to the Ethical Plan and the Stakeholder Plan on the same basis as for the Growth Plan.

### **Civil Service Pension Scheme**

The majority of the employees (23) are covered by the provisions of the Civil Service Premium Pension Scheme (CSPS) which is a defined benefit scheme. Prior to 30th July 2007 employees were offered access to the Premium scheme. From 30th July 2007 this was closed to new entrants and employees are now provided with access

to the NUVOS scheme, 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. The NUVOS scheme is a career average scheme, where pension builds up at 2.3% of pensionable earnings each scheme year. As at 31 March 2008 there were three employees in the NUVOS scheme. In both schemes there is no automatic lump sum but members can give up (commute) some of their pension to provide a lump sum. Employer contributions range from 17.1% to 25.5% depending on salary bands.

Instead of NUVOS employees can choose to open a Partnership pension scheme. One employee has opted to do so. The Partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3 and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a selection of approved products. The employee does not have to contribute but where they do make contributions the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable pay to the CSPS to cover the cost of future provision of lump sum benefits on death in service and ill health retirement of these employees.

<b>2. Staff Costs</b>	<b>2008</b>	<b>2007</b>
	£	£
Wages & Salaries	1,317,469	1,260,991
Social Security Costs	118,498	128,179
Recruitment Costs	8,598	6,406
Pension Costs	256,243	168,306
	<b>1,700,808</b>	<b>1,563,882</b>
Training	15,077	9,577
Travel & Subsistence	27,343	34,806
Refreshments for meetings	2,623	3,011
	<b>1,745,851</b>	<b>1,611,276</b>
The average monthly number of employees during the year was:	33	34

Training costs will depend upon need. For 2007/08 these included the costs of successfully achieving re-recognition for Investors in People. There were additional travelling costs in 2006/07 to cover the period when we were temporarily housed at Tavis House while Belgrave Road was being refurbished.

### **3. Board Allowance**

The increase over the previous year is a direct result of the advertising costs incurred in the recruitment of a new director to the Board.

### **4. Directors Allowance**

A small allowance has been paid to appointed non executive board members (up to £520 per board meeting and up to £260 per committee meeting.) The total paid in the year was £17,484 (2007:£11,236). The increase over 2007 is a direct result of additional meetings being held in 2007/08.

### **5. Promotional**

We have continued to advertise our service on a wider basis including, in early 2008 paid advertising.

### **6. Library**

The increased cost for 2008 is due to taking out a subscription with Pendragon for its Perspective software.

### **7. Insurance**

During the year we received a refund for business interruption as a result of having to temporarily vacate our offices for three weeks in December.

### **8. Legal and Professional**

Additional legal costs have been incurred in 2008 to protect our name from being used on websites by other organisations. This has included forcing organisations with sites designed to take advantage of our name to transfer these sites to TPAS. During the year we also commissioned a report to help us develop our strategies for the future.

### **9. Audit**

During the 2007 audit we asked the auditors to undertake additional tasks to help us with the accountancy treatment of the goods purchased by the DWP as part of our IT refresh.

### **10. IT Costs**

Costs have increased as 2008 was the first year when we had a full 12 months of a managed service. We also undertook a series of enhancements to the IT system.

11. Tangible Fixed Assets	Computer Equipment £	Furniture Fixtures & Equipment £	Total £
<b>Cost</b>			
As at 1st April 2007	160,777	289,429	450,206
Additions in year	2,903	5,758	8,661
Disposals in year		(337)	(337)
As at 31 March 2008	<b>163,680</b>	<b>294,850</b>	<b>458,530</b>
<b>Depreciation</b>			
As at 1st April 2007	39,259	53,654	92,913
Charge for the year	53,773	51,331	105,104
On disposals		(337)	(337)
As at 31 March 2008	<b>93,032</b>	<b>104,648</b>	<b>197,680</b>
<b>Net Book Value</b>			
As at 31 March 2008	<b>70,648</b>	<b>190,202</b>	<b>260,850</b>
As at 31 March 2007	<b>121,518</b>	<b>237,775</b>	<b>357,293</b>

## 12. Software

In 2007 we purchased new software as part of our IT refresh. In 2008 no purchases were made. The deficit is due to software being purchased in the financial year 2006/07 but only being received and installed in the financial year 2007/08.

## 13. Minor Furniture & Equipment

The large amount in 2007 was a direct result of items purchased as part of the accommodation refresh.

## 14. Miscellaneous

The amount in 2007 was higher than normal as a result of the accommodation refresh.

## 15. Donations to Charity

This year we decided not to send Christmas cards but instead to make a donation to a suitable charity for the amount we would have spent on Christmas cards.

16. Tax on Non-Grant Income	2008 £	2007 £
The taxation charge is based solely on bank interest and comprises: UK corporation tax at 20% on £23,276 (2007 19% on £24,843)	4,655	4,720
17. Reconciliation of Movements in General Reserve	2008 £	2007 (restated) £
As at 1 April 2007 brought forward	259,044	173,845
Net expenditure	(2,863,954)	(2,640,224)
Grant-in-aid	2,766,443	2,725,423
General Reserve carried forward	161,533	259,044

<b>18. Debtors</b>	<b>2008</b>	<b>2007</b>
	£	£
Prepayments and accrued income	111,761	115,456

The main debtors are Mapeley Limited in respect of accommodation charges paid covering the period up to 25 June 2008 and Pendragon Limited in respect of the remaining two years of a three year subscription for Perspective software.

## 19. Notes to the cash flow statement

<b>19.1 Gross cash flows</b>	<b>2008</b>	<b>2007</b>
	£	£
<b>Returns on investments and servicing of finance</b>		
Interest received	23,276	24,843
<b>Capital expenditure</b>		
Payments to acquire tangible fixed assets	8,661	387,856
	8,661	387,856

<b>19.2 Analysis of changes in net funds</b>	<b>At 1 April 2007</b>	<b>Cash Flows</b>	<b>At 31 March 2008</b>
	£	£	£
Cash in hand, at bank	295,290	(231,176)	64,114

## 20. Members' funds and Memorandum of Association

The company is limited by guarantee and has no issued share capital. Every member, in pursuance with Clause 5 of the Memorandum of Association, undertakes to contribute a sum not exceeding £1 in the event of the company being wound up whilst he is a member. Any surplus on winding up, in pursuance of Clause 4 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.

## 21. Operating Lease Commitments

At 31 March 2008, the company had annual commitments under non-cancellable operating leases set out below.

	<b>2008</b>	<b>2007</b>
	£	£
<b>Land and Building</b>		
Operating leases which expire:		
Within one year	NIL	NIL
Between two and five years	110,678	117,312
After five years	NIL	NIL
<b>Plant and Machinery</b>		
Operating leases which expire:		
Within one year	3,688	NIL
Between two and five years	NIL	3,688
After five years	NIL	NIL

# Accounts Direction

Given by the Department of Work And Pensions

The Department of Work and Pensions has issued the following accounts direction

## **Application of The Companies Act's Requirements**

1. The disclosure exemptions permitted by the Companies Act in force for the financial period for which the statement of accounts is to be prepared shall not apply to TPAS unless specifically approved by the Treasury.
2. The foreword shall contain the information required by the Companies Act to be disclosed in the Directors' Report, to the extent that such requirements are appropriate to TPAS.
3. In preparing its income and expenditure account and balance sheet, TPAS shall adopt respectively format 2 and format 1 prescribed in Schedule 4 of the Companies Act to the extent that such requirements are appropriate to TPAS.
4. The foreword and balance sheet shall be signed and dated.

## **Additional Disclosure Requirements**

1. The foreword shall state that the accounts have been prepared in accordance with a direction given by the Department.
2. The foreword shall include a brief history of TPAS and its statutory background.
3. The Accounts Direction shall be reproduced as an Appendix to the Accounts.



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