
Renewable Fuels Agency



Annual Report and Accounts 2007/08

Ordered by the House of Commons
to be printed on 22 July 2008

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Presented to Parliament pursuant to The Renewable
Transport Fuel Obligation Order 2007 (SI 2007 no 3072).

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Management Commentary

This is the first Annual Report and Accounts for the Renewable Fuels Agency (RFA), which came into being on the 26 October 2007, following the making of The Renewable Transport Fuel Obligation Order 2007 (SI 2007 no 3072). The RFA was created as an executive, non-departmental public body, sponsored by the Department for Transport (DfT). The organisation is funded through Grant-in-Aid from the Department and £100,000 was received in 2007-08, for the period 26 October 2007 to 31 March 2008. It is expected that Grant-in-Aid in the first full year of operation will be £1-2m.

The aim of the RFA is to help the UK to achieve its renewable transport fuel targets sustainably, by administering the renewable transport fuel obligation effectively and efficiently, and by reporting to the Secretary of State on its effects.

The period from October 2007 to March 2008 saw the development of the processes and IT systems that would support the implementation of the Renewable Transport Fuel Obligation (RTFO). It also saw the appointment of the Chairman of the Board of the RFA, the Board members and the majority of the RFA's staff. A financial memorandum with DfT was agreed, covering our budget which is provided as Grant-in-Aid and our use of DfT financial and auditing facilities.

The RTFO came into force on the 14 April 2008 and 2008-09 will see our first year of operation. The first payments of the buyout fund that will recycle any monies received from companies that have been unable to meet their biofuel targets to those that have will not occur until 2009-10. We will report on progress in developing the systems to do this in the 2008-09 Annual report.

During 2008-09 we will continue to develop the formal structure and procedural documentation for the Agency, including our corporate plan and business plan and will report on them in the next Annual Report.

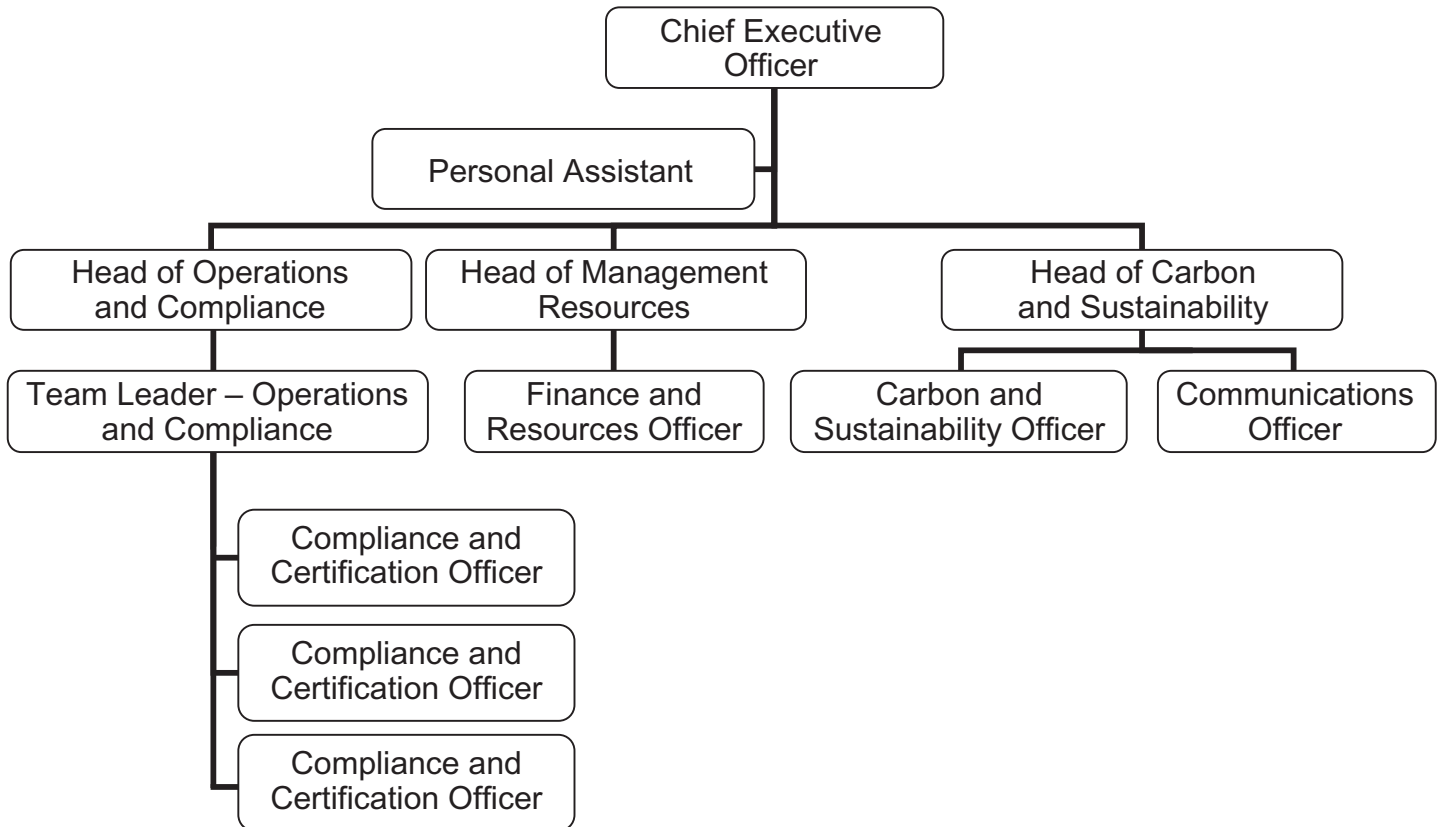
In this Annual Report I have set out the governance structure of the Agency, the declaration of Directors' Interests and the Remuneration Report. It is followed by the Statements of Account for the part-year 2007-08. These accounts have been prepared under a direction from HM Treasury department under the RTFO Order 2007 and the Comptroller & Auditor General (C&AG) is the external auditor appointed by statute.

Governance Structure

Management Board

	Date appointment commenced	Board	Audit Committee	Remuneration Committee
Edward Gallagher <i>(Chair)</i>	26/10/07	Y		
Sue McDougall <i>(Acting CEO)</i>	05/12/07	Y		
Gregory Archer	05/11/07	Y	Y	
Paul Jefferiss	05/11/07	Y		Y
Gareth Llewellyn	05/11/07	Y	Y	
Brian White	05/11/07	Y		Y

Staff organisation chart



Directors & Senior Officers' Interests

Name and Position	Relevant Investments	Other remunerated Employment, Office or Professions	Other Regular Sources of Remuneration	Directorship
Edward Patrick Gallagher <i>Chair</i>	None in energy or automotive sectors	Chair, Energywatch Non-Executive director, Ecus Ltd	Consultancy	Non-exec director, Ecus Ltd
Gregory Trevor Archer <i>Board member</i>	None	Director, Low Carbon Vehicle Partnership	None	Cenex – Centre of Excellence for Low Carbon and Fuel Cell Technology
Paul Jefferiss Non-Executive director	None directly	Director of Environmental Policy, BP Non-exec director, Carbon Trust Investments Ltd; Non-exec director, Sita Trust	None	Non-Executive director, Carbon Trust; Non-executive director, Carbon Trust Investments Ltd; Non-executive director, Sita Trust
Gareth Llewellyn <i>Non-Executive director</i>	None	Member of faculty, Cambridge Programme for Industry, Cambridge University; Global Director, Anglo American	None	Former Non-Executive Director, Biffa plc Former Non-Executive Director, National Grid Property Ltd Former Non-Executive Director, UK Business Council for Sustainable Energy Former Director of Corporate Responsibility Group Former Global Director of Corporate Responsibility, National Grid plc. Chair of CLAIRE (Contaminated Land: Applications in the Real Environment)
Brian White <i>Board member</i>	None	Self employed consultancy, Bioener G Ltd	None	Bioener G Ltd Non-executive director, JSW Technology
Sue McDougall <i>Acting CEO</i>	None	None	None	None

Remuneration Report

Remuneration Policy

Board remuneration is agreed between the Chairman of the Board and the Secretary of State, as detailed in the RTFO order. The travel expenses of the RFA Board members are tied to the rates allowed to senior staff of the RFA. Reasonable actual costs were reimbursed.

CEO remuneration is agreed between the Board, via the remuneration committee and the Department for Transport. For the permanent CEO this will include an element of performance related pay. The Interim CEO was paid via a consultancy company so the gross cost shown is not the net pay received.

Staff members are remunerated on DfT pay bands below SCS and follow standard Departmental terms and conditions. The Board approves any major changes to staffing structures and numbers.

Board members

Remuneration paid to non-executive Board members from their date of appointment to 31 March 2008 is set out below. The remuneration shown excludes Employers' NI contributions. The RFA does not make any pension provision for Board members, and no other taxable benefits were provided for board members in the period. All Board members have a three month notice period, and no compensation terms for early termination in their contracts. The table below has been audited.

	Board fees paid in the period ended 31 March 2008 £000s	Annual full year fee £000s	Date appointment commenced	Appointment expiry date
Prof. E Gallagher <i>(Chair)</i>	12.75	30	26/10/07	28/10/10
G Archer	3.65	9	05/11/07	04/11/10
P Jefferiss	3.65	9	05/11/07	04/11/10
G Llewellyn	3.65	9	05/11/07	04/11/10
B White	3.65	9	05/11/07	04/11/10

Senior Officers

No remuneration was paid by the Renewable Fuels Agency to the senior officer of the RFA in this period. For the period of these accounts an interim Chief Executive Officer was paid on a consultancy basis, directly by DfT in their sponsorship role, and the expense included in the DfT Resource Accounts for 2007-08. The gross figure shown is that paid by the DfT to Serco Consulting, and does not show any breakdown of tax or pension contribution, nor performance pay, or other allowances. There were no benefits in kind or non cash benefits provided for the Chief Executive in the period. Using the day rate received by the CEO we have calculated a full year salary equivalent based on 220 days.

	Consultancy fee paid in the period ended 31 March 2008 £000s	Annual Full year equivalent salary band £000s	Date appointment commenced	Appointment expiry date
Sue McDougall <i>(Acting Chief Executive)</i>	71	130-135	5/12/07	18/07/08

Statement regarding the disclosure of information to the auditors

I confirm that as far as I am aware there is no relevant 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 in connection with their audit.

Insofar as I know, there is no relevant audit information of which the National Audit Office is not aware.

Nick Goodall
CHIEF EXECUTIVE AND ACCOUNTING OFFICER
8 JULY 2008

Statement of Accounting Officer's responsibilities

Under paragraph 13(2) of the Renewable Transport Fuel Obligations Order 2007, the Secretary of State has directed the Renewable Fuels Agency to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the Renewable Fuels Agency's state of affairs and of its income and expenditure and recognised gains and losses and cash flows for the financial period.

In preparing the accounts the Renewable Fuels Agency is required to comply with the requirements of HM Treasury's Financial Reporting Manual and in particular to:

- Observe the Accounts Direction issued by the Secretary of State, including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis.
- Make judgements and estimates on a reasonable basis
- State whether applicable accounting standards as set out in HM Treasury's Financial Reporting Manual have been followed and disclose and explain any material departures in the financial statements.
- Prepare the financial statements on a going concern basis.

For the period of these accounts the Secretary of State appointed the acting Chief Executive Sue McDougall as Accounting Officer of the Renewable Fuels Agency. Subsequently the Secretary of State has appointed Nick Goodall as Accounting Officer with effect from 2 July 2008. 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 Renewable Fuels Agency's assets, are set out in Chapter 3 of HM Treasury's *Managing Public Money*.

Accounting Officers Statement on Systems of Internal Control

Scope of Responsibility

As Accounting Officer I have responsibility for maintaining a sound system of internal control which supports the achievement of organisational policies, aims and objectives as set by the Schedule and Financial Memorandum, whilst safeguarding the public funds and organisational assets for which I am personally responsible, in accordance with the responsibilities assigned to me in *Managing Public Money*. I am responsible to the Department for Transport's Principal Accounting Officer and to Parliament for ensuring value for money, regularity and propriety in deploying all the organisation's resources.

The Renewable Fuels Agency is supported by Board members who are responsible for:

- setting the organisation's strategies to complying with the provisions of the Renewable Transport Fuels Obligations Order 2007 and other relevant legislation
- identifying the central activities required to support delivery of the corporate plan and approving the annual budget
- evaluating the impact of emerging issues or significant divergences from planned delivery.

The Board is chaired by an executive appointee and comprises four non-executive members. An audit committee has been established to support the Chief Executive through monitoring and reviewing the adequacy and effectiveness within the organisation of:

- corporate governance arrangements
- processes for managing risks
- internal audit and related activity
- management responses to the recommendations resulting from internal audit work
- Accounting Officer Statements on internal control.

The Chief Executive and the Renewable Fuels Agency senior managers meet with senior officials from within the Department for Transport at regular intervals. These meetings usually occur on a quarterly basis and issues discussed include performance against operational plans, financial expenditure and policy development. In addition, the Renewable Fuels Agency chairman regularly meets with Ministers.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the

achievement of organisational policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically. The system of internal control put in place during 2007-08 has been further refined and is now embedded in the organisation.

Capacity to handle risk

As Accounting Officer, I have responsibility for reviewing our capacity to handle risk. To effect this the Renewable Fuels Agency has developed and is implementing the following:

- a risk management policy reflecting the purpose and underlying approach to risk management and the role of the staff and senior management team, which will be made available to all staff
- an organisational risk register that identifies the main operational risks assigned to individual risk owners. The risk register the Renewable Fuels Agency has implemented includes mitigating actions to eliminate or reduce this risk and is reviewed periodically for effectiveness
- risk awareness training for the senior management team and the development of a strategic risk register.

The risk and control framework

The Renewable Fuels Agency risk management framework takes account of the Code of Good Practice on Corporate Governance in Central Government Departments issued by HM Treasury, and is put into practice through:

The Board

The board consists of an executive chairman and four non-executive members and met five times during the period to 31 March 2008 to:

- consider and approve the Renewable Fuels Agency work plans for the period including the allocation of resources to deliver those plans
- monitor progress against the work plans for the period through regular reports from the management board
- consider regular financial reports
- consider and approve policies and procedures to be adopted by the Renewable Fuels Agency
- consider and approve expenditure in accordance with the procurement policy adopted by the Renewable Fuels Agency.

The Audit committee

The Audit committee consists of two non-executive members and did not meet during the period. Its functions were carried out at full Board level as the Audit committee terms of reference had not yet been approved. When it meets in 2008/2009 it will consider:

- the quarterly financial reports
- the policies and procedures to be implemented by the Renewable Fuels Agency in respect of financial control and risk management
- the planned activity and results of the external and internal audit and other bodies
- the adequacy of management response to issues identified by audit and other review bodies on a quarterly basis.

The chairman of the audit committee will provide the board with regular reports on the audit committee's activities and any findings concerning internal control.

During 2007-08, the Department for Transport's Audit & Risk Assurance (ARA) Division advised the Renewable Fuels Agency Board on the design of the business and system processes for the administration of the RTFO. In advance of the Agency becoming operational in 2008-09, ARA was able to confirm that key system controls were working effectively.

For the period of these accounts, the Renewable Fuels Agency operated under the financial control umbrella of DfT(C). In the opinion of the Group Head of Internal Audit, DfT(C)'s arrangements during 2007-08 for governance, risk management and internal control were in general adequate and effective. For more information, see Department for Transport Resource Accounts 2007-08.

Review of effectiveness

As Accounting Officer I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by assurances given by the former interim Chief Executive who held the role of Accounting Officer up until the date of my appointment as Accounting Officer on 2 July 2008. Further assurance comes from the work of internal audit and the executive managers within the organisation who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and plan to engage with the internal auditors in 2008-09 to ensure continuous improvement of the system is in place.

Nick Goodall
CHIEF EXECUTIVE AND ACCOUNTING OFFICER
8 JULY 2008

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the Renewable Fuels Agency for the period 26 October 2007 to 31 March 2008 under the Energy Act 2004. These comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and Statement of Total Recognised Gains and Losses 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 Agency, Accounting Officer and auditor

The Agency and Chief Executive as Accounting Officer are responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with the Energy Act 2004 and directions made thereunder by the Secretary of State and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Energy Act 2004 and the accounts direction issued by the Secretary of State. I report to you whether, in my opinion, the information, which comprises the Management Commentary and the Remuneration Report, included in the Annual Report are consistent with the financial statements. I also report whether 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.

In addition, I report to you if the Renewable Fuels Agency has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal control reflects the Renewable Fuels Agency compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Renewable Fuels Agency's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Agency and Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Renewable Fuels Agency's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that 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. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Energy Act 2004 and directions made thereunder by the Secretary of State, of the state of the Renewable Fuels Agency affairs as at 31 March 2008 and of its deficit for the period then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Energy Act 2004 and directions made thereunder by the Secretary of State; and
- information, which comprises the Management Commentary and the Remuneration Report, included within the Annual Report, is consistent with the financial statements.

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.

Report

I have no observations to make on these financial statements.

*T J Burr
Comptroller and Auditor General
National Audit Office
151 Buckingham Palace Road
Victoria
London
SW1W 9SS*

16 July 2008

INCOME AND EXPENDITURE ACCOUNT
For the Period Ended 31 March 2008

	Note	£000s	£000s
Expenditure			
Staff costs	3	35	
Other administrative costs	4	65	
		-----	-----
Operating Deficit			100
Depreciation & Amortisation	6	-	
Notional cost of capital	5	-	
		-----	-----
Net Operating Deficit on activities			100
Transfer from reserves	10	(-)	
Reversal of notional cost of capital	5	(-)	
		-----	-----
Net Deficit transferred to Income and Expenditure reserves			100

All amounts relate to continuing activities.

There are no recognised gains or losses in the period ended 31 March 2008 other than as stated in the Income and Expenditure account. Accordingly no statement of Total Recognised Gains or Losses is required.

The Agency was established on 26 October 2007 therefore no comparative figures exist.

The accounting policies and notes on pages 16 to 20 form part of these accounts.

BALANCE SHEET
For the Period Ended 31 March 2008

	Note	£000s
Fixed Assets		
Tangible assets	6	–
Intangible assets	6	–
Current assets		
Debtors (due within one year)	7	–
Cash at bank	9	18
Total assets		18
Current liabilities		
Creditors – amounts due within one year	8	(18)
Total assets less current liabilities		–
Long Term Creditors & Provisions		–
Total assets less total liabilities		–
Financed by:		
Revaluation Reserve		–
Donated Assets		–
Total reserves		–

The Agency was established on 26 October 2007 therefore no comparative figures exist.

The accounting policies and notes on pages 16 to 20 form part of these accounts.

Nick Goodall
 CHIEF EXECUTIVE AND ACCOUNTING OFFICER
 8 JULY 2008

CASH FLOW STATEMENT
For the Period Ended 31 March 2008

	Note	£000s
Net cash outflow from operating activities	(i)	(82)
Return on Investments and Servicing of Finance		
Capital expenditure		
Financing Grant in Aid received	Note 2	100
Increase in cash in the period	(ii)	18

Notes to Cash flow:

i) Reconciliation of operating deficit to operating cash flow

	£000s
Operating Deficit	(100)
Depreciation & amortisation charges	–
Notional cost of capital charge	–
Increase/decrease in debtors	–
Increase/decrease in creditors	18
Net cash outflow from operating activities	(82)

ii) Reconciliation of net cash flow to movements in net funds

	£000s
Funds at 26 October 2007	–
Increase in cash in period	18
Funds at 31 March 2008	18

The Agency was established on 26 October 2007 therefore no comparative figures exist.

The accounting policies and notes on pages 16 to 20 form part of these accounts.

Notes to the Accounts

The Renewable Fuels Agency (RFA) was formed as a Non Departmental Public Body on 26th October 2007 under the Renewable Transport Fuels Obligations Order 2007. The RFA is required to comply with the Accounts direction from the Secretary of State for Transport which states that the RFA's financial statements shall give a true and fair view of the state of affairs at the year end and the income and expenditure and cash flows for the financial year then ended.

Subject to the Accounts direction, the RFA shall prepare accounts in accordance with the Companies Acts, HM Treasury's Financial Reporting Manual and financial reporting standards issued or adopted by the Accounting Standards Board to the extent that it is meaningful and appropriate to the public sector. The accounts reflect any other guidance issued by HM Treasury and any specific disclosures required by the Secretary of State.

These financial statements have been prepared under the historical cost convention, modified to account for the revaluation of fixed assets and follow the requirements of the 2007/08 Government Financial Reporting Manual.

The particular accounting policies adopted by the Renewable Fuels Agency are described below. They have been consistently applied in dealing with items considered material to the financial statements.

1) Statement of accounting policies

a) Intangible fixed assets

Purchased computer software licenses are capitalised as intangible fixed assets where expenditure of £1,000 or more is incurred. Software licenses are amortised over the shorter of the term of the licence or the life of the software package, which is usually five years.

b) Tangible fixed assets

Tangible assets include office furniture and equipment, and IT equipment. These assets are valued at their original cost. All expenditure on tangible fixed assets is capitalised, subject to a minimum level of £1,000 on an accruals basis. Assets will be reviewed on an annual basis for impairments.

c) Depreciation/amortisation

Depreciation/amortisation is provided on all fixed assets, at rates calculated to write off the cost or valuation of each asset, less any estimated residual value, evenly over its expected useful life. The expected useful lives of the principal categories are:

- Furniture and fittings – 5 years
- Computer equipment – 3 years
- Other equipment – 4 years
- Leasehold Improvements – remaining length of lease

d) Disposals

Depreciation is charged on assets according to the RFA policy and charged up to the accounting period in which an asset is disposed. Any surplus or deficit is taken to the Income and Expenditure account.

e) Donated Assets

Donated tangible and intangible fixed assets are capitalised at their valuation on receipt and this value is credited to the Donated asset reserve. Any subsequent revaluations are also taken to this reserve. Each year, an amount equal to the depreciation or amortisation charge on the asset is released from the Donated asset reserve to the Income and Expenditure Statement.

f) Government grants

The main source of funding for the Renewable Fuels Agency is Grant-in-Aid from the Department for Transport, within an approved cash limit. The RFA accounts for its expenditure on an accruals basis, thus incurring liabilities during a year which may not need to be satisfied by cash payments until future financial years.

g) Pension costs

Staff seconded to the Renewable Fuels Agency from DfT are members of the Principal Civil Service Pension Scheme (PCSPS) in respect of their pensions. RFA pays the pensions contributions but the employee membership is within the DfT so for further disclosure see the DfT Resource Accounts 2007-08.

The RFA has made an application to join the PCSPS in its own right but was not a member in this reporting period. The RFA will meet any contractual obligations it has for staff members appointed in 2007-08 out of the operating budget for 2008-09. This is expected to be less than £500.

h) Operating leases

Rental and maintenance payments due under operating leases are charged to the Income and Expenditure Account on the basis of actual rentals payable which fairly reflects usage.

i) Notional Cost of Capital

A notional charge, reflecting the cost of capital utilised by the Renewable Fuels Agency, may be included in the Income and Expenditure account. The charge is calculated at the Government's standard rate of 3.5 per cent per annum, on the average carrying value of all assets, less all liabilities, and excluding donated assets.

j) Taxation

The Renewable Fuels Agency is not liable for corporation tax or other taxes.

k) Intra-Government balances

Intra-Government debtors and creditors have been analysed in accordance with the HM Treasury's Financial Reporting Manual.

2. Grant in aid

	2007-08
	£000s
Amount received and released:	
Department for Transport (DfT)	100
Grant in aid released to the income and expenditure account	100

3. Analysis of staff costs and numbers

	2007-08 £000s
Total staff costs excluding the Chief Executive were:	
Salaries and wages	17
Social security costs	1
Pension costs	3
	<u>21</u>
Agency staff	14
	<u>35</u>

See section 1(g) of the note to accounts for details of pension obligations. Remuneration details for non-executive board members and executive management board members are set out in the Remuneration Report on pages XX.

There were seven staff employed by the RFA as at 31 March 2008, five of whom were appointed in March 2008.

4. Administration costs and other expenditure

	2007-08 £000s
Board Expenses	30
Travel and subsistence, room hire and recruitment	2
Publicity	1
Rent, rates and utilities	5
Printing, postage and office costs	6
Information technology support and maintenance	17
External audit fee	4
	<u>65</u>

5. Notional cost of capital

In accordance with the FREM a cost of capital charge is made to the Income & Expenditure account to reflect the opportunity cost of government investment. This notional interest is then added back to determine the retained surplus/deficit on ordinary activities after taxation. In this accounting period there were no fixed assets on the Balance sheet and no charge was made, as the potential charge on the cash balance held is trivial.

6. Fixed assets

No fixed assets appear on the balance sheet as at 31 March 2008. On the 2nd April 2008 DfT formally handed over the RFA Operating System which will appear as a donated asset in the statements for 2008-09. All other assets used by the RFA (office and IT equipment) are on leases, see Note 11.

7. Debtors

As at 31 March 2008 there were no outstanding debtors.

8. Creditors

At 31 March 2008
£000s

Agency Staff	5
Travel and subsistence, room hire and recruitment	2
Printing, postage and office costs	4
Information technology support and maintenance	3
External audit fee	4
	<u>18</u>

9. Cash at bank and in hand

A transfer from DfT to meet the year end creditors was made to the RFA account.

10. Reserves

Income & Expenditure Reserve	£000s
Opening balance	0
Grant-in-aid received	100
Transfer to Income and Expenditure account	(100)
Closing balance	<u>0</u>

11. Obligations under operating leases

The Renewable Fuels Agency has an open ended Service Level Agreement (SLA) with the Department for Transport to provide information and communications equipment and maintenance. The RFA will be charged for this from 1 April 2008 on an annual basis. The estimated cost for 2008-09 is £48,000. The fee is based on a formula in the SLA and will be reviewed each year.

The RFA also has an open ended SLA with DfT for the rental of accommodation and related services. Charges started on 1 January 2008 and the rental and related service costs until 31 March 2008 have been included in the Statement of Income and Expenditure for this period and the expected cost for 2008-09 is £18,000.

There is a further SLA under a contract for the maintenance and support for the RFA Operating system. The SLA will be in force from 1 July 2008 to 31 January 2012. The SLA will be reviewed annually and may be terminated by RFA by providing 3 months notice. The annual support charge is £50,000 (including VAT) and the hosting cost is £31,000 (including VAT).

There is a contract for the maintenance and support for the RFA Website. The annual support charge is £4,000 (including VAT) and the hosting cost is £4,000 (including VAT).

12. Capital commitments

There were no capital commitments at 31 March 2008.

13. Related party transactions

The Renewable Fuels Agency is an executive non-departmental public body sponsored by the Department for Transport who are therefore a related party. In 2008-09 the RFA will engage in certification with obligated and non-obligated road transport fuel suppliers, however they are not considered to be related parties.

None of the board members or key management staff has a financial interest in the suppliers, apart from those disclosed under directors' interests, such as to influence their work with the RFA.

14. Contingent liabilities, contingent assets and provisions

There were no reportable contingent liabilities, contingent assets or provisions at 31 March 2008.

15. Post balance sheet events

A new Chief Executive and Accounting Officer was appointed on 2 July 2008. There are no other reportable post balance sheet events to the date of the audit certificate.

16. Financial instruments

The Renewable Fuels Agency has no borrowings and relies primarily on departmental grants for its cash requirements, and is therefore not exposed to liquidity risks. It has no material deposits, and all material assets and liabilities are denominated in sterling so it is not exposed to interest rate risk or currency risk. However, as permitted under FRS 13, this disclosure excludes short term debtors and creditors which would become payable from the balance sheet date; and there is no material difference between the book value and fair value of assets and liabilities at 31 March 2008.



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