Department
for Transport

Vehicle Certification Agency

An Executive Agency of the Department for Transport

Annual Report and Accounts 2013-14

Department for Transport

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Foreword - from the Chief Executive

Welcome to the Annual Report for the Vehicle Certification Agency (VCA) for 2013-2014. Our mission is to enable manufacturers and distributors to supply safe and environmentally compliant products to the UK and European market place, and to other locations that recognise the United Nations Regulations for vehicles and components. Many of our services compete with European public sector and international private sector providers.

The VCA delivered a turnover of £16.1m compared to a budget of £16.0m. This increase was largely due to activities in our core Product Certifications business, an excellent performance given the competitive strength of the sector, which more than off-set the reductions in our work for Government as a result of changes in priorities by the Department for Transport and Department for Business, Innovation and Skills. With costs of £15.8m, a small surplus was achieved, however these results were further impacted by additional extraordinary costs of £0.8m. Therefore the agency returned a deficit of £511,000 against a surplus target of £100,000. This is a disappointing result driven by unbudgeted costs associated with unrealised losses on translation of foreign currencies, and changes to staff terms and conditions following harmonisation across the DfT. There were other exceptional costs, making a total negative impact on the accounts of around £1 million. Taking like for like performance with prior year, the VCA would have delivered a surplus.

Our core Product Certification work grew by 3%, with most growth in our UK and European operations. While our Chinese operation recorded a slightly smaller turnover this year, mainly due to staff losses, attracted by the premium European manufacturers moving into the Chinese market, the opportunity for further growth in this region remains strong. Work in India grew significantly from a small base, and this is now looking very promising for the future. I am very pleased with the growth in our Management System Certification (MSC) work, up 9% year on year, with the opportunity of continued growth, and I am delighted to report a return to profitability for this sector. Work for Government further reduced this year, as Government Departments continue to respond to budget challenges, however our Dangerous Goods division performed well.

The productivity of our staff remains high, as does their commitment to our customers and the Agency. Customer satisfaction grew 5% to 95% this year, and our Staff Engagement score remained in the Civil Service High Performance sector at 66%. Staff turnover remains reasonable, but recruitment in the UK remains challenging mainly due to the demand from the buoyant automotive industry.

VCA opened its first office in South America, with the Transport Minister Robert Goodwill launching VCA South America in Sao Paulo in November 2013. This office will start trading in the new Financial Year as we employ engineering staff in the region. This year we have delivered some activities from our UK and North American resources. However, we are well placed to grow quickly in this exciting region, where demand for services is currently outstripping supply.

The VCA has actively supported the DfT New Commercial Models project, where the Department is seeking a joint venture partner, to take the VCA out of the DfT into the private sector. This year saw the formal launch of the procurement, through an announcement in the Official Journal of the European Union.

VCA is in a very healthy position to grow in the future, delivering more and better services to the automotive industry.

Paul Markwick
Chief Executive

3rd July 2014

Introduction

About the Agency

Brief History and Background

The Vehicle Certification Agency (VCA) was established in 1990 and is an Executive Agency of the Department for Transport (DfT). Prior to 1990 the work now done by VCA was carried out by an operational division of the then Ministry of Transport. The VCA is an integral part of the Motoring Services (MS) Group and the accounts will be fully consolidated into the Departmental Group Accounts.

The VCA's main business is delivering its responsibilities to the Secretary of State for Transport as the UK Type Approval Authority for new on and off-road vehicles, systems and components. VCA is responsible for approving that products have been designed and constructed to meet internationally agreed standards of safety and environmental protection. The VCA publishes a database of CO_2 emissions from passenger cars which underpins the graduated Vehicle Excise Duty (VED) and Company Car tax schemes.

VCA is also the administrator for the approval of packages for the carriage of dangerous goods. We issue Vehicle Special Orders on behalf of DfT, to permit vehicles to use public roads that are unable to meet vehicle regulations because of their specialised design. VCA also operates on behalf of DfT, Department for Business, Innovation and Skills (BIS) and the Department for Environment, Food and Rural Affairs (DEFRA), as the nominated enforcement body for a number of Statutory Instruments arising from European directives. This includes the obligations under the European emissions standards, Non-Road Mobile Machinery, the Waste Electrical and Electronic Equipment (WEEE) Regulations and the Waste Batteries and Accumulators Regulations.

In addition to statutory work, VCA provides a range of Management System Certification (MSC) services to the automotive industry supporting on-going compliance to the Type Approval and Conformity of Production (CoP) requirements and regulations. These allow the automotive industry to demonstrate that they have the systems in place, not only to ensure the quality of their products, but also to minimise the impact on the environment from the manufacturing and design processes.

Organisation

VCA takes its policy lead from the DfT centre and the Motoring Services Group, working in particular with the International Vehicles Standards division, as well as the Traffic, Dangerous Goods and Greener Driving divisions. There is monthly reporting of financial and performance information to the Department for consolidation into HM Treasury and Cabinet Office returns, supported by challenge meetings with senior officials.

The Governance Statement, pages 35-39, shows who is on the Management Board and how it operates, while the Remuneration Report pages 27-33 provides information on Board appointment terms, salary and pension entitlements.

About this report

This Annual Report and Accounts is the principal means for formally reporting to Ministers and Parliament on VCA's performance and its statutory financial statements. It covers the period 1 April 2013 to 31 March 2014.

Delivery of our business plan 2013-14

Information Services

Customer Experience

Customers are at the heart of everything we do. Public service reform puts the customers at the forefront of service design and delivery. On-going customer surveys ensure we understand their needs and can measure how well we are delivering our services to meet their requirements.

Customer Service Excellence

The annual survey of customer satisfaction is conducted by an independent body, and this year exceeded the Secretary of State target by achieving a satisfaction rating of 95%. This has improved 5% on prior year. This score reflects the VCA commitment to improving customer satisfaction across our range of products.

Customer Communications

Much of our communication is managed though the VCA web site, and links into Gov.UK, where the Fuel Consumption and CO_2 data is accessed by millions of citizens. Also during 2013-14 we published two issues of Update News, our E-Magazine for VCA customers. This journal gives information on future changes to the regulatory framework for product approvals and enforcement, changes to the Management Systems Certification rules, and information on new services from the VCA.

Information Assurance

Information Assurance continued to support the Agency in meeting business and statutory obligations in 2013/14. Activities carried out in 2013/14 were:

- delivery of an information assurance and security training and awareness programme to all staff with the main focus being on the new government security classification policy and the changes this required in terms of handling information and individual responsibility
- meeting legislative requirements, including the Freedom of Information and Data Protection Acts – exceeding the targets set out within legislation and the Agency's business plan

Information and communication technology

The VCA ICT department has made progress on the server virtualisation programme to reduce the number of physical servers; resulting in reduction in power requirements and improved disaster recovery capability. Work has started on installing virtualised servers at the VCA Midlands Centre to replicate key systems running on servers in Bristol.

We have replaced a significant number of printers, scanners and fax machines, with four MFD's (multi-functional devices) in the HQ building, negating the need to purchase and carry a large inventory of different types of printer cartridges, freeing up of some office space, and better management information on use of paper and printing. Additional benefits include a reduction on CO_2 emissions.

We also initiated a document and records management pilot project using Microsoft SharePoint. It is planned to roll this out to the Agency during the next financial year.

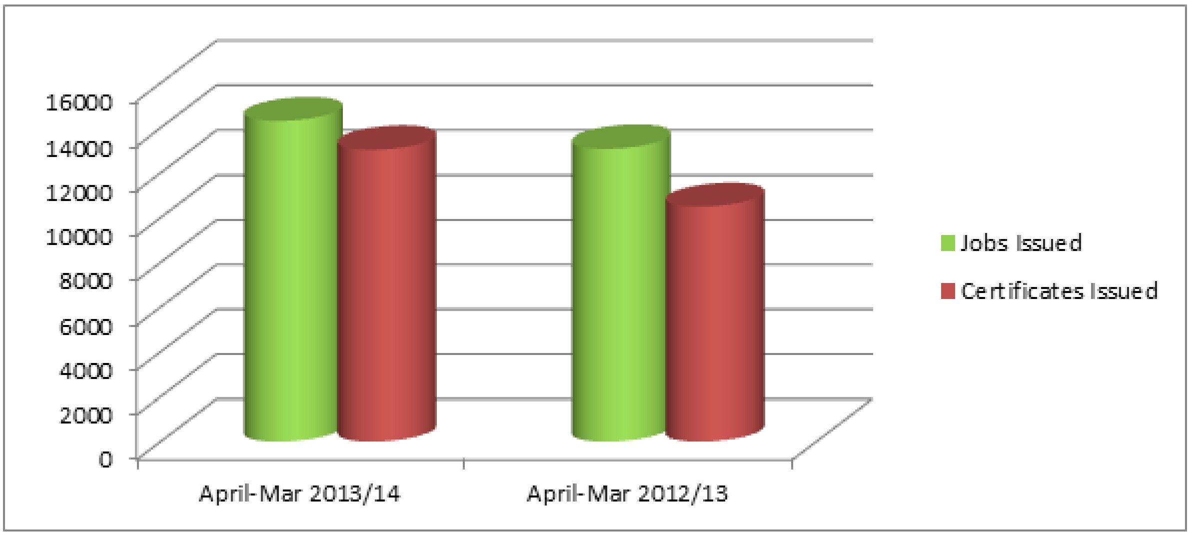
Digital Services

VCA has continued to support the government and DfT 'Digital by Default' strategies. Greater understanding of user needs is being trialled and developed by providing direct online feedback facilities for our customers.

Demand and throughput

Whole Vehicle and component type approval activity levels have continued to grow by 3% year on year, the increase being stimulated by a combination of:

- Applicability of European Type Approvals to the design and manufacture of small, medium and large trailers.
- The Multistage Stage Builds of commercial vehicles now falling into type approval for every stage
- Significant increases in product engineering and approvals by major OEMs such as Nissan, Honda, Jaguar Land Rover and Ford
- Component test work in UK and across Europe.



Conformity of Production assessments and certification has also reached highest levels, driven primarily by new SME entrants to European Type Approval who do not have ISO 9001 certification.

Management Systems Certification has delivered 9% growth, much of this in the North American market.

	2013-14 Actual
European Type Approvals	19,100
CoP Audits – New UK clients	167
Management Systems Certificates	864
MSC Audit Days	2011

Quality Assurance

VCA takes the quality of its operations and systems very seriously, and is accredited by both UKAS and IATF for the Management Systems Certification activities. We audit all our Technical Services, internal and external, to the requirements of the framework Directives and the principles of ISO 17020 and 17025, and we maintain test equipment calibrations in accordance with ISO 17025. The VCA Central Quality function audits all the Agency Departments and Branches for adherence to our Quality Operating System. Any non-conformances are monitored by the Management Board to ensure timely closure and adequate corrective action.

Enforcement

WEEE/Batteries Enforcement

Service level agreement objectives were delivered encompassing 3379 enforcement activities, 572 market research store inspections, 2335 enforcement store inspections, 472 distance seller inspections, and 1128 product checks. 224 WEEE cases were opened and 210 closed with a satisfactory conclusion. Additionally, 1449 waste-battery related enforcement/market research activities were completed.

Outdoor Noise Enforcement

Service level agreement objectives were delivered. We attended 8 trade exhibitions, and as a consequence visited and inspected 206 stands, and we inspected 2351 products. From this 16 cases were resolved and 7 remain under investigation.

CO_2 & Fuel Consumption Advertising Standards Enforcement

Service level agreement objectives were delivered. We vetted 1460 adverts/hoardings and publications. As a consequence, 25 cases were processed and 7 cases are open.

V55 Secure Registration Checking

Significant additional activity was experienced following changes to DVLA's local office structure. As a consequence, 65 enquiries were received about joining the secure scheme, 38 applications were received and processed, and 36 follow-up audits were completed.

NRMM Enforcement

3 small engines were tested; 7 trade exhibitions were attended.

Trailer Market Surveillance

83 businesses were contacted of which 75 accepted educational visits on a voluntary basis. 265 trailers were inspected during those visits.

Dangerous goods

155 new packaging certificates were issued. A new database for the issuing of tank certificates was developed and is undergoing user trials.

New Commercial Models

The Government's Open Public Services White Paper published in July 2011 and the Civil Service Reform Plan published in June 2012 both challenged departments to think about how they commission and deliver services with a view to looking at innovative options. DfT committed, through its motoring services strategy, to assess how it could reform VCA (an Executive Agency of DfT) to enable it to grow and contribute to the wider UK economy, whilst continuing to provide a high quality and trusted service which is recognised for its integrity.

As part of a formal procurement process, DfT is now seeking a Private Sector Partner to develop and take forward a new commercial model for VCA. VCA has actively participated with key stakeholders, which includes not only potential bidders and the interests from the wider industry sector such as associated professional bodies, but also the DfT and other Government departments.

VCA has fully supported the DfT project and embedded three full time staff into the project team, two of which were Management Board members. This recognises the importance of the project to the future of the Agency, and the level of change required to deliver the new business. VCA is leading the transition element of the project, and supporting with technical and operational knowledge and expertise. In addition, significant senior management time has been required on the regulatory and legislation areas, together with substantial support from the core Human Resources, Central Services, and Finance teams. Our overseas operations have all worked closely with the DfT project team in shaping the overall proposition.

The project has now entered the formal procurement stage, and further information can be found on www.dft.gov.uk/vca-new-commercial-models

Efficiency

The agency met the efficiency performance measure by delivering £319k of efficiency savings. Initiatives to secure benefits include:

- Reviewing the operational structure to ensure it remains cost effective and fit for purpose.
- Continuing to seek efficiencies in all items the agency procures – the agency has worked with existing and new suppliers to deliver improved value.
- Deliver further operational efficiency improvements through development of on-line operational systems

Human resources (HR)

Workforce plan

Full-time equivalents	2012/13 Permanent	2012/13 Others	2013/14 Permanent	2013/14 Others
Senior Management	10	-	11	-
Professional & Technical	116	39	117	39
Administrative	20	3	25	4
Total FTE's	**146**	**42**	**153**	**43**

Throughout the year VCA has again been focusing on getting the right people in the right place with the right skills at the right time.

We have achieved the staff numbers through careful control of workforce allocations, and by realising efficiency savings.

Staff absence

Staff absence at VCA has traditionally been very low, at around 5 days per head per year. Although this rose to 7.37 days in 2013/14 it was within the target of 7.5 days. The in-year performance was impacted by several episodes of long term sickness. We should now see sick absence returning to normal during the next FY, as the long term sick numbers work through on the rolling 12 months calculation. I am pleased to report that short term sick remains well controlled.

Staff training and development

We have continued to deliver technical training courses to a high quality to meet operational delivery requirements. All internal staff training and development demands have also been met.

We have also managed a number of work experience placements in 2013-14.

Staff engagement

VCA works very hard to communicate with its staff and to improve engagement. VCA is consistently a high performer in the Civil Service annual Engagement Survey, and this year scored 66%, (down slightly from prior year at 68%). The feedback from staff indicates that the slight reduction is due to the uncertainty created from the NCM project but, nonetheless the continuing high score is creditable and we aim to improve again.

Action has been taken during the financial year to introduce, maintain or develop arrangements aimed at:

(a) providing employees systematically with information on matters of concern to them through regular communication

(b) consulting employees or their trade union representatives on a regular basis so that the views of employees can be taken into account in making decisions which are likely to affect their interests through regular meetings with Trade Unions

(c) achieving a common awareness on the part of all employees of the financial and economic factors affecting the performance of the company through providing information on business performance.

Health and Safety

Internal health and safety assurance is monitored through a regime of regular auditing and inspections undertaken by internal qualified health and safety team members and external professionals such as Crown Fire Inspectors. Activities with significant risks are assessed, controlled and reviewed as necessary. The health and safety team monitors and reports back on statutory assessments and activities completed by the Total Facilities Management contractors. Issues identified are actioned by the managers responsible and an overview is entered into the monthly senior management’s health and safety report. Post incident accident investigations take place by the team following significant incidents, and the team manage the incident database and report RIDDOR incidents.

Members of the H&S team also help line managers and Local Human Resources by completing workplace ergonomic assessments and stress assessments.

Estates management

The Agency has continued with its planned and much needed refurbishment and improvement of the Midlands site, this year placing emphasis on refurbishing and upscaling the engineering wing of the site along with creating a new reception area. These works have incorporated not only welfare improvements but also fire, lighting and security upgrades. Additional works have been carried out to the exterior of the site including new signage, paintwork and fabric repairs to the exterior and new remote controlled motorised gates to the works yard to reduce vehicle and pedestrian interaction and improve site security.

Works

Works have also continued at the Bristol site to include electrical testing, roof and gutter cleaning, electrical reconfigurations, room and department moves, heating system power flushdowns and legionella inspections and treatments.

Strategic Report

Performance Summary

Business Objectives and Secretary of State Key Performance Measures

VCA contributed to the transport commitments set out in the Department's Business Plan for 2013-14 particularly in the areas of vehicle safety, security and environmental impact.

VCA chairs the DfT Vehicle Technology Forum, working with DfT policy leads, other DfT Agencies and the Chief Scientific Advisor's Unit. This group shares knowledge, understanding and experience of emerging Vehicle Technologies for best effect and value.

The specific VCA key performance measures, as agreed by the Secretary of State, are shown below, together with the general measures that apply to all Motoring Agencies.

Table 1: Secretary of State Key Performance Measures

Category	Measure	Objective	Status
Take forward the Government Digital Strategy	Migrate the VCA Corporate website content to gov.uk	By 31 March 2014	On hold
	Develop a web accessed system for the Dangerous Goods Certification database (Tanks & Pressure Vessels)	By 31 March 2014	Achieved
Take forward the Motoring Services Strategy	Develop the strategy for migration of the VCA payroll to the New Shared Services Centre	By 30 October 2014	Achieved
	Carry out analysis to determine model for best business delivery	By 31 March 2014	Achieved
Specific Operational	Deliver the agreed testing and enforcement programme	By 31 March 2014	Achieved
	Complete System and Component Type Approval certificates within 9 working days	92%	Achieved 93%
	Appraisal reports on our technical performance from independent panel members deemed to have no critical defects	99%	Achieved 100%
	Conduct a technical audit of system and component approval test reports.	1% of VCA test reports 2% of external test reports	Achieved VCA 2.6% External 3.9%
	Ensure the continued consistency and quality of VCA's approvals by undertaking the following programmes: • 100% of new clients that do not hold ISO9001 or ISO/TS 16949 to be subject to Conformity of Production assessment before approval issued	100%	Achieved 100%

	• Dangerous Goods packaging - Carry out a programme of Conformity of Production inspections in accordance with the Service Level Agreement agreed with the Department	By 31 March 2014	Achieved
	Customer satisfaction – Maintain or improve the satisfaction of our customers, shown by survey	90%	Achieved 95%
	Cut carbon emissions from agency activities by 31 March 2014, compared to a 2009/10 baseline	20%	Achieved 29%
Specific Workforce/ Financial	Achieve Agency Headcount	Maximum headcount 200 FTE	Achieved 196 FTE
	Ensure the number of working days lost due to sickness absence does not exceed target	7.5 days	Achieved 7.37 days
	Make further efficiency savings	Minimum £250k	Achieved £319k
	Deliver financial performance in line with Business Plan	Achieve a minimum £100k surplus	Not Achieved
	Management Systems Certification to breakeven by March 2014 on a full cost basis	Breakeven on a full cost basis	Achieved
	Real cost savings to our customers by holding current fees to the 2006 level, by absorbing cost increases through efficiency savings	No fee increase	Achieved
All Motoring Agencies Operational	Pay all invoices within 5 working days	80%	Achieved 96%
	Provide response to Freedom of Information (FOI) requests within 20 working days	93%	Achieved 100%
	Provide response to all Parliamentary Questions (PQs) within due date	85%	Achieved 99%
	Provide response to MPs correspondence within 7 working days	85%	Achieved 100%
	Provide response to any Official correspondence within 20 working days	80%	Achieved 100%
	Deliver on three out of three Customer Service Measures regarding response time, clarity and accuracy of information and staff responsiveness	Deliver on all three Customer Service Measures	Achieved

Financial Review

Financial Strategy

Our long term financial strategy is to:

- generate sufficient surplus to meet the return on capital employed target over the relevant period.
- generate sufficient cash to fund investment

Financial results

The financial results for 2013-14 show a net trading deficit of £511,000 (2012-13: £451,000 surplus). Activity levels in Product Certification work and Management Systems Certification were above the previous year and plan, and the MSC activities returned to profit this year, an excellent performance.

Total Income was £16.1 million, (£15.8 million in 2012-13) and £100,000 above budget. Total costs were £16.6 million (£15.3 million in 2012-13) being negatively impacted by the modernising employment contract (MEC), which has been implemented across the DfT Group, together with unrealised losses on translation of foreign currencies. The total impact of this and other exceptional costs was around £1 million.

Product Certification Income. Demand for Type Approval services was high throughout the year and income increased by 3% (£275,000) over 2012-2013. The Japan office income decreased by 6% in 2013-14, against a 21% devaluation to Stirling. USA office income increased by 5% against a 10% currency change. Type Approval income as a percentage of total VCA income remained the same as last year at 66%.

Management System Certification Income. This is a very competitive market and price pressures have continued within the market especially from some of our major customers.

Despite this the Agency made considerable progress during the year making an operating surplus of £21,000 compared to a deficit of £59,000 in 2012-2013. This was against a target to breakeven. Income increased by 9% (£156,000) whilst costs were managed and increased by 4% (£76,000).

Activities for Government. This sector includes a number of discrete work areas for DfT, BIS and DEFRA. These include enforcement programmes and policy support for Type Approval, and technical consulting services on Dangerous Goods Packaging and some environmental branches of DfT. In addition, VCA carries out bus lane and parking enforcement camera certification for the Traffic Division, and issues Vehicle Special Orders for the International Vehicles Standards Division.

The value of work in this area is a declining proportion of the VCA's business as central government reviews its activities in a tight economic climate. It has fallen for the fifth year running with a decrease of 8% (£240,000) from 2012-2013. The overall percentage of total income from this business unit is now 16% in 2013-2014 compared to 31% in 2009-2010.

Other. This includes Dangerous Goods Packaging Certification, sales of Point of Sale software for car emissions data, sales of VISTA (Type Approval handbook) and Single Vehicle Approvals destined for Malta carried out in Japan.

Efficiency. VCA has continued to maintain the high utilisation of its staff in 2013-2014. However in spite of pressures on the retention of suitably qualified engineers and an increase in contractors to cover short term requirements particularly in Finance, the average staff cost including contractors has remained the same as 2012-2013 at £54,000.

Other financial information

Bonus Scheme. The Agency operates a group incentive bonus scheme recognising the extended enterprise of the VCA, that enables all staff to benefit from increased efficiency. The scheme has two independent elements: one based on exceeding financial targets and the other on achieving specific service levels (KPIs). The trigger for the payment of the 2013-2014 financial bonus is a surplus in excess of the published Business Plan target. The financial surplus for the bonus calculations excludes movements in non-operational provisions and exchange translation losses/gains. There will be no financial bonus for 2013-2014. The other element of £25,000 is included in the Accounts recognising the achievement of all the quality and operational targets. This is a decrease from £367,000 in the 2012-2013 Accounts as a result of the deficit.

Payments to Creditors. VCA adheres to the HM Treasury's Prompt Payment Initiative, copies of which can be obtained from the Agency's headquarters. It is VCA's policy to pay undisputed invoices within 5 days of receipt. VCA measures its performance by reviewing all invoices paid; the Agency achieved 99.6% of invoices paid within 30 days of receipt and 96% within 5 days of receipt in 2013-2014, compared to 99.6% and 93% in 2012-2013.

Pension. Past and present employees are covered by the provisions of the Civil Service Pension Schemes which are described in the Financial Accounts (See notes 1(k) and 4(c)).

Audit. The Comptroller and Auditor General is the statutorily appointed auditor for VCA's accounts. The notional cost of audit services in 2013-2014 was £50,000 (£50,000 2012-2013). No fees, actual or notional, were incurred for non audit work in either 2013-14 or 2012-13.

To my knowledge, there is no relevant audit information of which the auditors are unaware. I have taken all reasonable steps to make myself aware of any relevant audit information and to establish that the auditors are aware of that information.

Sustainability report 2013-14

Overview and highlights

The Agency believes that business should be conducted in a sustainable way that continuously improves environmental performance and prevents pollution. This is accomplished via our Sustainability Plan for internal improvement and through our work with external customers. The latter includes:

- Collating and publishing information (colour coded environment labels) on the fuel consumption and emissions of new and used vehicles, so that consumers may make an informed choice when purchasing vehicles;
- Testing new vehicles to ensure they meet the appropriate noise and emissions standards, thereby providing a degree of protection for the environment;
- Developing knowledge of sustainable vehicle emission technology developments and sharing this knowledge across the Department.
- In addition, VCA are the Government's agents for parts of the Batteries, WEEE and End of Life enforcement policies.

Internally, the VCA Sustainable Development (SD) Plan is based on DfT and industry best practice guidelines. This includes targets for reducing carbon emissions from offices, ICT, office equipment, road vehicles (during the year we operated electric vehicles and now new low emissions pool vehicles), waste and water consumption. At VCA we have supported this by using 'Energy Star' compliant PC's and servers, introducing a cycle to work scheme and updating the Agency's travel plan.

The Agency has an active Sustainability Improvement team, with staff from across the Agency involved. As a consequence we have achieved credible reductions in our carbon emissions from gas and oil usage, and this year our water consumption is only ever so slightly over $6m^3$ per head, which is primarily due to the on-going building and refurbishment projects which continued throughout 2013/14 as part of the Centre of Excellence upgrade project at the Midlands site. This figure represents a marginal year on year rise but is still below the baseline figure. Plans to develop rainwater harvesting at the new site are a specific target for the coming year and will hopefully allow us to go significantly below this figure in coming years.

Our waste diverted from landfill has risen to a rate of 83% of total waste produced due to vigilant efforts by our sustainability and Estates teams in promoting recycling of food, cans, paper, batteries, glass, plastic and 100% of ICT equipment (WEEE) waste.

Greenhouse gas emissions

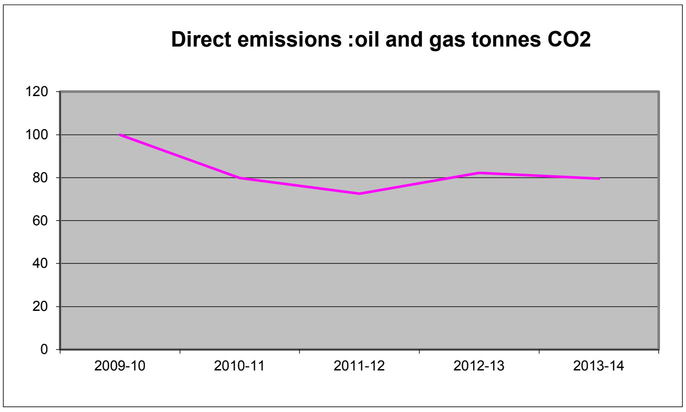
Greening Government Commitments – cut greenhouse gas emissions by 25% from the whole estate and UK business related transport in CO_2(e) against 2009-10 by 2014-15.

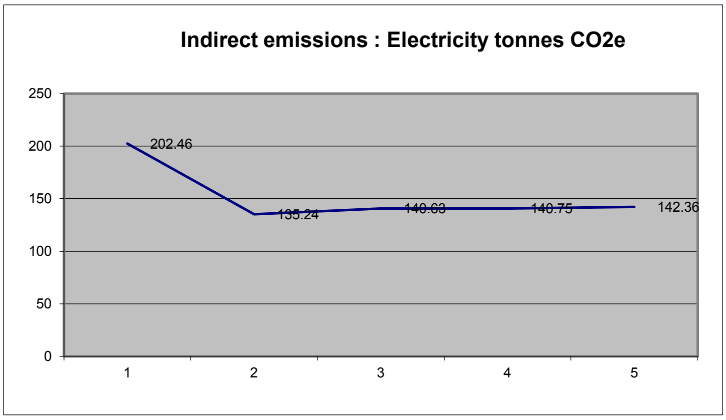
The reduction achieved during 2013-14 against the baseline was 29% which places VCA on track to exceed this target.

2013-14 Department for Transport Sustainability Report (VCA)						
GREENHOUSE GAS (GHG) EMISSIONS		2009-10	2010-11	2011-12	2012-13	2013-14
Gross Emissions (tonnes CO_2e)	Scope 1: Direct	99.91	79.82	72.55	82.24	79.56
	Scope 2: Indirect emissions	202.46	135.24	140.63	140.75	142.36
	Scope 3: Other emissions	146.55	158.41	177.48	177.48	12.17
	Total	448.92	373.47	390.66	400.47	234.09
Related Consumption Data	Estates Electicity (kWh)	409155	414788	425061	448810	319567
	kWh Per head	2881.37	2931.36	2746.94	2876.99	1976.64
	Estates (HA road network) Electricity (kWh)	N/A	N/A	N/A	N/A	N/A
	Private Car Usage (Measured by vehicle mileage - million road miles)	0.329	0.396	0.383	0.367	0.314
	Hire Car Usage (Measured by vehicle mileage - million road miles)	0.075	0.0848	0.156	0.170	0.153
PERFORMANCE COMMENTARY AND TARGETS						

VCA has performed well and reduced both Gas usage (32% over baseline year) and oil usage (35% over baseline year). Electricity consumption has shown a huge decrease due to new technology and endeavours of the Estates team, however VCA uses large amounts of electricity when performing some tests at the Midlands Centre, so this figure is subject to fluctuation. Operational electricity use is included in the above figures. We occupy rented accomodation, but have installed automatic lighting sensors where possible, and undertake switch off programmes for all equipment. A large proportion of business domestic travel is related to jobs for customers, and is rechargable. We have been set targets to increase our business, but if we do, then business mileage inevitably increases, however this has been offset by car sharing and better planning of journeys. New highly efficient boilers have been fitted to the new build along with air source heating technology and 80 solar pv panels on it's roof which were brought on line and grid connected in March 2013 and have been the main source of this year's and significant reductions in future emission reporting figures from VCA.

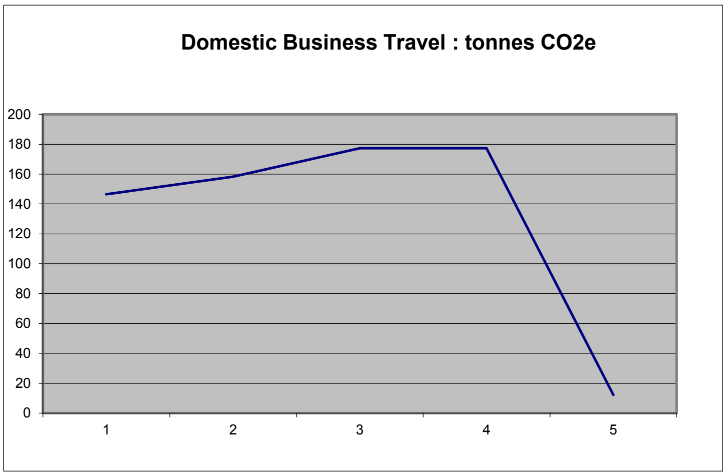
DIRECT IMPACTS





Scope 1 - Having doubled the size of the estate in MC last year and a growing headcount has still seen a decrease in overall total emission of 3.3% compared to last year and a 15.5% decrease against the baseline year due to the aforementioned renewable technologies fitted and consistent Estates & Sustainability strategies.

Scope 2 - Indirect emissions have remained almost flat due to efforts of the Estates and Sustainability Improvement team and through effective and considered procurement drives.



Scope 3 Business Travel - Marginal reductions in overall Hire car and pool car usage have been achieved (in spite of expanding to meet DfT business growth targets) through smarter planning and ride sharing, the increased use and availability of teleconferencing and a targeted exercise for the reduction in private car usage which is ongoing.

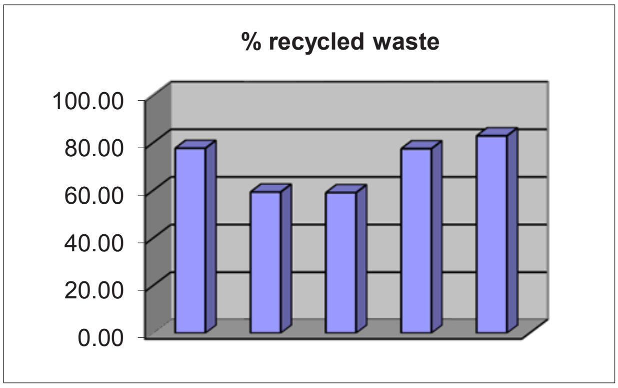
Waste and recycling

Greening Government Commitments – Reduce waste generated by 25% against 2009-10 baseline by 2014-15.

So far we have achieved a 83% reduction which is way ahead of target.

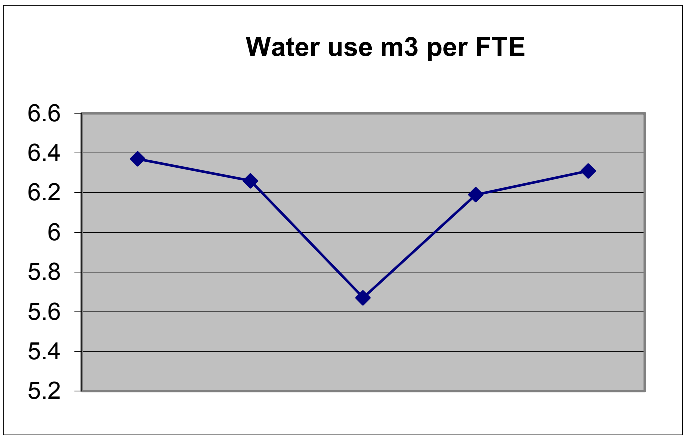
Recycling rates have risen by a further 6% this year as a result of the increased effort to remove hard copy holdings on site.

2013-14 Department for Transport Sustainability Report						
WASTE		**2009-10**	**2010-11**	**2011-12**	**2012-13**	**2013-14**
Non - Financial Indicators	Total Admin Waste (tonnes)	8.71	4.44	7.20	8.81	9.49
	Recycled Waste (tonnes)	6.78	2.64	4.26	6.84	7.92
	Kg per head	61.33	31.37	47.68	56.48	58.00
	Percentage recycled	77.80	59.44	59.17	77.60	83.00
PERFORMANCE COMMENTARY AND TARGETS						



VCA has run a series of very successful waste reduction schemes via its procurement processes and promoted recycling via its sustainability group. Wastes recycled include food for composting, paper and cardboard, metals and cans, plastics and glass, ICT and WEEE waste. Fluctuations shown above are generally due to the generally very low volumes produced by VCA, having two relatively small offices but recent overall increases in volumes of waste accounted for reflect the large scale clear up and clearout being undertaken across the business in preparation for relocation.

WATER		**2009-10**	**2010-11**	**2011-12**	**2012-13**	**2013-14**
Non - Financial Indicators	Estates Water m^3	873	887	856	967	1025
	m^3 per head	6.37	6.26	5.67	6.19	6.31
PERFORMANCE COMMENTARY AND TARGETS						



VCA have identified that a large volume of water was being used for operational purposes at the Midlands office. In addition the baseline year did not reflect true useage, since Q1 and Q2 were estimates and very low. Q3 and Q4 were actual readings but very high due to fire engine testing. A significant amount of building works at the larger Midlands site over the last two years has seen a semi-steady rate just above the 'Good Practice' level but it is envisaged that this will drop down to pre-activity levels in 2014/15. Rainwater harvesting is also being looked into at the Midlands site to support operational and Estates needs though this is in an early stage of review.

Finite resources – Energy (fossil fuels)

Although there are no direct government targets for the reduction of energy use (kWh), it is responsible for a large proportion of the Agency's carbon footprint and considered a significant environmental aspect. In 2013-14 we saw a small overall reduction in our headline figure; this was partly contributed to by energy efficiency improvements made across the estate and energy efficiency drives being promoted regularly.

Biodiversity

The VCA has a duty and is committed to conserving biodiversity across its estate. We recognise the value ecosystem services provide and aim to enhance these wherever possible. VCA is achieving this through having a 'conservation area' at its Midlands site to include bird boxes, bird feeder units, composting areas and a sympathetic attitude to landscaping and maintenance to allow the periphery of the site to blend into the fields onto which it backs.

Sustainable Procurement

As a public sector body, the procurement of goods and services is achieved through the use of Crown Commercial Service frameworks and direct competitive tendering wherever possible. Within this process, suppliers are invited to provide relevant information in relation to the particular requirement in order to satisfy that there is the necessary financial and technical capability to deliver what is required. The information provided is used to evaluate the sustainability of the product or service and the whole life costing to source the supplier that offers the best overall solution. To strengthen this process the agency has methods in place to ensure that goods and services are procured to Government Buying Standards

(GBS) and actively engages with contractors to ensure any goods purchased on our behalf are GBS compliant.

Forward look

The following table summarises the priorities of VCA for 2014/15.

2014-15 VCA Performance Measures agreed with our Minister

Please refer to our published 2014/15 Business Plan on our website for details of main trends and factors affecting future development of the organisation.

VCA Key Performance Measures

Category	Measure	2014-15 Objective
Reform	**Take forward the Government Digital Strategy:** Digitisation of customer invoices and statements and supplier and staff remittances	80% converted by 31st March 2015
	Take forward the Motoring Services Strategy: Successful development and delivery of a VCA Transition Plan.	By contract award date.
Operational	Deliver the agreed testing and enforcement programme.	By 31st March 2015
	System and component approval certificates issued within 9 working days of completion of technical clearance.	92%
	The full year revenue of MSC work increases from previous year.	10% increase
	Audited test reports deemed to have no critical defects, a critical defect being one that would cause the approval to be likely to be rejected, legitimately, by a receiving Approval Authority or one that renders the approval invalid such that it should be withdrawn.	99%

	New Type Approval clients that do not hold ISO9001 or ISO/TS16949 management systems certification to be subject to a Conformity of Production assessment, in accordance with the agreed risk-based approach, before approval issue.	100%
	Maintain or improve the satisfaction of our customers.	90%
	Overseas operations contribute positively to VCA financial margin.	Positive margin after allocation of overheads
Finance and Efficiency	**Agency Finance:** Deliver financial performance in line with 2014/15 Business Plan.	£100k surplus
	Workforce: FTE Staff numbers as at 31st March 2015 will be no more than	204 FTE
	Workforce: Ensure average number of working days lost to sickness absence does not exceed.	7.0 days per FTE
	Protecting the environment: Cut carbon emissions from agency buildings by 31 March 2015 compared to a 2009/10 baseline.	25% reduction

Directors' Report

This directors' report is produced to comply with the requirements of the Companies Act 2006, adjusted for the public sector context as required by the HM Treasury Financial Reporting Manual 2013-14. It should be read in conjunction with the Governance statement, the Remuneration report and the Strategic report.

Accounts Direction

The financial statements on pages 42 to 66 have been prepared in accordance with the direction given by the Treasury in pursuance of Section 4(6)(a) of the government Trading Funds Act 1973, and Dear Accounting Officer letter [DAO (GEN) 02/10].

Auditor

The Comptroller and Auditor General (C&AG), as head of the National Audit Office, is the appointed auditor for the VCA. The audit work for the 2013-14 accounts cost £50,000. The NAO did not receive any remuneration for non-audit related work.

As far as the Accounting Officer is aware there is no relevant audit information the auditor has not been provided, and that the Accounting Officer has taken all reasonable steps to provide relevant audit information to the auditor.

Asset values

As assets are revalued annually in line with the accounting policy, the Directors consider there is no significant difference between the market value and carrying value of assets in the accounts.

Charitable donations

The Agency made no charitable donations in the year.

Political donations and expenditure

As a Government organisation, the Agency acts for the elected government of the day and is non-political. It made no political expenditure or donations.

Statutory framework

Automotive type approval is VCA's primary function, carried out under the Road Vehicles (Approval) Regulations 2009 which implement the framework EU Directive 2007/46/EC for cars, trucks, buses, and trailers. Similar framework EU Directives for 2/3 wheeled vehicles and agricultural vehicles are implemented by the Motorcycles etc (EC Type Approval) Regulations 1999 and the Tractors etc (EC Type Approval) Regulations 2005 respectively, both as amended. Fees for type approval work are charged in accordance with the Motor Vehicles (Type Approval and Approval Marks)(Fees) Regulations 1999 as amended.

Non-road mobile machinery (NRMM) approvals are issued in accordance with the NRMM EU Directive 97/68/EC under powers in the Non-Road Mobile Machinery (Emission of Gaseous and Particulate Pollutants) Regulations 1999.

Vehicle Special Orders are issued under Section 44 of the Road Traffic Act 1988.

Certification of parking and bus lane civil enforcement camera systems is issued on behalf of DfT under the Civil Enforcement of Parking Contraventions (Approved Devices)(England) Order 2007 and the Bus Lanes (Approved Devices) (England) Order 2005 respectively.

Market surveillance activities for BIS and Defra are carried out under applicable EU Directives and the various implementing UK statutory instruments:

2012/19/EU on waste electrical and electronic equipment;

2000/53/EC on end-of life vehicles;

2000/14/EC on the noise emission in the environment by equipment for use outdoors ;

2006/66/EC on batteries and accumulators and waste batteries and accumulators.

Directorships

Directors are required to disclose any other business interests in the register of interests that may conflict with their responsibilities. No director has declared any business interest that may conflict with their role.

Cost allocation

The Agency produces information in note 2 to the accounts on the cost of its activities for fees and charges purposes using Treasury Guidance.

Personal data related incidents

There were no breaches involving individual's records.

Sickness absence data

The agency maintains records of sickness absence in line with cabinet office definitions. Further information on sickness absence is reported in the performance summary on page 14.

Policy on Employment of Disabled persons

VCA, as part of the civil service, is an equal opportunity employer. This means, inter alia,

(a) giving full and fair consideration to applications for employment by the agency made by disabled persons, having regard to their particular aptitudes and abilities;

(b) continuing the employment of, and for arranging appropriate training for, employees of the agency who have become disabled persons during the period when they were employed by the agency, and;

(c) providing for the training, career development and promotion of disabled persons employed by the agency.

Employee Involvement

Action has been taken during the financial year to introduce, maintain or develop arrangements aimed at:

(a) providing employees systematically with information on matters of concern to them as employees through regular communication

(b) consulting employees or their trade union representatives on a regular basis so that the views of employees can be taken into account in making decisions which are likely to affect their interests through regular Whitley meetings with Trade Unions

(c) achieving a common awareness on the part of all employees of the financial and economic factors affecting the performance of the organisation through providing information on business performance.

Remuneration Report

Remuneration Policy

The Agency has the authority to determine the terms and conditions relating to the remuneration (excluding pensions) of their own staff below Senior Civil Service grades and the payment of allowances to all staff. In practice, the Agency has moved to a DfT harmonised model and has adopted the Modernised Employment Contract (MEC) as agreed between the Trade Unions, DfT and HM Treasury.

The remuneration of senior civil servants (SCS) is outside the scope of the Agency's authority and is set by the Prime Minister following independent advice from the Review Body on Senior Salaries.

In reaching its recommendations, the Review Body has regard to the following considerations:

- The need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities:
- Regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- Government policies for improving the public services including the requirement on Departments to meet the output targets for the delivery of Departmental services:
- The funds available to Departments as set out in the Government's Departmental expenditure limits; and
- The Government's inflation target.

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

Further information about the work of the Review Body can be found at: www.gov.uk/government/organisations/office-of-manpower-economics

Service Contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

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

Further information about the work of the Civil Service Commission can be found at www.civilservicecommission.org.uk

Remuneration (including salary, benefits in kind and pension entitlements)

The following sections provide details of the remuneration and pension interests of the Directors of the Agency, which have been subject to audit. There were no Benefits in Kind received by any Directors during the year.

Chief Executive Officer - Remuneration and Performance

Mr Paul Markwick is VCA's sole Senior Civil Servant (SCS) and is employed on contract terms. The contract contains a fixed notice period of 3 months, which may be terminated by mutual consent. If the Department chooses to terminate employment prior to the end of the fixed period, other than by mutual consent or termination due to inefficiency, misconduct or medical reasons, compensation may be paid in accordance with the relevant provisions of the Civil Service Compensation Scheme.

Non-Executive Directors

Non-Executive Directors are appointmented on merit on the basis of fair and open competition, and are appointed for a 3 year period, with the option of serving a further 2 years should this be deemed appropriate by the Accounting Officer in consultation with the DfT. During this Financial Year, John Sullivan resigned, and Bruce Macauley completed his term. New appointments were made. The Non-Executive Directors (NEDs) of the Management Board received the following remuneration for their services during the year:

Non-Executive Director	2013-2014	2012-2013
	(£'000)	(£'000)
Dr Bruce Macaulay (until March 2014)	19	15
Prof John Sullivan (until June 2013)	1	6
Dr Sue Sharland (from Novemeber 2013)	4	-
James Moore (from February 2014)	1	-
Total NED remuneration	25	19

Management Board - Remuneration and Performance

All other management board members, with the exception of Mr N Chapman who is employed on an interim contract, have standard Civil Service employment contracts that govern their remuneration levels and performance conditions. All are permanent full-time employees.

Civil Service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme. The following sections provide details of the remuneration and pension interests of the Chief Executive and Board members employed by the Agency.

Salary, Benefits in Kind and Bonuses (Audited)

The information below sets out the remuneration details of all the members of the Management Board, employed by VCA, as at 31 March 2014. Salaries include gross salaries, overtime, and any other allowances subject to UK taxation, but exclude employer pension contributions. No additional fees were received in their capacity as board members nor were any benefits in kind received.

All members of the Management Board are included in the VCA Group Bonus Scheme in which they receive the same bonus amount as all other VCA Civil Servants. This is defined within the MS Governance Handbook as limited to 5% of total pay budget and subject to approval by the Director General, taking into account delivery against the Agency's Business Plan targets. No bonus has been paid in 2013-2014

		2013-2014			*2012-2013*	
Officials	**Salary *£'000***	**Bonus Payments £'000**	**Benefits in kind (to nearest £100)**	*Salary £'000*	*Bonus Payments £'000*	*Benefits in kind (to nearest £100)*
Mr P Markwick	**95-100**	0-5	**-**	95-100	5-10	-
Mr J Bragg	**65-70**	0-5	**-**	65-70	0-5	-
Mr R Brayfield	**65-70**	0-5	**-**	65-70	0-5	-
Mr A Buckle	**35-40**	0-5	**-**	45-50	0-5	-
Mr N Chapman	**45-50 (**FTE 100-105) *	-				
Mr P Cooke	**50-55**	0-5		-	-	
Ms M Fraser	**40-45**	0-5	**-**	55-60	0-5	-
Mr A Grimm	**55-60**	0-5	**-**	55-60	0-5	-
Mr P Higgs	**55-60**	0-5	**-**	55-60	0-5	-
Mr M Mulvaney	**55-60**	0-5	**-**	55-60	0-5	-
Mr B Perrett	**45-50**	0-5	**-**	55-60	0-5	-
Mr A Stenning	**55-60**	0-5	**-**	55-60	0-5	-

***** During the period to 31st March 2014 £48,934 (£12,381 2012-13) was also paid to an agency for the services of Mr N Chapman as Interim Finance Director.

Median Staff Pay Ratio (Audited)

Reporting bodies are required to disclose the relationship between the remuneration of the highest- paid director in their organisation and the median remuneration of the organisation's workforce.

This calculation is based on the full-time equivalent staff of the reporting entity at the reporting period end date on an annualised basis. The salary of the person in the middle of the all salaries as at the year end is taken as the median salary value.

	2013-2014	2012-2013
Band of highest paid Director (£'000)	**95-100**	**105-110**
Median total for all staff	**30,618**	**28,468**
excluding highest paid Director (whole £)		
Remuneration Ratio	**3.2**	**3.8**

The midpoint of the banded remuneration of the highest-paid director in the Agency in the financial year 2013-2014 was £97,500 (2012-2013, £107,500). This was 3.2 times (2012-2013, 3.8) the median remuneration of the workforce, which was £30,618 (2012-2013, £28,468).

Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

Pension Benefits (Audited)

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

Employee contributions are salary related based on the following contribution rates:

Annual Pensionable Earnings (full-time equivalent basis)	**classic** scheme		**premium**, **classic plus** and **nuvos**	
	Contribution rate % 2012-13	Contribution rate % 2013-14	Contribution rate / % 2012-13	Contribution rate / % 2013-14
Up to £15,000	1.50	1.50	3.50	3.50
£15,001 - £21,000	2.10	2.70	4.10	4.70
£21,001 - £30,000	2.70	3.88	4.70	5.88
£30,001 - £50,000	3.10	4.67	5.10	6.67
£50,001 - £60,000	3.50	5.46	5.50	7.46
Over £60,000	3.90	6.25	5.90	8.25

Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In **nuvos** a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of each scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. 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.

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 panel of two 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% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk cover (death in service and ill health retirement).

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

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

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulation 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Tax Allowance which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Pension Information for 2013-2014 of Chief Executive and Management Board Members

Name and title	Accrued pension at pension age at 31 March 2014 and related lump sum	Real increase in pension and related lump sum at pension age	Cash Equivalent Transfer Value at 31 March 2014	Cash Equivalent Transfer Value at 31 March 2013	Real increase in Cash Equivalent Transfer Value	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
Mr P Markwick Chief Executive	15-20 (-)	0-2.5	350	301	24	-
Mr J Bragg Director	-	-	-	-	-	10,700
Mr R Brayfield Director	15-20 (55-60)	0-2.5	438	426	4	-
Mr A J Buckle Director	20-25 (65-70)	-(0-2.5)	444	427	-7	-
Mr P Cooke Director	15-20 (55-60)	5-10	295	255	24	-
Ms M Fraser Director	20-25 (60-65)	-(0-2.5)	430	416	-13	-
Mr A Grimm Director	25-30 (75-80)	0-2.5	585	572	4	-
Mr P Higgs Director	5-10 (-)	0-2.5	95	74	12	-
Mr M Mulvaney Director	20-25 (70-75)	0-2.5	516	479	4	-
Mr B Perrett Director	20-25 (70-75)	0-2.5	527	487	3	-
Mr A W Stenning Director	25-30 (75-80)	0-2.5	579	537	8	-

Compensation for loss of office

An accrual of £135k was accounted for a Management Board Member compensation and pay in lieu of notice package. The exit was completed in April 2014.

PAUL MARKWICK
Chief Executive and Agency Accounting Officer

3rd July 2014

Statement of Accounting Officer's Responsibilities

Under section 7(2) of the Government Resources and Accounts Act 2000, HM Treasury have directed the Vehicle Certification Agency to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction in the Dear Accounting Officer letter DAO (GEN) 02/10

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Agency, the statement of income, changes in taxpayer's equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgments and estimates on a reasonable basis;
- state whether applicable accounting standards, as set out in the Government Financial Reporting Manual, have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going concern basis.

The Permanent Secretary of the Department for Transport has appointed the Chief Executive of the Vehicle Certification Agency as the Accounting Officer for the Agency The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Vehicle Certification Agency's assets, are set out in Managing Public Money published by the HM Treasury.

The maintenance and integrity of the Agency website is the responsibility of the Accounting officer. The work carried out by the Auditors does not involve consideration of these matters and accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Governance Statement

ACCOUNTING OFFICER INTRODUCTION

The Permanent Secretary of the Department for Transport (DfT) appointed me as Chief Executive for VCA. As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of VCA's policies, aims and objectives, whilst safeguarding the public funds and agency assets for which I am personally responsible, in accordance with the responsibilities assigned to me in the HMT Code of good practice for Corporate Governance in Central Government Departments and Managing Public Money.

Corporate Governance is the way in which organisations are directed and controlled, and good governance is vital to effective financial and risk management. HM Treasury's 'Managing Public Money' and 'Financial Reporting Manual' require that I provide a statement on how I have discharged my responsibility to manage and control VCA's resources during the year. I have provided details below of how VCA's system of corporate governance has operated during 2013-14, including any areas where the system has not operated in line with the HMT Code of good practice for Corporate Governance in Central Government Departments.

GOVERNANCE FRAMEWORK

As an Executive Agency of DfT, VCA follows the arrangements as set out in the Department's 2011 Framework document. The VCA annual business plan was submitted to the Secretary of State for endorsement of the key performance measures at the beginning of the year and regular reporting of progress against these has taken place to the Managing Director of Motoring Services.

THE BOARD

This provides executive leadership within a framework of prudent and effective controls which enables risk to be assessed and managed and supports me in discharging my role as Accounting Officer. It sets VCA's strategic aims, ensures financial and human resources are in place to meet objectives and reviews business performance. It also sets VCA's values and standards and ensures obligations to customers and other stakeholders are understood and met. As I am the Agency Accounting Officer, I Chair the Board. This provides me overall decision making authority on matters for which I am responsible and may be subject to Parliamentary scrutiny.

In the latter part of the FY, I took the opportunity to review the board structure which had served me well for several years, but I felt needed to change to meet the needs of the New Commercial Model, when that is implemented. As a consequence, the Management Board concluded as a function on the 31st March, and has been changed from 1 April to the new Group Board, comprising myself as CEO, plus Chief Officers for Operations, Technology, Standards and Government Affairs, Commercial, and Finance and Resources. The two NED's will join the Group Board. Further organisational changes to support the Chief Officers were completed in time to start the new Financial Year.

Board member	Title	No of meetings attended
Paul Markwick	Chief Executive	7/7
Nigel Chapman	Interim Finance Director	6/6
John Bragg	Director of European Operations	5/7
Rob Brayfield	President, VCA Americas	2/2

Paul Cooke	Interim Director, Business Development	4/4
Andy Grimm	New Commercial Models	5/7
Paul Higgs	Director Business Development and New Commercial Models	6/7
Michael Mulvaney	Director Asia Pacific Operations	2/2
Tony Stenning	Director, Technology, Quality and Standards, Market Surveillance and Dangerous Good	7/7
Prof Bruce Macauley (to March 2014)	Non-Executive Director	7/7
James Moore (from Feb 2014)	Non-Executive Director	1/1
Dr. Susan Sharland (from Nov 2013)	Non-Executive Director	2/3
Prof John Sullivan (to June 2013)	Non-Executive Director	1/2

Note Mary Fraser, Aidan Buckle and Brian Perrett were absent through long tem sickness. Mr Buckle retired on ill health grounds in March 2014.

AUDIT COMMITTEE

The Audit Committee advises and supports the CEO to give assurance on risk, control and governance. The Audit Committee reviews the comprehensiveness of assurances in place to meet the Agency commitments to the DfT and reviews the reliability and integrity of these assurances, providing advice where applicable. This includes reviewing and advising on the implementation of accounting principles in conjunction with external auditors. The Audit Committee membership is exclusively non exective with the two Board Non-Executive Directors (NEDs) plus a senior DfT Official. This year the Audit Committee was chaired by Prof Bruce Macauley.

BONUS COMMITTEE

The Bonus Committee consider the individual bonus awards to a very small group of our staff who have delivered consistently high levels of achievement throughout the year. It meets annually to moderate the nominations, and is chaired by a Board NED.

HEALTH & SAFETY COMMITTEE

The HSC continues as an Agency wide forum, and in accordance with HSE guidance to advise and support the VCA CEO and Management Board on matters of health and safety policy, structure and communication, reviewing these against legal obligations.

THE GOVERNANCE CULTURE

The Agency recognises that the culture we work in impacts on the organisation's success in terms of good governance. As Civil Servants, staff are bound by the Civil Service Code and adherence to the Nolan Seven Principles of Public Life. In addition, VCA Executive Director's have all signed an additional letter issued by the DfT regarding our corporate responsibilites during the period of the New Commercial Models project.

Each Board evaluates the meeting's structure, content and presentation to facilitate informed decision making. VCA's Executive Directors considered the Agency's ongoing business needs and welcomed the experience of the Non-Executive Directors in providing the independent advice and external assurance required to ensure effective governance of the Agency.

RISK MANAGEMENT

The Agency follows HM Treasury guidance with the aim of managing risk to a reasonable level rather than to eliminate all risk from achieving policies, aims or objectives. VCA's positive culture of risk management is led by the Board which ensures policy and strategy is in place and supported through the embedded risk processes at each level of the Agency. The Agency Risk Manager is supported by the Chief Executive, who is the Agency Risk Champion, and the Finance Director. The Agency risk register is used by Internal Audit to inform the annual audit programme.

The Board reviews high level risks monthly which have arisen through either a top-down review or bottom-up reporting. The Agency attends the Department's regular Group Risk Management meetings and reports high level risks to the Managing Director of the Motoring Services Group through the Group Monthly Report and regular Agency Performance meetings.

INTERNAL CONTROL

VCA's integrated assurance framework defines a process by which the Chief Executive receives assurance on the management of risks associated with the achievement of VCA objectives and measures (both financial and non-financial).

Management controls

Directors and line management

The board and senior management consider and review top risks faced by the VCA on a monthly basis at the Management Board or Executive meetings with the agency Risk Manager. Further reviews of the agencies risks are considered at the Audit Committee.

Performance reviews are undertaken between the Chief Executive, Finance Director and DfT where performance against the business plan is discussed.

Financial control

VCA produces a three-year financial forecast and generates a formal budget plan every year. Performance is monitored against these plans on a monthly basis between finance business partners and budget holders and by the Management Board. The plan also includes non-financial performance measures which are also monitored monthly by the Management Board. During the year financial performance risks and opportunities were considered and reviewed.

VCA’s finance team undertake a series of routine monthly checks to ensure the accuracy and validity of the financial records, reconciling account balances and ensuring control procedures have been applied. VCA operates a system of delegated authority to incur expenditure with defined approval limits for managers.

Management Assurance

Executive Directors complete the DfT led management assurance report on the full range of delegations, policies and procedures laid down by the Agency and the Department, the adequacy of the arrangements within their directorate and what remedial action is being taken where improvement is needed.

During 2013/14 the Agency has paid particular attention to improving:

- Risk Management – The Risk Manager has worked with DfT Group colleagues to develop a Risk Management document and process to suit both the Agency and the DfT, to ensure that both understand the impact. The Risk Manager, with the Finance Director and Chief Executive undertook a comprehensive review of the Risk Register, and reduced the number of risks by about 50%, eliminating those which were no longer relevant, or had matured to become issues.
- Records Management – VCA has initiated an Enterprise Content Management project, to improve the search and accessibility of documents, to reduce the amount of paper documents filed, and thus to improve the Agency sustainability. This developed into a pilot in the Technology, Quality and Standards Branch during the FY, and is now planned to be rolled-out to the rest of the Agency in a managed way.
- Succession Planning – Directors and Senior Managers have worked with HR Business Partners to identify business critical roles enabling the development of succession plans for key staff.

Macpherson & Analytical Models

I can confirm that VCA has established an appropriate Quality Assurance framework that is used for all business critical models. All models meeting the DfT criteria have been notified to the Department and sit on the appropriate list.

Internal audit

Internal audit provides regular and annual reports of audit activity in the agency which includes an independent opinion of the adequacy and effectiveness of the agency’s systems of internal control, together with recommendations for improvement. In year the Agency improved the management action tracking process to gain assurance that the necessary change had been embedded. This progress has been maintained throughout the year.

The Head of Internal Audit has provided the following assessment “on the basis of the evidence obtained in 2013-14, I am able to provide an overall Substantial assurance rating on the adequacy and effectiveness of the VCA’s arrangements for corporate governance, risk management and internal control. In my opinion there are no significant weaknesses that fall within the scope of issues that should be reported in the Governance Statement”.

Project and programme management

Managing Successful Programmes, PRINCE2 and Major Project Authority standards are inbuilt and monitoring of project development against these is an integral element to project and programme management. All project and programmes maintain risks and issues registers which follow the agency’s risk reporting guidelines. Project and programmes are subject to business case approval.

Significant projects are subject to ‘gateway reviews’, an external peer review to assess the management of the project and the probability of successful implementation.

Data handling, security and information risk

The agency's data and information handling procedures comply with statutory and regulatory requirements. This includes, amongst others, the Data Protection Act (DPA), Freedom of Information Act, Environmental Information regulations, Computer Misuse Act and protection of Intellectual Property Rights.

Procurement and contract management

Significant procurement risks relate to the tendering, award and management of contracts as well as legal compliance with Public Contracts Regulations. Control measures were in place to ensure separation of contractual from financial approval supported by appropriate documentation and processes.

Review of effectiveness of internal control

As Accounting Officer, I have responsibility for reviewing the governance and effectiveness of the system of internal control within the VCA. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, managers and the executive team within the agency and maintenance of the internal framework, and comments made by external auditors in their management letter and other reports. I have been advised on the implications of the results of my review of the effectiveness of the system of internal control by the board and the ARA and plan to address any weaknesses identified and ensure a programme of continuous improvement of the system is in place.

NON-EXECUTIVE DIRECTORS' STATEMENT

During 2013/14, the Non-Executive Directors have been involved in both Board and major Board committee discussions and decisions in VCA. Based on this exposure to the organisation, and having received management and other independent assurance, we are content that there are no material issues requiring disclosure in the annual governance statement.

Conclusion

The above procedures provide me with reliable assurance that VCA procedures and internal controls have been effective throughout the year.

Paul Markwick
Chief Executive and Accounting Officer
3rd July 2014

The Certificate and Report of the Comptroller and Auditor General to the House of Commons

I certify that I have audited the financial statements of Vehicle Certification Agency (VCA) for the year ended 31 March 2014 under the Government Resources and Accounts Act 2000. These comprise the Statements of Comprehensive Income, Financial Position, Cash Flows, Changes in Taxpayers' Equity, and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit the financial statements in accordance with the applicable law and International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland).

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 Agency's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Agency; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income 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 the financial statements

In my opinion:

the financial statements give a true and fair view, of the state of the Agency's affairs as at 31 March 2014, and of the deficit for the year then ended; and the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued there under.

Opinion on other matters

In my opinion:

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

the information given in the Introduction, Delivery of our business plan section, Strategic Report and Director's Report within the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Governance 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
3rd July 2014

STATEMENT OF COMPREHENSIVE NET INCOME

for the period ended 31 March 2014

	Notes	2013-2014	2012-2013
		£'000	£'000
REVENUE	2	**16,085**	15,792
Cost of sales	3,4	**(12,991)**	(12,455)
GROSS SURPLUS		**3,094**	3,337
Administrative expenses - Non Pay	3,4	**(1,674)**	(2,037)
Administrative expenses - Pay	3,4	**(1,150)**	(849)
Trading (DEFICIT) /SURPLUS for the Year		**270**	451
Modern Employment Contract Buyout	2	**(336)**	-
Translation Losses on Exchange	2	**(445)**	-
Operating (DEFICIT) / SURPLUS for the Year		**(511)**	451
Net (loss)/gain on:			
- revaluation of intangibles	6	**(22)**	81
- revaluation of property, plant and equipment	7	**(11)**	26
Total comprehensive income for the period ended 31 March 2014		**(544)**	558

Revenue and operating (deficit)/surplus are derived entirely from continuing operations.

The notes on pages 42 to 66 form part of these accounts.

STATEMENT OF FINANCIAL POSITION

as at 31 March 2014

	Note	31 March 2014 £'000	31 March 2013 £'000
Non-current assets:			
Intangible assets	6	764	740
Property, plant and equipment	7	1,598	1,606
Total non-current assets		2,362	2,346
Current assets			
Inventories		648	674
Trade and other receivables	8	3,801	4,653
Cash and cash equivalents	9	4,208	4,233
Total current assets		8,657	9,560
Total assets		11,019	11,906
Current liabilities			
Trade and other payables	10	(2,305)	(2,365)
Provisions	11	(341)	(345)
Total current liabilities		(2,646)	(2,710)
Non-current assets plus net current assets		8,373	9,196
Non current liabilities			
Provisions	11	(19)	(33)
Assets less liabilities		8,354	9,163
Taxpayers' equity			
General Fund		8,161	8,937
Revaluation reserve	12	193	226
Total taxpayers' equity		8,354	9,163

The notes on pages 42 to 66 form part of these accounts.

PAUL MARKWICK
Chief Executive and Agency Accounting Officer

3rd July 2014

STATEMENT OF CASH FLOWS

for the period ended 31 March 2014

	Note	2013-2014 £'000	2012-2013 £'000
Cash flows from operating activities			
Operating surplus/(Deficit)		**(511)**	451
Adjustments for non-cash transactions			
Depreciation charges	**3**	**239**	205
Amortisation charges	**3**	**216**	203
(Loss)/Profit on disposal of non current assets	**3**	**11**	20
Notional charges	**5**	**85**	80
Deemed supply		**-**	450
Transfers to/(from) Reserves		**(350)**	-
		(310)	1,409
Decrease/(Increase) in inventories		**26**	(192)
Decrease/(Increase) in trade and other receivables	**8**	**852**	(220)
Increase/(Decrease) in trade and other payables	**10**	**(60)**	(224)
(Decrease)/Increase in provisions	**11**	**(18)**	4
Net cash inflow from operating activities		**490**	777
Cash flows from investing activities			
Purchase of intangible assets	**6**	**(272)**	(210)
Purchase of property, plant and equipment	**7**	**(279)**	(976)
Net cash outflow from investing activities		**(551)**	(1,186)
Cash flows from financing activities			
Proceeds from sale of property, plant and equipment		**36**	7
Net cash inflow from financing activities		**36**	7
Net Increase in cash and cash equivalents in period		**(25)**	(402)
Net Increase in cash and cash equivalents in period		**(25)**	(402)
Cash and cash equivalents at the beginning of the period	**9**	**4,233**	4,635
Cash and cash equivalents at the end of the period	**9**	**4,208**	4,233

The notes on pages 42 to 66 form part of these accounts.

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY

For the period ended 31 March 2013

	General Fund £'000	Revaluation Reserve £'000	Total Reserves £'000
Taxpayers' equity at 1 April 2012	7,956	119	8,075
Surplus for the year	451	-	451
Notional charges in the year (note 5)	80	-	80
Deficit on revaluation of non current assets	-	182	182
Backlog depreciation of re-valued non current assets and loss on disposal	-	(75)	(75)
Deemed Supply	450	-	450
Taxpayers' equity at 31 March 2013	8,937	226	9,163

For the period ended 31 March 2014

	General Fund £'000	Revaluation Reserve £'000	Total Reserves £'000
Taxpayers' equity at 1 April 2013	**8,937**	**226**	**9,163**
Deficit for the year	**(511)**	**-**	**(511)**
Notional charges in the year (note 5)	**85**	**-**	**85**
Deficit on revaluation of non current assets	**-**	**(63)**	**(63)**
Backlog depreciation of re-valued non current assets and loss on disposal	**-**	**30**	**30**
Deemed supply			
Transfers to/(From) Reserves	**(350)**	**-**	**(350)**
Taxpayers' equity at 31 March 2014	**8,161**	**193**	**8,354**

The notes on pages 42 to 66 form part of these accounts.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – Accounting policies

1. ACCOUNTING POLICIES

a. Basis of Accounting

The financial statements have been prepared in accordance with the 2013-2014 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Agency for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Agency are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

b. Accounting Convention

The accounts are prepared under the historical cost convention, modified to account for the revaluation of non-current assets and inventories, where material, at their value to the business by reference to their current costs.

c. Impending application of newly issued accounting standards not yet effective

Under IAS8 we are required to disclose accounting standards, issued but not yet effective which have yet to be adopted and assess their future impact. There are five standards under this disclosure,

IFRS9 – Financial instruments.

IFRS 10 and 11. - definition of and accounting treatment required for subsidiaries and jointly controlled operations.

IFRS 12. - disclosures of interests in other entities

IFRS 13 - measuring fair value

We do not believe there will be an impact on the financial statements.

d. Income

The Agency is mainly funded from sales of services provided to the private sector and income is shown net of VAT where applicable. Income from each job is recognised once a chargeable stage of a job is completed and until such stages are reached, costs are regarded as work-in-progress. When invoices are issued in advance, these are treated as deferred income until the chargeable stage of the job is completed. Other revenue is received from the DfT, BIS and DEFRA for regulatory and compliance work. When any material invoice is raised after the year end relating to the prior year, but before the conclusion of audit, the accounts will be adjusted to ensure appropriate income recognition in the year of account.

e. Non Current Assets: Intangible assets

Capitalisation

Intangible non-current assets, which are defined as non-financial assets that do not have physical substance but are identifiable and are controlled by the entity through custody or legal rights, are capitalised if they meet the following criteria;

- they are capable of being used for a period which exceeds one year, and

- they have a cost equal to or greater than £1,000 or
- they comprise applications software and licences with a cost of £1,000 or more.

Intangible non-current assets are amortised over 3-5 years.

Intangible non-current assets are stated at their cost, revalued to fair value using appropriate indices published by the Office for National Statistics and amortisation on such revalued amounts is provided on a straight line basis over the estimated useful lives of the assets.

f. Non Current Assets: Property, Plant & Equipment

Capitalisation

Tangible non-current assets, which are defined as non-financial assets that have physical substance and are identifiable and are controlled by the entity through custody or legal rights, are capitalised if they meet the following criteria;

- they are capable of being used for a period which exceeds one year, and
- they have a cost equal to or greater than £1,000.

Plant & Equipment are stated at their cost, revalued using appropriate indices published by the Office for National Statistics and depreciation on such revalued amounts is provided on a straight line basis over the estimated useful lives of the assets. Property is subject to professional valuation at least every five years in accordance with RICS guidance. In the years between professional valuations the VCA Management Board reviews the valuation to ensure there has not been a material change. Depreciation is charged in the month of acquisition and not in the month of disposal. Estimated useful lives are

Plant and machinery	10 years
Furniture and fittings	10 years
Information technology and office equipment	3-5 years
Buildings excluding dwellings	Buildings are depreciated over the lower of useful economic life or land lease period; and land is not depreciated.
Transport equipment	4 years

g. Notional Charges

i. Audit Fee
The Vehicle Certification Agency is not charged a cash audit fee by the National Audit Office. A notional audit fee is charged to the statement of income based on the cost of the audit of the financial statements.

ii. Intra-Departmental Charges
The Agency includes in its accounts a notional charge for some of the services provided by the DfT.

h. Inventories - Stocks and Work in Progress

Work in progress represents costs incurred to the Statement of Financial Position date in respect of jobs on which a chargeable stage has not yet been reached. Expenditure on stationery, tools and spares is written off as incurred, as the amounts involved are not considered material.

i. Foreign Exchange

Monetary assets and liabilities in foreign currencies are translated into sterling at rates ruling at the Statement of Financial Position date. Transactions in foreign currencies during the year are recorded in Sterling at the average rate of exchange ruling in the month of the transaction. The resulting exchange differences are taken to the statement of income

j. Leases

All costs of operating leases are charged to the statement of income as they are incurred. At present there are no finance leases.

k. Pension Costs

Past and present employees are covered by the provisions of the Civil Service Pension Schemes which are described at Note 3. The defined benefit elements of the schemes are unfunded. The Classic Scheme is non-contributory except in respect of dependent's benefits, under the Premium Scheme a contribution is made for which enhanced benefits are derived. Both the Classic and Premium schemes attract the same employer's contributions as a percentage of pensionable pay. VCA recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the Principal Civil Service Pension Schemes (PCSPS) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution elements of the schemes, VCA recognises the contributions payable for the year.

l. Financial Assets and Liabilities

The Agency classifies its financial assets under loans and receivables.

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 recognised at fair value which is not materially different from the book value.

The Agency classifies its financial liabilities under payables.

Payables are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market and which are not classified as available for sale. Payables are recognised at amortised cost.

m. Early Retirement Costs

Compensation payments are provided for in the statement of income. Obligations relating to these former members of staff aged 50 or over are provided for until their normal date of retirement.

n. Holiday pay

An individual employee's holiday pay year commences from their start date under employee contracts of employment and as a consequence an accrual is required for the unused portion of that entitlement as at the year end in accordance with IAS19.

o. Cash and cash equivalents

Cash and cash equivalents represent the balance of cash held in banks and accounts held within the Government Banking Service.

p. Provisions

Provisions represent the balance of uncertain items and have been calculated using the best information available at the time of these accounts.

q. Going Concern

During this year, the DfT has been reviewing the VCA under the Government's Efficiency and Reform Agenda, investigating if there is a better model to encourage growth in the Agency and UK industry. These accounts have been prepared on a going concern basis as the Agency considers that this continues to be appropriate.

2. REVENUE

Revenue is derived entirely from continuing operations.

a. Fees and Charge

The following information summarises the final report to the Agency's management team for the period ending 31 March 2014.

2013-2014	**Financial Objective**	**Trading Cost**	**Revenue**	**Trading Surplus / (Deficit)**	**Extraordinary Items**	**Operating Surplus/ (Deficit)**
		£'000	**£'000**	**£'000**	**£'000**	**£'000**
Product Certification	**59**	**10,554**	**10,603**	**49**	**510**	**(461)**
Management System Certification	**23**	**1,846**	**1,917**	**71**	**50**	**21**
Activities for Government	**14**	**2,431**	**2,613**	**182**	**174**	**8**
All other segments	**4**	**984**	**952**	**(32)**	**47**	**(79)**
Total	**100**	**15,815**	**16,085**	**270**	**781**	**(511)**

Operating Deficit for the Year as per statement of income				**(511)**		

2012-2013	Financial Objective	Full Cost	Revenue	Trading Surplus/ (Deficit)	Extraordinary items	Operating Surplus/ (Deficit)
		£'000	£'000	£'000	**£'000**	£'000
Product Certification	115	9,931	10,328	397	-	397
Management System Certification	0	1,820	1,761	(59)	-	(59)
Activities for Government	27	2,795	2,853	58	-	58
All other segments	8	795	850	55	-	55
Total	150	15,341	15,792	451	-	451

Surplus for the Year as per statement of income				451		

Activities for Government are analysed in the related party note (note 16) and account for 16% (2012-2013: 18.1%) of total turnover and therefore is regarded a major group of customers.

Note 2 (cont'd)

b.Geographical Analysis by office

The Agency receives no funding from Central Government, deriving all of its income from services to Government Departments and External Customers.

	2013-2014			**Total**	2012-2013			Total
	£'000	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000
	UK	**Japan**	**USA**	**Total**	UK	Japan	USA	Total
Product Certification	**7,935**	**1,454**	**1,214**	**10,603**	7,639	1,537	1,152	10,328
Management System Certification	**889**	**-**	**1,028**	**1,917**	857	-	904	1,761
Activities for Government	**2,613**	**-**	**-**	**2,613**	2,853	-	-	2,853
All other segments	**775**	**177**	**-**	**952**	761	88	1	850
Total	**12,212**	**1,631**	**2,242**	**16,085**	12,110	1,625	2,057	15,792

The financial objective of each of the services is full recovery of service costs. Performance against objectives for MSC work reflects the difficult economic climate within the motor industry and the turnaround timeframe for reacting to changes within the sector. Sales in China, India and Italy are accounted for in the UK office whilst the Japan office covers the Asia Pacific region including Australia and Malaysia and Korea.

3. COST OF SALES AND ADMINISTRATIVE EXPENSES

Cost of sales is defined as that expenditure which is directly related to a service being supplied to a specific third-party customer or market. This includes direct materials, labour and variable overheads to the extent that these relate specifically to turnover.

Administrative expenses includes all costs relating to the general management of the business, training, technical support, and any other costs not included under cost of sales

Cost of sales and administrative charges are further analysed by expenditure type as follows:

	Note	2013-2014 £'000	2012-2013 £'000
Staff Costs	4	**10,827**	10,158
Travel and subsistence		**1,470**	1,586
Overseas operational expenses		**1,732**	1,450
Bad Debt provision		**(121)**	(29)
Admin provisions		**-**	8
Accommodation		**630**	583
Computer running costs		**549**	393
Communications		**189**	188
Legal and consultancy		**156**	83
Realised exchange (gain)/loss		**23**	21
Exchange (gain)/loss on translation		**445**	38
Training		**70**	156
Amortisation of intangible assets	6	**216**	203
Depreciation charges (net)	7	**239**	205
Loss on disposal of non-current assets		**11**	20
DfT charges		**35**	51
Audit fee		**50**	50
Other admin expenses		**75**	177
Total cost of sales and administrative expenses		**16,596**	15,341

4 STAFF NUMBERS AND RELATED COSTS

a. Staff Costs comprise

	2013-2014 £'000			2012-2013 £'000		
	Permanently employed staff	**Others**	**Total**	**Permanently employed staff**	**Others**	**Total**
Wages and salaries	**6,365**	**-**	**6,365**	**6,199**	**-**	**6,199**
Social security costs	**563**	**-**	**563**	**495**	**-**	**495**
Other pension costs (Note 3c)	**1,014**	**-**	**1,014**	**926**	**-**	**926**
Agency, temporary and contract staff	**-**	**2,885**	**2,885**	**-**	**2,538**	**2,538**
Total net costs	**7,942**	**2,885**	**10,827**	**7,620**	**2,538**	**10,158**

b. Average number of full time equivalent employees

	2013-2014 Number			2012-2013 Number		
	Permanently employed staff	**Others**	**Total**	**Permanently employed staff**	**Others**	**Total**
Senior management	**11**	**-**	**11**	10	-	10
Professional, technical & technical support	**117**	**39**	**156**	116	39	155
Administrative support	**25**	**4**	**29**	20	3	23
Total	**153**	**43**	**196**	146	42	188

Technical support staff are involved in fee-earning activities. Within the total for 'Others' there are 25 full-time equivalent locally engaged overseas staff. (2012-2013; 24).

c. Pension Commitments

The PCSPS is an unfunded multi-employer defined benefit scheme but VCA is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 30 September 2007 Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2013-2014, normal employer's contributions of £997,418 (2012-2013; £910,762) were payable to the PCSPS at one of four rates in the range 16.7% to 24.3% (2012-2013; 16.7% to 24.3%) of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees joining after 1 October 2002 could opt to open a partnership pension account, a stakeholder pension with an employer contribution. During 2013-2014 payments of £16,224 (2012-2013; £30,271) were made to this scheme.

5. NOTIONAL CHARGES

	2013-2014 £'000	2012-2013 £'000
DfT on-costs	**35**	30
Audit fee	**50**	50
Total	**85**	80

DFT on-costs - These are included to reflect the cost of services provided by other units within the DfT. The amounts are calculated to reflect the full cost of providing these services to the Agency.

Audit fee - This is included for the annual audit of the Agency's Financial Statements by the Comptroller and Auditor General. The auditors received no remuneration for non audit services.

6. NON-CURRENT ASSETS: INTANGIBLE ASSETS

	Assets Under Construction	Software Licences	Information Technology	Total
	£'000	**£'000**	**£'000**	**£'000**
Cost or Valuation				
As at 1 April 2013	59	114	1,123	1,296
Adjustment to Opening Values			(10)	(10)
Additions	-	14	258	272
Disposals	-	-	-	-
Reclassifications	(59)	-	59	-
Revaluations	-	(3)	(36)	(39)
As at 31 March 2014	**-**	**125**	**1,394**	**1,519**
Amortisation				
As at 1 April 2013	-	77	479	556
Charge for year	-	20	196	216
Disposals	-	-	-	-
Revaluations	-	(2)	(15)	(17)
As at 31 March 2014	**-**	**95**	**660**	**755**
Net Book Value				
As at 31 March 2014	**-**	**30**	**734**	**764**
As at 1 April 2013	59	37	644	740

	Assets Under Construction	Software Licences	Information Technology	Total
	£'000	£'000	£'000	£'000
Cost or Valuation				
As at 1 April 2012	82	86	802	970
Additions	-	19	191	210
Disposals	-	-	-	-
Reclassifications	(23)	-	23	-
Revaluations	-	9	107	116
As at 31 March 2013	59	114	1,123	1,296
Amortisation				
As at 1 April 2012	-	57	261	318
Charge for year	-	15	188	203
Disposals	-	-	-	-
Revaluations	-	5	30	35
As at 31 March 2013	-	77	479	556
Net Book Value				
As at 31 March 2013	59	37	644	740
As at 1 April 2012	82	29	541	652

Note 6 (cont'd)

Indexation is to the latest reliable indices in accordance with the requirements of the FReM. The indices used are obtained from the Office of National Statistics. Where it is considered that there has been permanent impairment to assets at the end of the financial year they have been written off to the statement of income. In 2013-2014 the total amount taken to the statement of income as impairment in value was zero (2012-2013; £nil). Any surpluses on revaluation are credited to the revaluation reserve unless they reverse previous impairments that were taken to the statement of income.

All intangible non-current assets have a finite life and are amortised over 3-5 years. Individual material intangible non-current assets are:

	2013-2014 £'000	2012-2013 £'000
Cost or Valuation		
COP database software	**32**	38
GEMS analysis software	**43**	29
TAMS database software	**76**	37
DG Tanks database software	**53**	-
Electronic Content Management	**54**	-

7. NON-CURRENT ASSETS: TANGIBLE ASSETS – PROPERTY, PLANT & EQUIPMENT

	Assets Under Construction	Buildings excluding Dwellings	Transport Equipment	Furniture & Fittings	Information Technology and Office Equipment	Plant & Machinery	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
As at 1 April 2013	-	857	81	272	884	545	2,639
Additions	-	49	39	34	157	-	279
Disposals	-	-	(27)	-	(84)	(26)	(137)
Reclassification	-	-	-	-	-	-	-
Revaluations	-	-	-	2	(22)	(4)	(24)
As at 31 March 2014	**-**	**906**	**93**	**308**	**935**	**515**	**2,757**
Depreciation							
As at 1 April 2013	-	44	42	158	541	248	1,033
Charge for year	-	41	12	20	118	48	239
Disposals	-	-	(16)	-	(61)	(23)	(100)
Revaluation	-	-	-	-	(11)	(2)	(13)
As at 31 March 2014	**-**	**85**	**38**	**178**	**587**	**271**	**1,159**
Net Book Value							
As at 31 March 2014	**-**	**821**	**55**	**130**	**348**	**244**	**1,598**
As at 1 April 2013	-	813	39	114	343	297	1,606
Cost or Valuation							
As at 1 April 2012	4	238	63	198	829	516	1,848
Additions	634	-	17	85	184	56	976
Disposals	-	(19)	-	(14)	(190)	(28)	(251)
Reclassification	(638)	638	-	-	-	-	-
Revaluation	-	-	1	3	61	1	66
As at 31 March 2013	-	857	81	272	884	545	2,639
Depreciation							
As at 1 April 2012	-	35	31	163	545	238	1,012
Charge for year	-	13	10	10	128	44	205
Disposals	-	(4)	-	(12)	(181)	(27)	(224)
Revaluation	-	-	1	(3)	49	(7)	40
As at 31 March 2013	-	44	42	158	541	248	1,033
Net Book Value							
As at 31 March 2013	-	813	39	114	343	297	1,606
As at 1 April 2012	4	203	32	35	284	278	836

Tangible non current assets are carried at fair value using indexation.

Indexation is to the latest reliable indices in accordance with the requirements of the FReM. The indices used are obtained from the Office of National Statistics. Where it is considered that there has been permanent impairment to assets at the end of the financial year they have been written off to the statement of income. In 2013-2014 the total amount taken to the statement of income as impairment in value was £Nil (2012-2013; £ nil). Any surpluses on revaluation are credited to the revaluation reserve unless they reverse previous impairments that were taken to the statement of income.

Non-dwelling land and buildings are carried at professional valuation on the basis of existing use value. The valuation was carried out as at 30 September 2008 by Insignia Richard Ellis, Chartered Surveyors in accordance with the RICS Valuation Standards.

8. TRADE AND OTHER RECEIVABLES

a. Analysis by Type

	At 31 March 2014 £'000	At 31 March 2013 £'000
Trade receivables	**2,077**	2,220
Other receivables	**113**	46
Prepayments	**351**	407
Accrued income	**1,260**	1,979
Total	**3,801**	4,652

The Agency has no receivables due after more than one year, except for salary advances of which £4,031 (2012-2013; £5,569) is due after one year.

b. Intra Government Balances

	At 31 March 2014 £'000	At 31 March 2013 £'000
Balances with departmental bodies	**486**	568
Balances with other central government bodies	**280**	192
Balances with bodies external to government	**3,035**	3,892
Total	**3,801**	4,652

9. CASH AND CASH EQUIVALENTS

	At 31 March 2014 £'000	At 31 March 2013 £'000
GBS balance	**1,232**	1,485
UK current account	**1,890**	1,563
Cash in hand and at other banks	**1,086**	1,185
Total	**4,208**	4,233

10. TRADE AND OTHER PAYABLES

a. Analysis by Type

	At 31 March 2014 £'000	At 31 March 2013 £'000
Amounts falling due within one year		
Trade payables	**10**	13
VAT	**-**	5
Other payables	**501**	619
Supply payables	**-**	-
Accruals	**1,469**	1,376
Deferred income	**325**	352
Total amounts falling due within one year	**2,305**	2,365
Included in other payables are:		
Deposits from manufacturers	**275**	224

The accruals balance at 31 March 2014 includes £376,840 (2012-2013; £219,793) in respect of VCA's March 2014 payroll cost due to DfT. Also included in accruals as at 31 March 2014 is the holiday pay accrual of £234,430 (2012-2013; £183,515) as required by IAS19. There are no payables balances falling due after one year.

Amounts falling due after more than one year

b. Intra Government Balances

	At 31 March 2014 £'000	At 31 March 2013 £'000
Balances with departmental bodies	**363**	648
Balances with other central government bodies	**-**	-
Balances with bodies external to government	**1,942**	1,717
Total	**2,305**	2,365

11. PROVISIONS

	Early Retirement £'000	Other Provisions £'000	Total £'000
Balance at 1 April 2013	18	360	378
Provisions added in the year		-	-
Provisions utilised in the year		-	-
Provisions released in the year	(18)	-	(18)
Balance at 31 March 2014	**0**	**360**	**360**
Balance at 1 April 2012	22	352	374
Provisions added in the year	-	8	8
Provisions utilised in the year	(4)	-	(4)
Provisions released in the year	-	-	-
Balance at 31 March 2013	**18**	**360**	**378**

There is an Early Retirement Provision due after more than one year of £NIL (2012-2013; £13,253). Other provisions consist of a dilapidation provision of £19,200 (2012-2013; £19,200) due after more than one year and other provisions of £340,295 (2012-2013; £340,295) are in relation to a provision to HMRC for overseas allowances. The provisions have been calculated in accordance with IAS 37 using 2013-2014 costs and current Government rates where applicable.

Non-current liabilities	**31 March 2014 £'000**	31 March 2013 £'000
EXPIRING:		
- within one year	**341**	345
- in second to fifth years inclusive	**19**	27
- over five years	**0**	6
Total	**360**	378

12. RECONCILIATION OF REVALUATION RESERVE

For the year ended 31 March 2014

	Transport Equipment	Software Licenses	Software Application	Furniture & Fittings	Information Technology and Office Equipment	Plant & Machinery	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 April 2013	1	14	110	13	58	30	226
deficit on revaluation of non current assets	-	(3)	(36)	2	(22)	(4)	(63)
Backlog depreciation of re-valued non current assets	-	2	15	-	11	2	30
As at 31 March 2014	1	13	89	15	47	28	193

RECONCILIATION OF REVALUATION RESERVE

For the year ended 31 March 2013

	Transport Equipment	Software Licenses	Software Application	Furniture & Fittings	Information Technology and Office Equipment	Plant & Machinery	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 April 2012	1	10	33	7	46	22	119
Surplus on revaluation of non current assets	1	9	107	3	61	1	182
Backlog depreciation of re-valued non current assets	(1)	(5)	(30)	3	(49)	7	(75)
As at 31 March 2013	1	14	110	13	58	30	226

13. CAPITAL COMMITMENTS

The Agency has capital commitments for intangible non current assets of £5,400 (2012-2013; £5,070) and property, plant & equipment of £0 (2012-2013; £85,924) as at 31 March 2014.

14. COMMITMENTS UNDER LEASES

The Agency has commitments for future minimum lease payments under non-cancellable operating leases as follows:

	31 March 2014	31 March 2013
	£'000	£'000
EXPIRING:		
Land and buildings - within one year	**335**	404
Land and buildings - in second to fifth years inclusive	**393**	428
Land and buildings - over five years	**287**	341
Total	**1,015**	1,173

Total rentals for 2013-2014 of £333,084 (2012-2013; £405,434) were charged to the statement of income. At present there are no finance leases.

15. CONTINGENT LIABILITIES

At the end of the reporting period, VCA are under discussion with a supplier for rectification work required at a prefabricated building at the VCA Nuneaton site. The value of the rectification works is currently being assessed in discussion with independent surveyors and the supplier, so are uncertain at this time, but VCA believe that the full cost of these works will be covered by an existing warranty agreement with the supplier.(31 March 2013; nil).

16. RELATED PARTY TRANSACTIONS

VCA is an executive agency of the DfT.

The DfT is regarded as a related party. During the year, VCA has had a number of material transactions with the Department. Income in 2013-2014 from the Department was £1,343,543 (2012-2013; £1,362,330). In addition VCA received sales income from other government departments of £1,422,814 (2012-2013; £1,524,764). In addition, charges made to the VCA by the DfT amounted to £56,759 (2012-2013; £88,610) and other government departments £0 (2012-2013; £5,235).

During the year, none of the Board Members, members of the key management staff or other related parties has undertaken any material transactions with VCA.

17. FINANCIAL INSTRUMENTS

a. Nature and Extent of Risks arising from Financial Instruments.

VCA does in many respects face the same degree of exposure in respect of receivables that many commercial businesses do; however, it does not face the same level of financial risk in respect of loans. In addition financial assets and liabilities generated by day-to-day operational activities are not linked to long term credit facilities. The short-term liquidity and interest rate risks are therefore slight.

Loans and receivables:	Note	At 31 March 2014 £'000	At 31 March 2013 £'000
Cash and cash equivalents	9	4,208	4,233
Trade receivables	8	2,077	2,220
Other Receivables	8	113	46
Accrued Income	8	1,260	1,979
Total		7,658	8,478

Financial Liabilities by Category Financial liabilities measured at amortised cost:-	Note	At 31 March 2014 £'000	At 31 March 2013 £'000
Trade payables	10	10	13
VAT payable	10	-	5
Other payables	10	501	619
Accruals	10	1,469	1,376
Total amounts falling due within one year		1,980	2,013
Included in other payables are:			
Deposits from manufacturers		275	224

b. Credit Risk

Credit risk is the risk of suffering financial loss, should any of the Agency's customers or counterparties fail to fulfil their contractual obligations to the Agency.

The majority of debtor balances with bodies external to government relate to balances with entities in the automotive industry for Product Certification and Management System Certification.

The Agency seeks to mitigate the risk of default from Receivables by maintaining Pre-fund Creditor accounts for customers purchasing Submacs (Individual Type Approval Certificates) and transferring the cash from the Creditor Account to the Debtor Account, as and when invoices are raised.

In the case of all other external debtor accounts, the customer is requested to complete an Agency Application Form providing two external trade references. Prior to providing the service credit checks are obtained from an External Agency by VCA's Credit Control Section which carries out the monitoring and chasing of outstanding balances on a regular basis as part of the Agency's credit control procedures.

The Agency has no significant prepayment arrangements in place. Extending credit and making prepayments places funds at risk, and therefore, stringent controls on the formal writing off of debts are required, to ensure that all effort is made to collect debts from the counterparty.

For the purposes of the Agency's disclosures regarding credit quality, its financial assets have been analysed as follows:-

Financial assets subject to credit risk **At 31 March 2014**

	Note	Neither overdue nor individually impaired	Overdue but not individually impaired	Individually impaired	Total carrying value
		£'000	£'000	£'000	£'000
Cash and cash equivalents	9	4,208	-	-	4,208
Trade receivables	8	951	1,126	-	2,077
Other receivables	8	113	-	-	113
Accrued income	8	1,260	-	-	1,260
Total		6,532	1,126	-	7,658

The Agency has £341,800 intra departmental account receivable balances included in Financial Assets and £279,667 with other Government departments. Assets subject to insolvency procedures or on an age basis against specific debts are overdue for payment by at least 180 days, across the UK, US, Japanese and Australian sales ledgers are fully provided.

Financial assets that are overdue but not individually impaired	Note	At 31 March 2014			
		Overdue 0-1 months	Overdue 1-3 months	Overdue over 3 months	Total
		£'000	£'000	£'000	£'000
Trade receivables	8	391	735	-	1,126
Total		391	735	-	1,126

Reconciliation of Bad Debt Provision	2013-2014	2012-2013
	£'000	£'000
Balance at 1 April 2013	316	489
UK (reductions)/additions	(35)	(88)
USA (reductions)/additions	(92)	(67)
Japan reductions	(5)	(15)
Australia reductions	(-)	(3)
Balance at 31 March 2014	184	316

c. Liquidity Risk

Maturity of financial liabilities	At 31 March 2014				
	Note	On Demand	Not more than 3 months	Over 3 months but not more than 1 year	Total
		£'000	£'000	£'000	£'000
Trade payables	10	10	-	-	10
VAT	10	-	-	-	-
Other payables	10	501	-	-	501
Accruals	10	1,469	-	-	1,469
Total		1,980	-	-	1,980

This is the risk that the Agency is unable to meet its obligations when they fall due and to replace funds when they are withdrawn. As the Agency is a government organisation, this risk is thought to be negligible. Government manages liquidity by requiring departments to provide cash flow forecasts.

d. Foreign Currency Risk

The Agency is exposed to foreign currency fluctuations on its cash balances, trade receivables and trade payables.

Total financial assets by currency	At 31 March 2014				
	Note	UK	USA	Japan	Australia
		£'000	$'000	Yen'000	AUD'000
Cash and cash equivalents	9	3,190	880	81,053	34
Trade receivables	8	1,595	607	19,847	5
Other receivables	8	113	-	-	-
Accrued income	8	1,018	278	10,529	25
Totals		5,915	1,765	111,429	64
Closing sterling exchange rate		1.0000	1.6672	171.6910	1.7988
Converted £'000		5,916	1,059	649	36

The USA represents 13.9% of the total outstanding accounts receivable balance and Japan represents 8.5% of the total outstanding accounts receivable balance. The Agency's financial performance is subject to movements in exchange rates, these are mitigated by matching local expenditure with local income wherever possible in local currencies.

Total financial liabilities by currency		**At 31 March 2014**			
	Note	**UK £'000**	**USA $'000**	**Japan Yen'000**	**Australia AUD'000**
Trade payables	**10**	**10**	**-**	**-**	**-**
VAT payable	**10**	**-**	**-**	**-**	**-**
Other payables	**10**	**438**	**80**	**2,156**	**4**
Accruals	**10**	**1,463**	**11**	**-**	**-**
Totals		**1,911**	**91**	**2,156**	**4**
Closing sterling exchange rate		**1.0000**	**1.6672**	**171.6910**	**1.7988**
Converted £'000		**1,911**	**55**	**13**	**2**

e. Exchange Translation Risk

The matrix below shows the effect a 10% decrease or increase in the closing rate value of Sterling will have on the valuation of overseas financial instruments.

	Increase in Value			Actual Rate			Decrease in Value		
Overseas financial assets by currency	**USA**	**Japan**	**Australia**	**USA**	**Japan**	**Australia**	**USA**	**Japan**	**Australia**
	$'000	**Yen'000**	**$'000**	**$'000**	**YEN'000**	**AUD'000**	**$'000**	**Yen'000**	**AUD'000**
Cash and cash equivalents	880	81,053	34	880	81,053	34	880	81,053	34
Trade receivables	607	19,847	5	607	19,847	5	607	19,847	5
Accrued Income	278	10,529	25	278	10,529	25	278	10,529	25
Total	**1,765**	**111,429**	**64**	**1,765**	**111,429**	**64**	**1,765**	**111,429**	**64**
Closing sterling exchange rate 31 March 2014	**1.5005**	**154.5219**	**1.6189**	**1.6672**	**171.6910**	**1.7988**	**1.8339**	**188.8601**	**1.9787**
Converted £'000	**1,176**	**721**	**40**	**1,059**	**649**	**36**	**962**	**590**	**32**
Overseas financial liabilities by currency									
Other payables	80	2,156	4	80	2,156	4	80	2,156	4
Accruals	11	-	-	11	-	-	11	-	-
Total	**91**	**2,156**	**4**	**91**	**2,156**	**4**	**91**	**2,156**	**4**
Closing sterling exchange rate 31 March 2014	**1.5005**	**154.5219**	**1.6189**	**1.6672**	**171.6910**	**1.7988**	**1.8339**	**188.8601**	**1.9787**
Converted £'000	**61**	**14**	**2**	**55**	**13**	**2**	**50**	**11**	**2**
Net	**1,115**	**707**	**38**	**1,004**	**636**	**34**	**912**	**579**	**30**
The Net effect this would have, compared to actual rate, on statement of income	**111**	**71**	**4**	**-**	**-**	**-**	**-92**	**-57**	**-4**

18. EVENTS AFTER THE REPORTING PERIOD

There are no reportable adjusting events after the reporting period that are not reflected in the accounts above. The accounts were authorised for Issue (released to the Secretary of State to lay before Parliament)' on 19th June 2014 by Paul Markwick as Chief Executive and Agency Accounting Officer.

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