Maritime and Coastguard Agency

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Annual Report and Accounts 2009-10

An executive agency of the Department for Transport

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The Maritime and Coastguard Agency

Annual Report and Accounts 2009-10

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Contents

Our vision is to be a world-class organisation that is committed to preventing loss of life, continuously improving maritime safety, and protecting the marine environment:

Safer Lives, Safer Ships, Cleaner Seas

Our shared core values are:

Mutual Respect and Customer Focus

Foreword

I am pleased to present the Maritime and Coastguard Agency's annual report and accounts for 2009-10.

The Maritime and Coastguard Agency (MCA) is important to every UK citizen. It carries out regulatory work nationally and internationally; checks that vessels and seafarers meet safety standards; and responds to maritime emergencies through HM Coastguard and its counter pollution team.

This annual report sets out the MCA's achievements against its targets, and also describes the work that it has undertaken. Alongside its 24-hour maritime emergency response capability, highlights in the past year for the Agency have included:

- introducing a new Injury Compensation Scheme for the volunteer coastguard rescue officers who support local communities with their time and commitment;
- implementing safer arrangements for storing time-expired marine flares;
- working with the RNLI, the RYA and others to encourage lifejacket wear and developing five recreational safety messages; and
- getting our marine surveyor team up to strength ready to support the industry in keeping ships and seafarers safe.

We rely on ships for over 95% of our visible trade and I was reminded of the importance of the MCA's work, when for a week in April 2010 the skies over Britain were noticeable because no aeroplanes were flying due to ash from an Icelandic volcano. I was particularly proud of the competent way the Agency rallied round to play its part in helping to overcome the unforeseen pressures on the ferries and other shipping. I then thought of the way this work and our shipping is taken for granted and of the impact should all ships be out of action for a week. Such a situation would demonstrate the heavy reliance by us all on shipping if we had to face maintaining good food supplies in the UK.

I am immensely proud to have served for three years as MCA Chief Executive and I know that the Agency has the strength in depth in terms of people, organisation and skills to meet the challenges it will face in the coming years. I also know that everyone in the Agency understands those challenges and will want to work with my successor, Sir Alan Massey, in responding positively in the best interests of *Safer Lives, Safer Ships and Cleaner Seas*.

Peter Cardy
Chief Executive
(March 07 – April 10)

Directors' Report

Who We Are

The Maritime and Coastguard Agency was established on 1 April 1998 and is an executive agency of the Department for Transport (DfT).

Our most important role is to improve safety, and we do this through both prevention and response activities. All of our work contributes to our vision of *Safer Lives, Safer Ships, Cleaner Seas.*

Agency Management

We are answerable to the Secretary of State for Transport through our Advisory Board which reviews the Chief Executive's and the Agency's performance against its plans, targets and resources.

The Advisory Board comprised the following members for 2009-10:

- Richard Hatfield (Director General, International Networks and Environment Group, DfT, Chair)
- Peter Cardy (Chief Executive, MCA)
- Ian Woodman (Director of Maritime and Dangerous Goods, DfT)
- Theresa Crossley (Head of Shipping Policy Division, DfT, until February 10)
- Nick Court (Head of Shipping Policy Division, DfT, from February 10)
- Sue Ketteridge (Director of Finance and Governance, MCA)
- Valerie Richardson (Secretariat, Shipping Division, DfT, until October 09)
- Helen Jameson (Head of Resource Management and Planning, International Networks and Environment Group, DfT)
- Bob Banham (External Member)
- Julian Lee (External Member)

The Chief Executive is supported by the Executive Board. They met regularly during the year to discuss strategic issues affecting the Agency. Every time they met they reviewed the following areas:

- Health, safety, security and environment (HSSE) matters;
- Progress against targets;
- The latest position on corporate risks;
- The Agency's budget and upcoming budgetary pressures; and
- The Balanced Scorecard (a traffic light system of reporting key Agency activities).

At each meeting, members of the Executive Board were asked to declare any conflicts of interest with matters to be discussed.

Members of the Executive Board within the financial year 2009-10 were:

- Executive Directors:
  - Peter Cardy – Chief Executive
  - Bill McFadyen – Director Maritime Services (until April 09)
  - Philip Naylor – Director Maritime Services (from April 09)
  - Richard Parkes – Director Corporate Support
  - Sue Ketteridge – Director Finance & Governance
- Non-Executive Directors:
  - Julian Lee
  - Bob Banham
  - Nigel Palmer

The Non-Executive Directors challenge and support the Board so that it operates in the best interests of the Agency and its stakeholders. They are not employees of the Agency and are not affiliated with the Agency in any way other than their work for the Executive Board and in some cases the Advisory Board. They are also the permanent members of the Audit Committee.

Performance Summary

Our performance against our Targets, Service Standards and Outcomes is monitored throughout the year and reported to each Executive Board meeting. Our year end performance is audited by the DfT's Audit and Risk Assurance team. A clean audit opinion was given on the results shown below and throughout this report.

Our Targets 2009-10

Target	Performance	
	2009-10	2008-09
1. Maintain the quality of maritime emergency coordination and response by the Coastguard.	Achieved	Achieved
2a. Helicopters tasked to respond to incidents will be airborne within 15 minutes during daylight hours and 45 minutes at night in at least 98% of cases.	Achieved (99.59%)	Achieved (98%)
2b. At each MCA Search and Rescue helicopter base, a helicopter will be available at least 98% of the time to respond to incidents.	Achieved (98.17%)	N/A (New in 09-10)
3. Meet the internationally required target to inspect 25% of foreign vessels in UK ports under PSC arrangements, with an increasing emphasis on inspecting available ships judged to be high risk.	Achieved (25.75%)	Achieved (25.20%)
4. Maintain the quality of the UK Ship Register by reducing the level of deficiencies recorded on UK ships inspected abroad, and maintain a position on the Paris MOU White List which is comparable to registers of a similar size and reputation.	Achieved	Achieved
5. As a Category 1 Responder, continue to meet the provisions of the Civil Contingencies Act including increased engagement with Local Resilience Forums (LRF).	Achieved	Achieved
6. Respond promptly to potential and actual pollution from ships around the UK coast, drawing effectively on resources including our emergency tugs, and following the procedures set out in the National Contingency Plan.	Achieved	Achieved

Outcomes

We monitor four outcomes that provide a broad indication of our effectiveness. These outcomes are reported in the “Safer Lives”, “Safer Ships” and “Cleaner Seas” sections of this document alongside the work we undertake to influence them. More details can be found on our website www.mcga.gov.uk.

Service Standards

Everyone in the MCA is committed to excellent customer service and to ensure we continually deliver this level of service we monitor our performance against the following service standards.

Standard	Performance	
	2009-10	2008-09
We will act promptly and appropriately when alerted to a maritime emergency.		
In 98% of cases, we will answer 999 telephone calls and maritime distress signals within 10 seconds in accordance with the Code of Practice for the Emergency Call Service.	See note 1	See note 1
When a volunteer Coastguard Rescue Team is alerted, the team members will get to their Rescue Station as soon as they can. Once the Rescue Team is ready to proceed from its Station, it will arrive at the scene of an incident within 30 minutes in 90% of cases.	Achieved (93%)	Achieved (92%)
In 98% of incidents, within five minutes of being alerted about an incident we will take a decision on the appropriate search and rescue response and initiate action if necessary.	See note 1	See note 1
We will process applications for seafarer documents and certificates quickly.		
In 95% of cases, we will assess your eligibility to sit an exam within 20 working days.	Achieved (96%)	Achieved (96%)
In 95% of cases, we will issue your Certificate of Competency (COC) within 10 working days.	Achieved (97%)	Achieved (95%)
In 95% of cases, we will issue your revalidated Certificate of Competency within 10 working days.	Achieved (100%)	Not Achieved (90%)
In 90% of cases, we will assess your Certificate of Equivalent Competency (CEC) application and issue the Confirmation of Receipt of Application (CRA) within 10 working days	Achieved (99%)	Not Achieved (88%)
We will process ship-related certificates, surveys and inspections quickly.		
In 95% of cases, we will issue your survey or audit certificate within 10 working days of completion of a satisfactory survey.	Achieved (100%)	Achieved (100%)
In 90% of cases, we will complete your plan approval within 20 working days	Not achieved (84%)	Not achieved (87%)
In 95% of cases, on receipt of the signed carving and marking note, we will issue your registration certificate within 5 working days (for merchant ships, pleasure vessels, fishing vessels and bareboat charter ships).	Achieved (100%)	Achieved (100%)
In 95% of cases, we will issue your registration certificates within 10 working days (for small ships – under 24 metres).	Achieved (100%)	Not Achieved (74%)
We will provide a full response to enquiries quickly.		
No measures.		
We will provide a full response to complaints quickly.		
We will respond to 90% of complaints within 10 working days.	Achieved (91%)	Achieved (98%)
We will respond to telephone calls promptly and endeavour to resolve all enquiries at the first call.		
No measures.		
We will use reliable and accurate methods to measure customer satisfaction on a regular basis.		
• Where current performance is greater than 90%, the metric should be to 'maintain or improve' on that level • Where performance is below 90%, the metric should be to 'improve' on the current level.	Achieved (See note 2)	Achieved

Note 1. Due to ongoing industrial action data relating to this service standard is incomplete.

Note 2. Three customer satisfaction surveys were completed during the year. More details can be found on page 14.

Management Commentary

Our Statement on Internal Control on page 24 describes our risk and internal control arrangements.

We meet the ISO 9001:2008 Quality Management Systems standard that covers: quality management systems; management responsibility; resource management; product realisation; and measurement, analysis and improvement. Internal audits and external monitoring provide assurance against the standard and support business improvement.

Service Improvement

We are improving our information for industry and the public. We have copied our public facing content across to the DirectGov website (www.direct.gov.uk), which is a one-stop-shop for all government information and services. We also prepared our business information and systems for a move to the Business Link website (www.businesslink.gov.uk), the government's free business information and support service.

We developed a bespoke injury compensation scheme for our Coastguard Rescue Service volunteers, which gives them cover for loss of earnings from their main employment if they are injured on coastguard volunteering activity. This was a 'first' for a volunteer rescue service, and a 'first' for government.

Last year we conducted a programme of research to improve our service provision and inform our safety messages. Individual research projects are discussed throughout this report. More details are available on our website: www.mcga.gov.uk/c4mca/mcga-aboutus-research2.htm

We are working to improve the physical and electronic security of our sites and the information we hold. During 2009-10 we:

- underwent an external IT security health-check;
- reaccredited our HQ GSI terminals to the Government Secure Intranet (GSi) and started to install a new network across our offices;
- enhanced physical security at all our sites; and
- delivered information protection training for all our staff.

During 2009-10 we had no personal data related incidents.

Sustainable Development

We are continuing to embed sustainable development across the Agency to live within environmental limits; ensure a strong, healthy and just society; achieve a sustainable economy; practise sustainable procurement; and promote good governance.

Activity during 2009-10 included:

- the introduction of automated meter reading (AMR) across the entire building portfolio;
- the introduction of travel plans at major offices;
- a national water audit;
- reduction of all standard car hire from 1600 cc to 1400 cc cars and the introduction of a car club service at our HQ in Southampton;
- introduction of a number of recycling schemes at major offices;
- development of a sustainable development working group aimed at embedding sustainability at all levels across the organisation; and
- introduction of regional sustainable development champions.

There are more details in our sustainability report on our website: http://www.mcga.gov.uk/c4mca/mcga-aboutus-sus-dev.htm

We came second in the 'Government for Greening' IT Award' for the virtualisation of our servers, which has contributed to our energy saving initiatives.

We keep our activities and estate under review and we recognise the importance of adapting to climate change as part of our planning processes. The Agency's estates management strategy aims to:

- support the Agency's business needs;
- ensure compliance with statute and policy;
- maximise the useful life of the properties by timely maintenance; and
- maintain the value of the portfolio as a government asset by effective management.

Our full estates management strategy can be found on our website.

Our People

So that we can retain a skilled workforce, we continue to train and develop our staff, making full use of the government's schemes for apprenticeships and work-based NVQs.

Training and development activity during 2009-10 included:

- three surveyors completing the Surveyor Customised Award Scheme;
- new courses being developed for the MCA oral examination process following a review;
- supporting 22 of our employees to undertake various courses of further education as part of our commitment as an Investor in People;
- training 130 of our staff in resource accounting processes which has improved the accuracy of our financial forecasting Agency-wide; and
- launching a graduate recruitment programme for trainee marine surveyors in recognition of the shortage of marine surveyors identified by the NAO in their 2009 report `The Maritime and Coastguard Agency's Response to Growth in the UK Merchant Fleet.'.

We are committed to equality of opportunity in recruitment, development and promotion. We treat all staff fairly, with dignity and respect. Diversity is fundamental to our employment practices and to the way we deliver services.

2009-10 was a busy year for diversity. Three of our existing senior managers took on the roles of diversity champions for race, gender and disability. Highlights included:

- Agency participation in Brighton Pride;
- establishment of a partnership agreement to provide continuous work placements for disabled people, for which the Agency won an award;
- diversity training for senior managers;
- two major consultation events for female employees; and
- four minority ethnic employees being selected for the DfT fast track development programme.

We actively encourage disabled individuals to apply for opportunities and operate the 'Two Ticks' guaranteed interview scheme. Throughout an individuals employment we will make reasonable adjustments to enable them to work, develop and progress. We follow the Civil Service Code.

We keep our people informed about activities and initiatives and share team and individual successes as well as other topics of interest through an electronic bulletin and management briefs. Our 3,500 volunteers have their own MCA website that's used for important information about operating procedures. Chief Executive messages highlight important Agency developments. Regular team meetings give staff the opportunity to discuss issues and provide feedback. We meet with Trade Union representatives on a regular basis.

MCA staff in post

	Total Permanent & Contract Staff
Staff in post at 1 April 2009	**1132**
Staff in post at 31 March 2010	**1156**

These figures have been produced on a full time equivalent basis to reflect part time working arrangements, excluding temporary agency staff.

Summary of starters and leavers

	Total Permanent & Contract Staff
Starters	**134**
Resignation	42
Retirement (age)	35
End of Fixed Term Contract	15
Dismissal	5
Transfer to Other Government Department (OGD)	4
Retirement (ill health)	2
Voluntary Early Retirement (VER)/Voluntary Early Severance (VES)	2
Total leavers	**105**

These figures reflect actual headcount.

During 2009-10, 8873.61 working days were taken as sickness absence. This equates to 7.67 days lost per employee (full time equivalent).

<u>Finance</u>

Loans, and other receivables and payables, where arising from contractual obligations, are initially measured at fair value and thereafter at amortised cost using the effective interest rate method until all contractual rights to cash flows expire or are transferred without recourse. Loans and other receivables are tested annually for impairment and the difference between the carrying amount and the impaired value is written off to operating costs. The carrying value of loans and receivables on the balance sheet is net of a provision for impairment. Cash and cash equivalents are shown at fair value which is either the sterling balance or the sterling equivalent of foreign currency balances as at the balance sheet date.

There have been no significant events after the reporting period.

The future direction, development and performance of the Agency is currently subject to the Comprehensive Spending Review to be completed in October 2010.

When we place contracts we make sure that EU Procurement Regulations and UK Public Contracts Regulations are followed. We aim to pay all bills by contractual deadlines, or within 30 days of receiving a valid invoice. We hit this target in 99.75% of cases. In line with a government wide initiative to pay bills within ten days, our performance was 95.65%. For 2010-11 we will aim to pay 80% of invoices within 5 days. These policies are the same for all our suppliers. More details can be found on our website.

At the year end outstanding trade payables was settled on payment runs , the aggregate amount owed to trade creditors at the year end compared with the aggregate amount invoiced by suppliers at the year end expressed as a proportion of the days in the year is therefore Nil days.

The Agency's principal risks are associated with the operational delivery of our services to our customers. We maintain a corporate risk register which is used by the Executive Board to record and manage all significant risks. Risks are coded in respect of their potential impact on: cost; reputation; and Agency performance. Each risk identified has an associated mitigation strategy with an assigned action officer. Progress is regularly reviewed and recorded.

The Agency is dependant on funding being available from HM Treasury.

The Agency's key relationships include those with: our safety partners (RNLI, RYA and other rescue and governing organisations); Industry; other government departments (MOD, DEFRA); and our parent department, the Department for Transport.

The Agency does not use financial key performance indicators.

Safer Lives – Preventing loss of life

Each year over 13 million adults take part in over 200 million leisure activities on the sea or at the coast. Through our prevention work we seek to minimise the number of activities that go wrong, and through our response work ensure that resources are in place should something go wrong.

Prevention

In November we launched our first recreational safety strategy at the Royal Society for the Prevention of Accidents (RoSPA) Congress. Our strategy can be found on our website and sets out five key safety messages to:

- Get trained
- Check the weather and tides
- Wear a lifejacket
- Avoid alcohol
- Keep in touch

For the last two years we have been working in partnership with the RNLI and RYA to improve the wear rate of lifejackets in the leisure sector as part of a recreational safety theme. We carry out expert panel reviews annually to assess the number of lives that may have been saved if they wore a lifejacket. In 2009 67% of the lives lost might have been saved if they had been wearing a lifejacket. Our campaign concentrated on making people aware of the benefits of properly fitted lifejackets with spray hoods and crotch straps, and the dangers of cold water shock.

Our coastguard rescue teams and helicopters have again featured in several reality/documentary TV series, including Real Rescue and Sea Patrol. These programmes support our safety messages and highlight the dangers of the sea.

We also put in place a new storage and disposal system for time expired pyrotechnics (TEPs) to enable members of the public to safely dispose of unused flares.

We have continued our seafarer fatigue safety theme alongside applying and enforcing the Hours of Work Regulations. This has included writing to UK ship owners informing them that we will be stepping up our enforcement of hours of work. We have developed 'Human Element: A Guide to Human Behaviour for the Maritime Industry' in collaboration with industry; continued our participation in the EC-funded HORIZON project on watchkeeper fatigue; and sought to influence international opinion of the importance of fatigue. Supporting articles have been published in Lloyds List highlighting our work.

Our broader work for seafarers has included implementing EC directives on occupational health and safety issues. Three directives were implemented with consultations started on a further two. We also published new guidance for industry on compliance with the regulations on control of noise and vibrations, and developed detailed proposals for implementation of the Maritime Labour Convention, 2006.

We continued to maintain our network of MCA approved doctors who conducted over 42,000 medicals in 2009 to check seafarers were fit to work at sea. In January we introduced the revised UK medical fitness standards.

As part of our small fishing vessel safety theme we are working with industry and Seafish to find ways of reducing the number of deaths and accidents that occur. We have:

- prepared draft Codes of Practice for 24m and Over Vessels, 15-24m Vessels and under 15m Vessels, for formal consultation;
- produced guidance on drills for skippers and crew;
- produced a guide for skippers on under 15m vessel inspections;
- produced a DVD with the RNLI and Seafish on flooding;
- developed refresher safety training courses with Seafish; and
- started inspecting working and living conditions.

Working across our lifejacket and small fishing vessel safety themes, we commissioned a short radio advertisement to promote safety amongst commercial fishermen. It was targeted at families and friends of fishermen to encourage the fishermen to wear lifejackets on deck. The message was reinforced by promotional material and podcasts aimed at the fishermen.

Response

We provide a 24-hour a day, 365 days a year emergency response coordination service for the UK coast and surrounding waters out to the mid-Atlantic. Our maritime rescue coordination centres (MRCCs) responded to over 21,000 incidents, dealing with distress or 999 call and coordinating rescues where necessary, tasking lifeboats, helicopters or coastguard rescue teams.

Our Coastguard Rescue Service has 3,500 volunteers in over 380 teams around the UK coast. They give their time to respond to emergencies and spread safety messages in their local communities. They are trained in the specialist skills of search, mud and cliff rescue and last year were called out over 14,000 times. In addition to their traditional roles our teams supported the responses to floods in Scotland (Elgin) and most notably Cumbria last autumn.

In December 2009 and January 2010 our teams supported other emergency services during the bad weather and snow by using our 4x4 drivers and vehicles to transport people to otherwise inaccessible areas.

We have continued to provide a dedicated search and rescue helicopter capability, by contract, from our bases in Stornoway, Sumburgh (Shetland), Portland and Lee-on-Solent. Last year our helicopters responded to 747 missions. We continued to work with the Ministry of Defence to provide an integrated helicopter search and rescue capability and worked with them towards providing a capability beyond 2012.

Outcome 2: To reduce the frequency and severity of incidents within the UK Search and Rescue (SAR) Region

Our analysis of deaths at the coast shows an increase between 2008 and 2009. When looking at the three year rolling average for maritime accidents, this has fallen to a three year low of 112. The increased number of incidents and deaths may be due to the increased number of people taking part in activities on the UK coast, due in part to the economic climate.

Safer Ships – Improving maritime safety

Shipping is vital to the UK, delivering over 95% of our visible trade and contributing well in excess of £1M an hour to our economy. A safe environment for ships and professional seafarers to operate in is vital to shipping's continued operation so we work closely with the maritime industry to enhance safety.

Setting Standards
By setting standards and producing guidance for the shipping industry, ships operating in UK waters and seafarers on UK ships can follow best and safe practices.

We undertake negotiations and influence the setting of international maritime policies, regulations and technical standards in partnership with colleagues across government, principally at the IMO, the European Commission (EC) and at the European Maritime Safety Agency (EMSA).

Our activities included:

- preparation for the Conference of Parties to the UN Framework Convention of Climate Change meeting in Copenhagen;
- a successful re-election of the UK to the IMO Council for the forthcoming biennial period;
- the implementation of Directive 2006/87/EC (as amended) "Laying down technical requirements for inland waterway vessels";
- advising industry on the new approach to Port State Control set out in EC Directive 2009/16 with a more risk-based approach to the selection of foreign ships for inspection; and
- publishing MSN 1823 `Safety Code for Passenger Ships Operating Solely in UK Categorised Waters` bringing all the technical requirements into a single comprehensive document.

Monitoring and Enforcing Standards
By monitoring shipping's compliance with policies, regulations and technical standards, we are able to provide an assurance of safety, take enforcement action when required and prevent shipping incidents.

We undertook 3,664 in-depth surveys of UK registered ships, and 5,941 inspections during 2009-10. We also carried out 1,684 Port State Control (PSC) inspections of foreign ships to check safety standards and living conditions.

As part of our seafarer fatigue safety theme we are targeting both UK and foreign flag ships to check hours of work and rest.

We authorise seven classification societies who carry out 85% of our statutory ship and equipment construction survey work on UK ships. For smaller coded vessels, we have authorised 16 certifying authorities to work on our behalf. We undertake a risk-based approach to monitoring, and last year this included regular meetings and audits. We also monitored audits of other organisations, including Seafish and the Helideck Certification Agency (HCA).

During inspections we found deficiencies on 1,265 ships and detained 59 of them. Where inspections, surveys or general maritime intelligence reveal significant breaches of maritime legislation we may undertake stronger enforcement action. Last year we investigated 110 new cases, issued seven notifications of concern or formal cautions, and prosecuted seven seafarers. Further details are available at: www.mcga.gov.uk/c4mca/mcgaprosecutions.

Outcome 1: A reduced rate of accidents and accident related deaths involving UK registered merchant ships and fishing vessels
The number of accidents to UK registered merchant ships fell to 124 in 2009. The three year rolling average fell to its lowest rate since the MCA was established in 1998, down from 221.6 per 1,000 vessels to 77.6. The number of crew deaths fell to an eight year low at one. The three year average rate fell from 1.7 to 1.4 deaths per 10,000 crew.

The rate of accidents to UK fishing vessels fell for the fourth consecutive year from 57.2 per 1,000 vessels in 2005 to 39.0 and is again the lowest rate since the MCA was established. The number of fishing vessel crew deaths increased to 13 and is a nine year high. This is inconsistent with the longer term trend.

Ship Registers
Flag State Control offers an effective method of implementing safety standards for ships and seafarers. The UK Ship Register provides owners with a joined-up ship registration service with dedicated customer account managers.

During 2009-10 there were 104 new ship registrations (2.16m GT) and at the end of March the UK Ship Register stood at 16.97m GT and 1,548 vessels.

We remain highly placed on the Paris Memorandum of Understanding (MOU) White List of Quality Flag States, in line with our target on the quality of the UK Ship Register.

The Red Ensign Group (REG) comprises 12 UK crown dependencies and overseas territories with their own ship registers. We undertake regular monitoring visits and in 2009-10 worked with the British Virgin Islands, Gibraltar and Anguilla.

The 2009 REG Conference was hosted by Gibraltar and discussed issues of maritime policy and strategy, including:

- implementation of Long Range Identification and Tracking (LRIT);
- accident investigation; and
- counter pollution response.

Two REG technical forums were also hosted by the MCA to discuss and ensure consistency in the application of technical policy.

Outcome 4: An enhanced safety record for the UK and Red Ensign Fleet
For the fourth year in succession, there were no reported ship losses amongst the Red Ensign Fleet. Our level of deficiencies has fallen since 2008 and detentions continued to fall for the third consecutive year.

Seafarers
We support UK seafarers through the approval of training courses, and by providing examination and certification services. 34,000 seafarers hold UK Certificates of Competency (CoC) or Certificates of Equivalent Competency (CEC). We issued over 8,300 new CoCs and CECs, and 4,600 Notices of Eligibility (NOE).

Customer feedback helps improve our services. Overall satisfaction ratings for 2009-10 were:

- issuing of Notice of Eligibility (NOE): 92%
- issuing of Certificate of Competency (CoC): 89%
- issuing of Certificate of Equivalent Competency (CEC): 80%

Navigation
We also provide services to enhance safe navigation.

We launched a new Vessel Traffic Service (VTS) system for The Sunk (an area in the Thames Estuary) in July and continued to operate the Channel Navigation Information Service. Two more services, The Nab and The Bristol Channel are operated on behalf of the MCA.

We support the Government's commitment to increase energy generation through offshore renewable energy installations (OREIs). Following the recent government announcement of the third round of wind farm site development, we have continued to work with all interested parties, holding an industry day in February, to ensure maritime safety.

Cleaner Seas – Protecting the environment

The 11,072 miles of UK coastline, and the seas around it are home to over 8,000 species of wildlife. Our prevention work reduces pollution from shipping and our response activities minimise its impact.

To help prevent pollution we brought into force the following regulations:

- Ship Source Pollution Regulations;
- Sulphur Content in Marine Fuels Regulations; and
- Merchant Shipping (Prevention of Pollution by Sewage and Garbage) Regulations.

We have also conducted research into ‘potentially polluting shipwrecks’ and ‘the fate and effects of hazardous and noxious substances (HNS)’, to help inform our future policies.

To respond to pollution we can call on:

- four emergency towing vessels (ETVs);
- the Secretary of State’s Representative for Maritime Salvage and Intervention (SOSREP);
- an expert team of counter pollution and salvage officers, including mariners, scientists and logistics experts; and
- surveillance and spraying aircraft.

During 2009-10, our response prevented over 1,700 tonnes of oil and 40,000 tonnes of cargo entering the marine environment.

Major activities included:

- the removal of fuel oil from the wreck of the ICE PRINCE, which sank on 13 January 2008; and
- the removal of the final sections of the MSC NAPOLI from Lyme Bay.

The Receiver of Wreck is responsible for the administration of merchant shipping legislation relating to wreck and salvage. More than 7,500 items were reported in 2009-10, ranging from a 4ft bronze statue to a collection of Bronze Age tools, weapons and jewellery.

Outcome 3: A reduced number of incidents of pollution from shipping activities in the UK Pollution Control Zone
The number of UK ships with deficiencies under the MARPOL Convention has decreased for the second successive year. The percentage of foreign vessels inspected in the UK with deficiencies has now fallen for three consecutive years.

Financial Review for the Year

Accounts Direction
These are the Maritime and Coastguard Agency's (MCA) audited accounts, which have been prepared in accordance with a direction given by HM Treasury in pursuance of Section 7(2) of the Government Resources and Accounts Act 2000.

Financial Summary
The MCA is funded by the DfT Request for Resource 1 Line B (RfR1B). During the 2009-10 financial year the Agency's net operating cost was £134,103,000 as detailed within the Financial Statements, being the cost of undertaking the Agency's statutory, ministerial and international obligations and responsibilities whilst remaining within the approved resource expenditure budget.

The MCA continues to invest in non-current assets supporting operational requirements, both maintaining and improving the asset base, to the value of £9,437,000, during the financial year. The investment spending relates to key strategic projects including security accreditation & associated test environment, communications equipment, Consolidated European Reporting System, operations rooms incident recording equipment and additions to the MCA Vehicle Fleet.

Statement on Internal Control
The importance of satisfactory internal controls is recognised and the effectiveness of such internal controls has been reviewed, and the disclosures made in the Financial Statements are in accordance with HM Treasury's guidance on corporate governance. Internal audit services are provided by the DfT's Audit and Risk Assurance Division, which has concluded that:

> The operation of risk management, control and governance in the MCA has been adequate and effective during 2009-10.

This overall opinion was supported by their view in each of the following areas:

Risk Management
Risk Management continues to embed throughout the Agency through the provision of staff awareness training and the creation of a sub committee to the Senior Management Team to provide a forum to focus in more detail on individual corporate risks. Our 2009-10 review highlighted the need for the Agency's risk appetite to be updated to ensure effective mitigation plans are implemented.

Governance
Governance arrangements meet the requirements of the Treasury's Corporate Governance Code of Good Practice and have been strengthened by the formation of the Senior Management Team which supports the Executive Board by leading on planning and the delivery of high level goals. An Audit Committee, chaired by a Non-Executive Director provides assurance to the Accounting Officer that the necessary financial and governance systems and processes are in place.

Internal Control
The internal control environment continues to operate effectively and consistently. Our audits identified some areas where controls needed to be improved and strengthened to reduce the Agency's exposure to risk.

Pension Liabilities
Past and present employees, including those on fixed term appointments, are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) or a choice of Partnership Pension schemes.

External Auditors
The statutory audit of our Financial Statements is undertaken by the Comptroller and Auditor General under the provisions of the Government Resources and Accounts Act 2000. The cost of audit services for the financial year ending 31 March 2010 was £85,000. No other fee was received in respect of non-statutory work.

Disclosure of Audit Information to the MCA Auditors
So far as the Accounting Officer is aware, there is no relevant audit information of which the MCA auditors are unaware.

The Accounting Officer has taken all necessary steps to make himself aware of any relevant audit information, and to establish that the MCA auditors are aware of that information.

Richard Parkes
Acting Chief Executive
13 July 2010

Remuneration Report

Remuneration Policy

The remuneration of Senior Civil Servants who sit on the MCA's Executive Board is set by the Prime Minister following independent advice from the Review Body on Senior Salaries.

The Review Body also advises the Prime Minister from time to time on the pay and pensions of Members of Parliament and their allowances; on Peers' allowances; and on the pay, pensions and allowances of Ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975.

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.ome.uk.com

Executive Directors of the MCA who are Senior Civil Servants may be on fixed term contracts, including the MCA Chief Executive. The contracts may provide for the individual to receive standard SCS remuneration arrangements or individual pay arrangements linked to delivery against predetermined objectives.

Executive Directors of the MCA who were not Senior Civil Servants received progression pay awards and performance related pay awards linked to the Annual Performance Appraisal process in common with other employees of the Agency.

Fees for Non-Executive Directors are negotiated under the terms of their appointment, as approved by the MCA Chief Executive.

Service Contracts

Civil service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code. The Code 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.

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 Commissioners can be found at www.civilservicecommissioners.org

Remuneration and Pension Entitlements (Audited)

The following sections provide details of the remuneration and pension of executive and non – executive directors of the Executive Board of the MCA, which fall into the ranges displayed:

Remuneration (salary and payments in kind)

	2009-10		2008-09	
	Salary £'000	Benefits in kind (to nearest £100)	Salary £'000	Benefits in kind (to nearest £100)
Peter Cardy* *Chief Executive*	135-140	0	135-140	0
Philip Naylor Director (from 27 April 2009)	95-100 *(105-110 full year equivalent)*	0	Not Applicable	Not Applicable
Richard Parkes Director	90-95	0	90-95	0
Sue Ketteridge Director (from 26 May 2008)	75-80	0	60-65 *(70-75 full year equivalent)*	0
Bill McFadyen ** Acting Director (until 31 May 2009)	10-15 *(70-75 full year equivalent)*	0	80-85	0
Paul Jackson Director (until 31 August 2008)	Not Applicable	Not Applicable	35-40 *(85-90 full year equivalent)*	0
Neil Goodall Director (until 14 September 2008)	Not Applicable	Not Applicable	30-35 *(70-75 full year equivalent)*	0
Alison Thorne-Henderson Director (until 31 October 2008)	Not Applicable	Not Applicable	35-40 *(65-70 full year equivalent)*	0
Bob Banham Non-Executive Director	10-15	0	10-15	0
Julian Lee Non-Executive Director	10-15	0	10-15	0
Nigel Palmer Non-Executive Director	10-15	0	10-15	0

* Peter Cardy was appointed on a three year contract commencing on 1 March 2007. He took up post as MCA Chief Executive on 29 May 2007.

** Bill McFadyen resigned from the MCA Board as an Acting Director effective from 31 May 2009 returning to his substantive post.

<u>Salary</u>

'Salary' includes gross salary; performance pay or bonuses and any other allowance to the extent that it is subject to UK taxation. This report is based on payments made by the MCA and thus recorded in these accounts.

The remuneration (excluding employer pension contributions) of the Chief Executive, Peter Cardy, was £136,127. Peter Cardy was the highest paid Executive Board member, and was an ordinary member of the Principle Civil Service Pension Scheme.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. No benefit in kind is applicable in 2009-10 (2008-09 Nil).

Civil Service Pensions

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but the MCA is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2009-10, employers' contributions of £6,181,513 were payable to the PCSPS (2008-09 £6,202,678) at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. From 2010-11, the rates will be in the range 16.7% to 24.3%. The contribution rates are set to meet the cost of the benefits accruing during 2009-10 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £27,117 (2008-09 £30,562) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £2,007 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £5019. Contributions prepaid at that date were £Nil.

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 changes in the Retail Prices Index (RPI). 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 set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. 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 his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with RPI. 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 three providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% 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 benefit 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.

Ill Health Retirement

Employees left retiring early on ill health grounds are detailed in Note 3.

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

The Cash Equivalent Transfer Value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total service, not just their current appointment in a senior capacity. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in the value of the CETV

This is the element of the increase in accrued pension funded by the employer. It excludes increases due to inflation and 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 Benefits (Audited)

The pension details of members of the Executive Board, in their capacity as directors of the MCA, were as set out below. None of the non-executive directors had a pension in their capacity as non-executive director of the MCA. No member of the Executive Board had a Partnership Pension.

	Accrued pension at pension age as at 31/3/10 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/3/10 £'000	CETV at 31/3/09 £'000	Real increase in CETV £'000
Peter Cardy Chief Executive	5 - 10	0 - 2.5	125	80	40
Philip Naylor Director (from 27 April 2009)	0 - 5	0 - 2.5	26	0	22
Richard Parkes Director	15 - 20	0 - 2.5	240	198	26
Sue Ketteridge Director	25 - 30 plus lump sum of 75 - 80	0 - 2.5 plus lump sum of 5 - 7.5	406	353	29
Bill McFadyen Acting Director (until 31 May 2009)	20 - 25 plus lump sum of 65 - 70	0 - 2.5 plus lump sum of 0 - 2.5	442	434	4

Compensation for loss of office

Neil Goodall left under Compulsory Early Retirement Terms on 14 September 2008. He received ongoing compensation payments of £10-15k during 2009-10 (2008-09: £5-10k; full-year equivalent: £10-15k).

Richard Parkes
Acting Chief Executive
13 July 2010

Statement of Accounting Officer's Responsibilities

Under section 7(2) of the Government Resources and Accounts Act 2000, HM Treasury has directed the Maritime and Coastguard 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 Agency's state of affairs and of its net operating cost, recognised gains and losses and cash flows for the financial year.

In preparing the accounts the Accounting Officer is required to comply with the requirements of the 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 judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Financial Reporting Manual have been followed, and disclose and explain any material departures in the Financial Statements; and
- prepare the Financial Statements on a going concern basis.

The former Accounting Officer of the Department for Transport, Sir David Rowlands, designated the Chief Executive of the Maritime and Coastguard Agency, Peter Cardy, as Accounting Officer from 29 May 2007 & subsequently Robert Devereux appointed Richard Parkes in succession as Acting Chief Executive and Interim Accounting Officer from 1 May 2010. 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 MCA's assets, are set out in the Agency's Framework Document and the Accounting Officer's memorandum, issued by HM Treasury and published in the Financial Reporting Manual.

Statement on Internal Control 2009–10

1. **Scope of responsibility**

1.1 As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Maritime and Coastguard Agency's (MCA's) policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

1.2 I am responsible to the Secretary of State as detailed in the MCA's Framework Document, although both the Agency and the Department for Transport (DfT) recognise that the document was agreed in 2003 and is very out of date. The MCA is an Executive Agency of the DfT and works closely with the Maritime and Dangerous Goods Directorate and the International Networks and Environment Group (INE).

1.3 I am supported in my role by the Executive Board, which I chair and which meets eleven times a year. The Executive Board comprises the Directors of Finance and Governance, Corporate Support, Maritime Services, and the Agency's three non-Executive Directors. The Board decides the strategic direction of the Agency, overseen by the Agency's Advisory Board comprising the DfT Director General and senior personnel from the INE, the MCA Chief Executive and Director of Finance and Governance and two External Members. The Advisory Board also reviews progress towards the achievement of the Agency's agreed targets and objectives, and monitors how the Agency addresses financial control and corporate risk on behalf of the Secretary of State.

1.4 The Agency's Senior Management Team (SMT) supports and advises the Executive Board on strategic projects, and reviews performance and risk at its monthly meetings. The Agency's Audit Committee comprising the three non-executive Directors, one of whom chairs the Committee, meets four times a year and the Quality System Management Review (QSMR) Board, whose membership includes executive and non-executive Directors and the SMT, meets twice a year. These key Agency fora provide support on risk, control and governance issues and associated assurance.

2. **The purpose of the system of internal control**

2.1 The system of internal control established within the Agency is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The Agency's system of internal control is called the Internal Control Assurance Framework (ICAF). This is an ongoing process of identification and prioritisation of the risks to the achievement of policies, aims and objectives, the evaluation of the likelihood of those risks being realised and the impact should they be realised, leading to their management in an efficient, effective and economical manner.

2.2 The ICAF accords with Treasury guidance and has been in place within the Agency for the year ended 31 March 2010 and up to the date of approval of the annual report and accounts.

3. **Capacity to handle risk**

3.1 I acknowledge my responsibility for the effective management of corporate risk. The Agency's Risk Management Policy details our commitment and responsibilities for managing corporate risk in accordance with Treasury guidance (the Orange Book). The Policy is reviewed on an annual basis and approved to show my personal commitment and that of the Director of Finance and Governance who is the Agency's Risk Champion. The Policy and Corporate Risk Management Guidance, which shows how the policy is implemented, are available to all staff through a dedicated page on the Intranet and from the Master List of Documents as part of the Agency's Quality Management System (QMS).

3.2 Leadership on risk management is provided by the Executive Board which monitors and reviews all corporate risks in the Corporate Risk Register. The Board is supported by the Agency's Audit Committee which monitors and reviews the processes for managing risk, control, governance and assurance, and also considers lessons learned. In addition, the SMT reviews the Corporate Risk Register on a monthly basis and advises the Executive Board where appropriate. The Lead Auditor, Corporate Risk, provides reports to the SMT, Executive Board and Audit Committee on improvements to the Agency's risk management framework and reports on key risks to the Advisory Board. The

Agency consults ministers regularly on risk. Submissions to ministers incorporate assessments of key risks for example, those to the successful delivery of new policies.

3.3 Throughout the year we have developed and strengthened the Agency’s approach to risk management. To improve staff awareness, a summary of current risks is published on the Intranet, with details of the risk description and the allocated senior management lead. We have reviewed and revised the risk assessment criteria and replaced three levels with five to better address impact and likelihood. We have also established a Risk Advisory Group (RAG). The RAG meets on a monthly basis and participants include members of the SMT, the chair of the Audit Committee and the MCA Head of Internal Audit HIA). The Group’s considerations include the identification of new risks, movement of directorate risks to and from the Corporate Risk Register, and a review of all current corporate risks including amendments to mitigation plans and risk assessments. These considerations and the Corporate Risk Register are reported to the SMT and Executive Board for approval.

3.4 The development and improvement of directorate risk registers has continued, and Regional risks are being incorporated within the Directorate of Maritime Services’ risk register. Directorate risk registers are monitored and managed through directorate management boards. A programme of risk awareness training, seminars and workshops, to equip staff, managers and senior managers to manage risk as appropriate to their respective responsibilities, has also been delivered. In addition, a training course has been developed and is available to all staff as part of the Agency’s formal performance management arrangements.

4. **The risk and control framework**

4.1 The Agency's QMS is externally certified to the international ISO 9001:2008 Quality Management Standard. QMS certification covers all business processes and activities and provides a robust framework of controlled documentation, training and development arrangements to ensure the competence of staff, leading to effective and consistent service delivery standards across the Agency and the achievement of targets and objectives. Guidance on the Agency’s risk management processes, the Risk Management Guide, is controlled within the QMS. This sets out staff and managers’ responsibilities and the arrangements for identifying, assessing, communicating, escalating, and managing risks. Risk management is also a standing agenda item for senior management boards. The Agency’s Lead Auditor, Corporate Risk, provides advice and guidance throughout the Agency and manages the Corporate Risk Register. This ensures that corporate risks are assessed using the established criteria and that each is assigned an owner from the appropriate management board (Executive or Directorate) who is then responsible for managing the risk, including the allocation of tasks to action officers. Major Projects and programmes are managed using the PRINCE 2 project management methodology. In addition, major projects have an initial OGC Gateway Risk Potential Assessment carried out.

4.2 Where risks cannot be managed within the allocated resources (budget, personnel or authority) and/or may have significant impact to the Agency, they are escalated to the appropriate register following discussion and agreement at management boards, including the SMT and the Executive Board when risks are escalated to or from the Corporate Risk Register. Risks can be further escalated to DfT, in accordance with the DfT Group Risk Management Framework arrangements. Two risks escalated to the DfT, for example, are Time-Expired Pyrotechnics (TEPs) and the funding needed to comply with legislation on their storage and disposal, and the potential impact of infraction proceedings due to delays in the transposition of the Sulphur Content of Liquid Fuels EU Directive into the UK legislation.

4.3 The Agency has well established arrangements for involving interested parties in considering new policies, regulations and other measures focused on improving safety in line with our corporate aims and objectives. These include identifying and characterising all work packages which deliver our current safety themes and targets, taking account of developments in the shipping industry and the prevailing political, social and economic environment.

4.4 The risk management process was effective in identifying gaps in controls and ensured, for example, that measures were implemented to address the risk that the Agency might not meet its European target to conduct Mandatory Expanded Inspections. The Agency also continues to manage industrial relations, with action being implemented to mitigate the risks related to potential strikes. A key corporate risk highlighted by the NAO Report into the growth in the size of the UK fleet was that the

Agency might be unable to effectively conduct its survey work due to the high number of surveyor vacancies. Through risk management, vacancies were successfully reduced with the implementation of an improved recruitment strategy. The Agency's risk management processes are audited independently by DfT Audit and Risk Assurance (ARA) on an annual basis. This resulted in an acceptable audit opinion for 2009-10.

4.5 The risk and control framework will be further developed in the next financial year. Building on internal guidance, the review, revision and embedding of risk appetite will be progressed so that corporate risks are managed or tolerated appropriately. Action will also be initiated to further develop and formalise our approach to involving partners and public stakeholders in the management of corporate risks which impact upon them.

Information and data handling
4.6 The Executive Board is committed to making the best use of the information held within the Agency, and to providing efficient services to the public, while ensuring that adequate safeguards are in place to keep information secure and to protect the right of the individual to privacy. We continue to exercise our responsibilities within the framework of relevant legislation, the Cabinet Office's Security Policy Framework and HM Treasury's corporate governance and accountability requirements.

4.7 Information Asset risks are identified and controlled at several different levels. Individual Information Asset Owners (IAO's) carry out risk assessments of assets on a regular basis and provide assurance to the MCA's Senior Information Risk Owner (SIRO). Information Asset Risks are managed in a directorate risk register and the Executive Board has sight of Information Asset risks through the Corporate Risk Register. Quarterly and annual reports are submitted to the DfT's SIRO. All staff have undertaken a course of training on Protecting Information. IAO's and Senior Managers have also undertaken online training to equip them fully to carry out their roles.

4.8 The Agency's Information Systems/ Infrastructure (Data Handling) processes are audited independently by DfT ARA on an annual basis. This resulted in an acceptable audit opinion for 2009-10.

5. Review of effectiveness

5.1 As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by the work of ARA, internal and external quality auditors, the executive managers within each directorate who have responsibility for the development and maintenance of the internal control framework, and the NAO in their management letter and recommendations in their 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 Executive Board and the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

5.2 DfT ARA (Internal Audit) operates to standards defined in the Government's Internal Audit Standards. The work of ARA is based upon its analysis of risks to which the Agency is exposed and by what the Audit Committee and Executive Board identify the key risks to be. The annual audit plan was approved by the Audit Committee. The work completed and reports issued in connection with the annual audit plan provide me with an independent opinion on controls and governance, and the effectiveness of the Agency's risk management system. Each year the HIA provides me with a report on ARA audit activity in the Agency. The outcome of ARA's 2009-10 programme was that 88% of audits received an acceptable assurance or above. The audits of Seafarer Certificates and Internal Communications resulted in a weak overall assurance and appropriate action has been implemented to address the deficiencies identified.

5.3 As part of the certification to the ISO 9001:2008 Standard, the Agency is required to provide evidence that the processes established for service delivery and its other functions are effectively implemented in accordance with the planned management system, are capable of achieving the Agency's policy objectives and conform with the requirements of the Standard. This internal quality assurance is supplied by the Corporate Governance and Risk (CG&R) division who provide reports of their independent evaluation and assurance on whether these processes are effective. This assurance is overseen by the QSMR Board. My assessment of the control environment is additionally informed by this annual programme of internal quality audits of the Agency's key processes, and regular external cyclical reviews of our controls and systems by the QMS certification body, and by the programme of external audits and value for money studies undertaken by the NAO.

5.4 The Audit Committee and QSMR maintain an overview of process performance and improvement measures and receive reports on the outcome of audits. Progress on the effective implementation of agreed audit actions and recommendations is monitored at each of their meetings. The Audit Committee is attended by NAO and ARA representatives and the QSMR Board is attended by the HIA.

5. 5 Directors have reviewed internal control within their areas of responsibility on three occasions in 2009-10 and have completed evidence-based assurance returns as part of the Agency's ICAF process detailed at section 2. Managers have assessed the maturity of the control framework and identified respective action plans to improve control mechanisms. Best practice is identified and conveyed across the business as part of the Agency's QMS. The monthly financial management process addresses forecasts alongside satisfactory explanations of variances from budget and enables effective control over Agency expenditure and income. The ICAF returns are considered and challenged by internal co-ordinators, the SMT and the Executive Board. All challenges are followed up for agreed resolution and documented evidence retained. The Finance Director and the Audit Committee also carry out a challenge function and provide an opinion on whether overall levels of assurance reported are soundly based. The challenge functions have not resulted in any weak assurances for the year 2009-10.

5.6 DfT ARA's independent annual review of the ICAF process resulted in an acceptable overall opinion for 2009-10. The final ICAF return for 2009-10 has been presented to the Executive Board and approved by the Audit Committee. The HIA's annual report includes the independent opinion on the adequacy and effectiveness of the Agency's governance, risk management and internal control arrangements. The HIA opinion for 2009-10 concluded that the Agency's arrangements have been adequate and effective for 2009-10. I am able to draw confidence from this and my predecessor's interim statement on internal control. The overall assessment through this process provides acceptable assurance.

Richard Parkes
Acting Chief Executive
13 July 2010

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 the Maritime and Coastguard Agency for the year ended 31 March 2010 under the Government Resources and Accounts Act 2000. These comprise the Operating Cost Statement, the Statement of Changes in Taxpayers' Equity, the Statement of Financial Position, the Statement of Cash Flows 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 Chief Executive and auditor

As explained more fully in the Statement of the Accounting Officer's Responsibilities, the Chief Executive 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 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.

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 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 2010, and of the net operating cost, changes in taxpayers' equity and cash flows 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 thereunder.

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 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
- the financial statements 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 Internal Control does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP
16 July 2010

Annual Accounts of the Maritime and Coastguard Agency for the Year Ended 31 March 2010

Financial Statements

Operating Cost Statement
for the year ended 31 March 2010

	Note	Staff Costs £'000	Other Costs £'000	2009-10 Income £'000	2008-09 Restated £'000
Programme Costs					
Staff costs	[3]	(44,567)			(44,543)
Establishment and accommodation costs	[4]		(35,070)		(38,470)
Programme costs	[5]		(68,084)		(65,404)
Income	[6]			13,618	18,022
Totals		(44,567)	(103,154)	13,618	(130,395)
Net Operating Cost				(134,103)	(130,395)

Accounting policies and notes forming part of these accounts are on pages 35 to 63.

Statement of Financial Position
as at 31 March 2010

	Note	31 March 2010 £'000	31 March 2010 £'000	31 March 2009 Restated £'000	31 March 2009 Restated £'000	01 April 2008 Restated £'000	01 April 2008 Restated £'000
Non-current assets:							
Property, plant and equipment	[11 & 12]	62,435		57,957		53,871	
Intangible assets	[9 &10]	5,356		4,965		4,968	
Stockpile goods	[13]	2,568		2,235		2,072	
Financial assets (receivables)	[14]	120		157		176	
Total non-current assets			70,479		65,314		61,087
Current assets							
Assets classified as held for sale	[15]	62		35		0	
Inventories	[16]	592		266		284	
Trade and other receivables	[17]	4,649		6,330		5,420	
Other current assets		0		0		0	
Cash and cash equivalents	[18]	890		1,091		730	
Total current assets			6,193		7,722		6,434
Total assets			76,672		73,036		67,521
Current liabilities							
Trade and other payables	[19]	(15,746)		(15,613)		(15,540)	
Other liabilities	[20]	(1,110)		(1,158)		(2,372)	
Total current liabilities			(16,856)		(16,771)		(17,912)
Non-current assets plus / (less) net current assets / liabilities			59,816		56,265		49,609
Non-current liabilities							
Finance Lease Payable	[21]	(1,308)		(1,421)		0	
Provisions	[20]	(3,386)		(1,755)		(2,673)	
Total non-current liabilities			(4,694)		(3,176)		(2,673)
Assets less Liabilities			55,122		53,089		46,936
Taxpayers' Equity							
General Fund	[22]	35,243		36,567		35,729	
Revaluation reserve	[23]	19,741		16,522		11,207	
Donated asset reserve	[23]	138		0		0	
Total taxpayers' equity			55,122		53,089		46,936

Notes on pages 35 to 63 form part of these accounts.

Richard Parkes
Acting Chief Executive
13 July 2010

Statement of Cash Flows
for the year ended 31 March 2010

	Note		2009-10 £'000		2008-09 £'000
Cash flows from operating activities					
Net operating cost			(134,103)		(130,395)
Adjustments for non-cash transactions	[4]		10,282		14,519
(Increase) Decrease in trade & other receivables	[17]		1,680		(910)
(Increase) Decrease in stockpile goods	[13]		(333)		(163)
(Increase) Decrease in inventories	[16]		(326)		18
Increase (Decrease)in trade payables	[19 & 21]		20		73
(Increase) Decrease in consolidated fund overfunding payable	[29E]	201		(361)	
(Increase) Decrease in consolidated fund extra receipts payable	[29D]	128		(101)	
			329		(462)
Increase (Decrease) in provisions for liabilities and charges	[20]		1,583		(2,132)
IAS 19 - Employee benefits – staff holiday accrual impact as at 31 March 2009	[2]		(39)		
Net cash outflow from operating activities			(120,907)		(119,452)
Cash flows from investing activities					
Purchase of property, plant and equipment	[11 & 12]		(7,620)		(8,909)
Less non-cash item (finance lease prior year adjustment	[29C]		0		1,080
Purchase of intangible assets	[9 & 10]		(1,817)		(1,477)
Proceeds of disposal of property, plant and equipment			169		171
(Increase) Decrease in non current financial assets - receivables			37		19
Net cash outflow from investing activities			(9,231)		(9,116)
Cash flows from financing activities					
Financing for year from the consolidated fund as per Statement of Changes in Taxpayer's Equity	[29E]	131,301		129,639	
Increase (Decrease) in consolidated fund overfunding payable	[29E]	(201)		361	
Cash inflows from consolidated fund			131,100		130,000
Extra receipts income payable to consolidated fund for year	[29D]	(1,008)		(1,145)	
Increase (Decrease) in consolidated fund extra receipts payable	[29D]	(128)		101	
Cash outflows in respect of consolidated fund extra receipts			(1,136)		(1,044)
Finance lease repayments			(27)		(27)
Net cash inflow from financing activities			129,937		128,929
Net increase (decrease) in cash and cash equivalents in period			(201)		361
Cash and cash equivalents at the beginning of the period			1,091		730
Cash and cash equivalents at the end of the period			890		1,091

Notes on pages 35 to 63 form part of these accounts.

Statement of Changes in Taxpayer's Equity
For the year ended 31 March 2010

	Note	General Fund £'000	Revaluation Reserve £'000	Donated Asset Reserves £'000	Total Reserves £'000
Balance at 31 March 2008 (UK GAAP)		36,842	11,207	0	48,049
Changes in accounting policy to IFRS :-					
IAS 19 - Employee benefits – staff holiday accrual impacted in tax payers equity IFRS restatement as at 1 April 2008	[2]	(1,113)	0	0	(1,113)
Restated balance at 1 April 2008 (IFRS)		35,729	11,207	0	46,936
Changes in taxpayer's equity for 2008-09					
Net gain (loss) on revaluation of property, plant and equipment	[23]		2,730		2,730
Net losses on revaluation taken to operating cost	[23]		2,780		2,780
Non – cash charges – cost of capital		1,819			1,819
Non – cash charges – auditors remuneration		73			73
DfT support services		652			652
Transfers between reserves (revaluation surpluses on assets disposed of)		195	(195)		
Net operating costs for the year		(130,395)			(130,395)
Total recognised income and expense for year		(91,927)	16,522		(75,405)
Drawdown from the consolidated fund for the year		129,639			129,639
Extra receipts (CFER's) payable to the consolidated fund for the year		(1,145)			(1,145)
Balance at 31 March 2009		**36,567**	**16,522**	**0**	**53,089**
Changes in taxpayer's equity for 2009-10					
Net gain (loss) on revaluation of property, plant and equipment to reserve	[23]	0	3,790	3	3,793
Transfers between reserves (revaluation surpluses on assets disposed of)		571	(571)		0
Non current assets held for sale impacted in tax payers equity		8			8
Restatement of Early Retirement Provision		(85)			(85)
Receipt of donated assets		0		135	135
Non – cash charges – cost of capital		1,814			1,814
Non – cash charges – audit fees		85			85
Non – cash charges – DfT services		93			93
Consolidated fund standing services					
Net operating costs for the year		(134,103)			(134,103)
Total recognised income and expense for 2009-10		(95,050)	19,741	138	(75,171)
Drawdown from the consolidated fund for the year		131,301			131,301
Extra receipts (CFER's) payable to the consolidated fund for the year		(1,008)			(1,008)
Balance at 31 March 2010		35,243	19,741	138	55,122

Notes on pages 35 to 63 form part of these accounts.

Notes to the Agency's Accounts

1. Statement of Accounting Policies

The financial statements have been prepared in accordance with the 2009-10 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) 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 Maritime and Coastguard Agency for the purpose of giving a true and fair view has been selected. The particular policies adopted by the MCA are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.01 Accounting Convention

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

1.02 First-time adoption of International Financial Reporting Standards

As these financial statements represent the Agency's first-time adoption of IFRS, an explanation of the effect of transition is given in Note 2 entitled ' First time adoption of International Financial Reporting Standards ' (IFRS) , within these financial statements.

In accordance with IFRS 1, the Agency prepared an opening IFRS balance sheet, as at 1 April 2008 using the same accounting policies in the opening balance sheet as in these financial statements.

1.02.1 New standards and interpretations adopted early

The MCA has chosen not to adopt early any new standards or interpretations.

1.02.2 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 March 2010, and have not been applied in preparing these financial statements. The following are those standards, amendments and interpretations that may need to be adopted in subsequent periods:

IFRS 9 Financial Instruments, which will replace IAS 39. IFRS 9 is expected to improve and simplify the reporting of financial instruments. Application of this standard is required for reporting periods beginning on or after 1 January 2013. Earlier application is permitted. It is planned that IFRS 9 will be applied initially in 2013-14. Initial application of IFRS 9 is expected to have a limited impact.

IAS 24 Related Party Disclosures has been revised. The revisions to IAS 24 simplify the disclosure requirements for entities that are controlled, jointly controlled, or significantly influenced by a government. Application of the revised IAS 24 is required for reporting periods beginning on or after 1 January 2011. Earlier application is permitted. It is planned that IAS 24 will be applied initially in 2011-12.

IAS 17 Leases has been amended. The revision clarifies that where a lease includes both land and buildings elements, they are separately assessed in accordance with the general guidance on the classification of leases in IAS 17, taking into account that land normally has an indefinite economic life. Thus the land element may be classified as a finance lease, even if title is not expected to pass to the lessee. Application of the amended IAS 17 is required for reporting periods beginning on or after 1 January 2010. Earlier application is permitted. It is planned that IAS 17 will be applied initially in 2010-11. Initial application of the revised IAS 17 is expected to have limited impact.

1.02.3 FReM

The Government Financial and Reporting Manual (FReM) includes the following accounting changes that have been issued and will be effective in 2010-11:

· Notional Cost of Capital charge: the notional Cost of Capital calculated for each class of business, as required by HM Treasury, will no longer be applicable. This will affect the Operating Cost Statement (which for 2009-10 includes a charge of £1,814,000) and will be offset by an equivalent adjustment in the Statement of Changes in Taxpayers' Equity.

1.03 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 with a cost of £20,000 or more.

Intangible assets are amortised over 3-5 years.

Intangible non-current assets are stated at their cost less accumulated amortisation. Amortisation is charged in the month of acquisition, and none in the month of disposal. Amortisation is not charged on intangible assets under development.

Operating software essential to the running of hardware is capitalised with the associated hardware as property, plant and equipment.

1.04 Non-current assets: property, plant and equipment

Property, plant and equipment is carried in the balance sheet at fair value on the following basis:

- Property (i.e. land and buildings) is valued by the Agency's external property management advisors at their Existing Use Value (EUV) where a market for such property is established. Where no such market exists and it is impracticable to ascertain the EUV then replacement cost, adjusted for the age and condition of the property, is used.
- Valuations of property are carried out on a five yearly basis, the latest being undertaken as at 31 March 2009. The quinquennial valuation is supplemented by annual indexation for intervening years as directed by the Government Accounting direction. Revaluation indices used for these 2009-10 accounts are directed by DfT (Department for Transport).
- Other plant and equipment are valued on a net current replacement cost basis. Assets are revalued using appropriate price indices published by the Office for National Statistics.
- Revaluation surpluses on property, plant and equipment are taken to the revaluation reserve. Revaluation deficits are written off against any revaluation surplus for the asset concerned and otherwise to the Operating Cost Statement.
- Depreciation is charged on a straight line basis on each main class of tangible non current property, plant & equipment asset as follows:
  - Freehold land and assets in the course of construction are not depreciated.
  - Freehold buildings, installations and fittings are depreciated on their current value over the estimated remaining life of the asset as advised by the Agency's external property management advisors, or adjusted by indices published by the Office for National Statistics, up to a maximum of 50 years.
  - Leasehold buildings are depreciated over the primary term of the lease or the estimated remaining life of the asset, whichever is the lower.
  - Leasehold building improvements are depreciated over the estimated remaining life of the asset, to a maximum of ten years.
  - Equipment is depreciated on current cost over the estimated life of the asset using the following standard lives:
    - Vehicles, boats and other plant 3-10 years
    - Communications equipment 5-10 years
    - IT and office equipment 3-10 years
  - Donated Assets and Heritage Assets are revalued & depreciated in the same manner as other like assets.
  - Property, plant and equipment are stated at their valuation less accumulated depreciation. Depreciation is charged in the month of acquisition, and none in the month of disposal.

1.05 Non-current assets held for sale
Non-current assets which are being actively marketed and are available for immediate sale in their present condition, are valued at the lower of carrying amount and fair value less costs to sell and are classified under current assets in the balance sheet.

1.06 Inventories
Inventories are valued at replacement cost. These items are held by the Agency for internal use within the business and the use of net realisable value is not deemed appropriate.

1.07 Stockpile Goods
Stockpile goods previously reported in the Statement of Financial Position under current assets as inventories are now from a change in accounting policy reported under non current assets. These stockpile goods are chemical goods for use in national emergencies held at strategic locations in the UK. They are maintained at a fixed level and not normally consumed in the year during the course of operations. They are valued at replacement cost as the use of net realisable value is not deemed appropriate.

Stockpile goods balance for 01 April 2008 was £2,072,000, for the 31st March 2009 £2,235,000 and for the 31st March 2010 £2,568,000.

1.08 Financial instruments
Loans, and other receivables and payables, where arising from contractual obligations, are initially measured at fair value and thereafter at amortised cost using the effective interest rate method until all contractual rights to cash flows expire or are transferred without recourse. Loans and other receivables are tested annually for impairment and the difference between the carrying amount and the impaired value is written off to operating costs. The carrying value of loans and receivables on the balance sheet is net of a provision for impairment.

Cash and cash equivalents are shown at fair value which is either the sterling balance or the sterling equivalent of foreign currency balances as at the balance sheet date.

Contractual provisions are measured in accordance with note 1.09.

1.09 Provisions for Liabilities and Charges
The Agency maintains a number of balance sheet provisions. These provisions are reviewed annually as at the balance sheet date and are adjusted to reflect the latest best estimate of the liability. These adjustments are reflected in the Operating Cost Statement for the year. Where the time value of money is material, the future estimated cash flows are discounted to present values using the appropriate discount rate set by HM Treasury.

1.10 Notional Costs
In accordance with HM Treasury's Managing Public Money, notional charges at the appropriate rate are included for cost of capital, audit fees and the services provided by the DfT.

1.11 Research and Development
Non-current assets acquired for use in research and development are depreciated over the life of the associated research project, or according to the asset category, if the asset is to be used for subsequent production work.

1.12 Pensions
Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The defined benefit schemes are unfunded and are non-contributory except in respect of dependants' benefits. The agency 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 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 schemes, the Agency recognises the contributions payable for the year.

The Scheme is actuarially valued periodically and as at 31 March 2010 there were no additional accounting entries required other than those shown in these accounts. If the MCA is required to meet obligations in the future these will be accounted in accordance with IAS 19.

Additional details relating to the PCSPS are included under Note 3 – Staff Costs.

1.13 Early Departure Costs

Additional pension costs arising from early departures are not funded by the Principal Civil Service Pension Scheme except where departure is due to ill-health. For early departures not funded by the scheme the full amount of the liability for the additional costs is charged to the Operating Cost Statement in that year, regardless of the method of payment. The provision for early departures covers all future commitments to employees who have retired from the Agency and its forebears which will not be met from the Principal Civil Service Pension Scheme. The provision is disclosed at Note 20.

1.14 Value Added Tax

The Agency is not separately registered for Value Added Tax (VAT) and VAT collected or paid is accounted for centrally by the DfT. The accounts include irrecoverable VAT where applicable.

1.15 Operating Income

Operating income relates directly to the operating activities of the Agency. It principally comprises fees and charges for services provided, on a full cost basis, to external customers. It includes both income appropriated-in-aid of the Agency's funding and income to the Consolidated Fund, which HM Treasury has agreed should be treated as operating income. Income is stated after deduction of Value Added Tax. Income received in advance of service provision is deferred to match the related expenditure.

1.16 Prior Year Adjustments

Material adjustments applicable to prior periods arising from machinery of government changes, accounting policy changes, or from the correction of errors are accounted for by restating prior year figures in accordance with IAS 8.

1.17 Administration and Programme Expenditure

HM Treasury recognises that all of the Agency's activities relate to the delivery of frontline services, hence all income and expenditure is shown as programme costs in the reporting of the Agency's financial results to DfT and HM Treasury.

1.18 Capital Charge

A charge, reflecting the cost of capital utilised by the Agency, is included in operating costs. The charge is calculated at the real rate set by HM Treasury (currently 3.5% per cent) on the average carrying amount of all assets less liabilities, except for:

a) property, plant and equipment and intangible assets where the cost of capital charge is based on opening values, adjusted pro rata for in-year:
- additions at cost;
- disposals as valued in the opening statement of financial position (plus any subsequent capital expenditure prior to disposal);
- impairments at the amount of the reduction of the opening statement of financial position value (plus any subsequent capital expenditure); and
- depreciation of property, plant and equipment and amortisation of intangible assets.

b) donated assets, and cash balances with the Office of the Paymaster General, where the charge is nil;

c) additions to heritage collections.

1.19 Foreign Exchange

Transactions are translated into sterling at the exchange rate ruling on the date of each transaction. Monetary assets and liabilities denominated in foreign currency at the balance sheet date are translated into sterling at the rates ruling on that date. Translation differences are dealt with in the Operating Cost Statement.

1.20 Financing from the Consolidated Fund

Outstanding financing from the Consolidated Fund at the end of the financial year is no longer repaid or received in the following financial year, but the balance is carried forward on a rolling basis.

1.21 Contingent liabilities
In accordance with IAS 37, the Agency discloses as contingent liabilities potential future discounted obligations arising from past obligating events, where the existence of such obligations remains uncertain pending the outcome of future events outside of the Agency's control, unless their likelihood is considered to be remote.

1.22 Finance leases
Finance leases are recognised initially in the balance sheet at the fair value of the Agency's interest in the leased asset. Such assets are subsequently revalued in accordance with the policy outlined in note 1.04.

1.23 Third Party Assets
The MCA does not hold any third party assets as custodian or trustee.

1.24 PFI
The MCA does not currently have any PFI transactions to record.

2. First time adoption of International Financial Reporting Standards (IFRS)

Taxpayers' Equity	Note	General Fund Restated £'000	Revaluation reserve £'000
Taxpayers' equity at 1 April 2008 under UK GAAP Statutory Accounts		36,842	11,207
Adjustment for:			
IAS 19 – Employee benefits – Staff holiday accrual **		(1,113)	
Taxpayers' equity at 1 April 2008 under IFRS - Restated		35,729	11,207

Taxpayers' Equity	Note	General Fund Restated £'000	Revaluation reserve £'000
Taxpayers' equity at 31 March 2009 under UK GAAP Statutory Accounts – Restated – See note below *		37,727	16,522
Adjustment for:			
IAS 19 – Employee benefits – Staff holiday accrual **		(1,113)	
IAS 19 – Employee benefits – Staff holiday accrual **	[3]	(39)	
IFRS 5 – Non-current assets held for sale and discontinued operations ***	[15]	(8)	
Taxpayers' equity at 31 March 2009 under IFRS - Restated		36,567	16,522

Net Operating Costs	Note	£'000
Net operating cost for 2008-09 under UK GAAP – Restated – See note below *		(130,348)
Adjustment for:		
IAS 19 – Employee benefits – Staff holiday accrual **	[3]	(39)
IFRS 5 – Non-current assets held for sale and discontinued Operations ***	[15]	(8)
Net operating cost for 2008-09 under IFRS - Restated		(130,395)

* Taxpayers' equity at 31 March 2009 under UK GAAP Statutory Accounts of £37,640,000 is restated reflecting an over provision by £87,000 of the Early Retirement Provision detailed under Note 20 & corresponding restatement of the 31 March 2009 UK GAAP Statutory Accounts Operating Cost Statement.

** Staff holiday accrual reflecting adjustment to the potential net prepayment / liability for untaken staff leave.

*** Anticipated legal and selling costs for two non current asset properties held for sale – former Kinlochbervie CRS & former Tobermory CRS as set out in Note 15.

3. Staff numbers and related costs

The average number of persons employed during the year was:-

	2009-10	*Restated 2008-09
Board members	4	5
Frontline service deliverers and direct support staff	963	920
Corporate support staff	182	182
Temporary Agency Staff	22	22
Total	1,171	1,129

The average employment status was:-

	2009-10	*Restated 2008-09
Permanent Staff	1,092	1,068
Fixed Term Contract Staff	57	39
Temporary Agency Staff	22	22
Total	1,171	1,129

The costs of staff employed by the MCA were as follows:-

	2009-10 £'000	*Restated 2008-09 £'000
Wages and salaries	34,898	33,573
Staff holiday & TOIL accrual	4	39
Social security costs	2,546	2,562
Other pension costs	6,118	6,133
Early departure costs	494	1,580
Agency staff	507	656
	44,567	44,543

* Restated as FTE (Full Time Equivalents) with the addition of temporary agency staff

Staff Numbers and costs detailed above include the following capitalised average staff numbers and associated costs:-

	2009-10	2008-09
Average Staff Numbers Capitalised	15.0	11.2

	2009-10 £'000	2008-09 £'000
Wages and salaries	494	394
Social security costs	38	35
Other pension costs	92	75
	624	504

Staff Numbers and costs detailed include the following outward secondments of average staff numbers and associated costs:-

	2009-10	2008-09
Average Staff Numbers on Outward Secondment	2.1	4.7

	2009-10 £'000	2008-09 £'000
Wages and salaries	148	226
Social security costs	13	20
Other pension costs	32	51
	193	297
Less recoveries	0	0
	193	297

During 2009-10 two employees left (2008-09 Nil) retiring early on ill health grounds, the total accrued pension liabilities in the year amounted to £4,553 (2008-09 Nil).

4. Other Administrative Costs

	2009-10		2008-09	
			Restated	Restated
	£'000	£'000	£'000	£'000
Establishment costs		10,790		10,408
Transport, travel and subsistence		3,668		3,688
Premises including leases *		10,330		9,832
Other costs		0		23
Non-Cash Items:				
Amortisation of intangible non current assets	1,426		1,480	
Depreciation of other tangible non current property plant & equipment assets	6,638		6,489	
Impairment of non current property assets held for sale **	30		8	
Finance lease adjustments relating to prior years*	0		1,115	
Revaluation losses written off	15		2,780	
Loss/(profit) on disposal of non current assets	181		103	
Notional costs:#				
DfT support services	93		652	
Cost of capital charge	1,814		1,819	
Audit fee (IFRS implementation)	0		10	
Audit fee (statutory audit)	85		63	
		10,282		14,519
		35,070		38,470

Notional costs are included as follows:

i. DfT support services: 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.

ii. Cost of capital charge: This is calculated in accordance with note 1.18 to the accounts.

iii. Audit fee: This is included for the annual certification audit of the Agency's Financial Statements by the National Audit Office. The auditors received no remuneration for non audit services.

Certain balances are now included in operating income which were previously netted off expenditure and certain items of expenditure have been re-classified. This has resulted in a restatement of prior year figures.

* Prior period restatement - Finance lease adjustments relating to prior years:
Costs relating to prior years for an office finance lease have been charged to the Operating Cost Statement during 2008-09. These comprised depreciation of £746,000 plus finance charges accrued of £1,115,000 less lease repayments of £746,000.

** Impairment of non current assets held for sale as a result of IFRS adoption: Impairment costs together with anticipated legal and selling costs as charged to the Operating Cost Statement.

5. Programme Costs

	2009-10		2008-09	
	£'000	£'000	£'000	£'000
SAR helicopters		27,183		25,135
Emergency towing vessels		12,244		11,037
Telecommunications		6,244		6,584
Aerial spraying and surveillance		2,222		2,162
Marketing, public relations and printing		975		1,116
Membership subscriptions to international bodies		1,530		1,477
Counter pollution		29		343
Vehicle and boat fleet		651		725
Storage of equipment stockpiles		681		629
Coast rescue equipment		371		642
Uniforms		464		459
Radio surveys, inspections and advisory work		158		366
Research and technical advice projects		435		295
Channel navigation		210		247
Satellite communications		211		251
Maritime Incident Response Group equipment		408		103
Ex-gratia payments		353		174
Joint Irish bathymetric survey		0		439
Other		384		926
Current Grants:				
Assistance for Merchant Navy training	(1)		(1)	
Crew Relief Compensation Scheme	1,874		1,385	
		1,873		1,384
Disbursements:				
Civil hydrography	6,260		5,883	
Weather bulletins and navigational warnings	5,146		4,987	
Other services to industry	52		40	
		11,458		10,910
		68,084		65,404

Current Grants: The Agency disbursed grants of £1,873,112 net of administration costs, to the shipping industry in 2009-10 (2008-09: £1,383,691).

Disbursements: The Agency provided services to the shipping industry at a cost of £11,458,262 in 2009-10 (2008-09: £10,909,482), in accordance with Merchant Shipping Acts and international conventions signed by the UK Government.

The hydrographic database is held by the United Kingdom Hydrographic Office (UKHO) and includes the results of civil hydrographic surveys performed by private firms under contract to the Maritime and Coastguard Agency. The database has been formed by information from surveys from different sources built up over many years and is subject to continuous revision. The cost of obtaining UK civil survey data rests with the MCA with which the intellectual property rights remain.

6. Income

Although the Agency is funded by Central Government it does receive income from the provision of services. An analysis of this income is included below:-

	2009-10			2008-09		
	Appropriated in Aid	Not Appropriated in Aid	Total	Appropriated in Aid	Not Appropriated in Aid	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Statutory services	7,718	734	8,452	8,004	1,127	9,131
Operational services	687	0	687	1,324	0	1,324
Other services	1,471	0	1,471	2,754	0	2,754
Other income	2,734	274	3,008	4,795	18	4,813
Total	12,610	1,008	13,618	16,877	1,145	18,022

All income is derived from the delivery of frontline services by the Agency, with the exception of £376,727 (2008-09: £2,066,180) of other income relating to the recharge of expenditure for early retirements & departures of Agency staff charged to the DfT in respect of the Shared Services project.

Income is recorded on the following basis:-

Statutory Services
Provided by request such as ship surveys and seamen certification, often a deposit being paid and in all cases the revenue is only recorded when the service is provided.

Operational Services
Provided by request such as emergency flights and radio warning broadcasts in all cases the revenue is only recorded when the service is provided.

Other Services
Provided by request such as ‘ Wider Market ‘ surveying activities which are in addition to Statutory requirements, revenue is only recorded when the service is provided.

Other Income
Receipts for items such as costs recovered for pollution remedial activities, income form other Government departments where costs are recovered, income from European funded projects at appropriate project completion stages. Revenue is only recorded when the service is provided.

European Income

	2009-10 £'000	2008-09 £'000
Bulgaria Twinning Project	0	36
Joint Irish Bathymetric Income	0	1,028
Other European Income - Research	21	53
Total European Income	21	1,117

Revenue received in excess of the Parliamentary authorised level is classified as Not Appropriated In Aid £1,008,000 in 2009-10 (2008-09: £1,145,000) which is paid to the Consolidated Fund as Extra Receipts.

7. Operating Segments

Operating segment	Staff costs £'000	Establishment and accommodation costs £'000	Other programme costs £'000	Total operating costs £'000	Operating income £'000	Net operating costs £'000
Corporate services	(5,582)	(16,925)	(49,768)	(72,275)	2,681	(69,594)
Maritime services	(35,090)	(17,046)	(16,738)	(68,874)	10,757	(58,117)
Finance and governance	(1,632)	(398)	(345)	(2,375)	44	(2,331)
Chief executive's department	(1,458)	(699)	(1,233)	(3,390)	136	(3,254)
Shared Services Centre	(805)	(2)	0	(807)	0	(807)
Total costs	(44,567)	(35,070)	(68,084)	(147,721)	13,618	(134,103)

The MCA does not have any customers where normal business services are provided that exceed the 10% threshold of total turnover.

8. Analysis of services for which a fee is charged
The Agency is required to disclose performance results for the areas of its activities where fees and charges are made. The analysis is not intended to meet the requirements of IFRS 8 (Operating Segments).

	2009-10 Income £'000	2009-10 Expenditure £'000	2009-10 Net £'000	2008-09 Income £'000	2008-09 Expenditure £'000	2008-09 Net £'000
Statutory Services						
Marine surveys	5,513	6,079	(566)	5,193	3,241	1,952
Registration of ships	1,008	1,133	(125)	1,162	939	223
Seafarers' examinations and certification	2,203	1,895	308	2,453	2,005	448
Other statutory services	186	2	184	183	2	181
Subtotal	8,910	9,109	(199)	8,991	6,187	2,804
Operational Services						
Emergency helicopter flights	242	766	(524)	217	766	(549)
Navigational warning broadcasts	428	586	(158)	370	586	(216)
Subtotal	670	1,352	(682)	587	1,352	(765)
Other Services						
Meteorological Office observations	0	0	0	0	0	0
Wider market initiatives	1,380	1,067	313	1,528	973	555
Non-statutory services and training	101	103	(2)	108	737	(629)
Subtotal	1,481	1,170	311	1,636	1,710	(74)
Total	11,061	11,631	(570)	11,214	9,249	1,965
Income not included in the analysis of services for which a fee is charged (see note below)						
Offshore pollution receipts	4			691		
EU projects funding	21			1,117		
Other income	179			300		
Proportion of tug costs recovered from The Minister of Defence of the French Republic	1,274			1,424		
Dept of Energy & Climate Change	389			710		
Shared Service Project recharge	377			2,066		
Accommodation receipts	265			319		
Wreck salvage	45			181		
Surveillance flight	3			0		
Subtotal	2,557			6,808		
Total operating income	13,618			18,022		

The financial objective of each of the services is full recovery of service costs in accordance with HM Treasury's `Managing Public Money.' Income that is not derived from fees and charges is not included in the analysis of services for which a fee is charged.

Non – Current Assets

9. Intangible assets as at 31 March 2010

2009-10	Software Licences £'000	Under Development £'000	Total £'000
Cost			
As at 1 April 2009	7,642	1,123	8,765
Additions	733	1,084	1,817
Transfers	1,123	(1,123)	0
As at 31 March 2010	9,498	1,084	10,582
Amortisation			
As at 1 April 2009	3,800	0	3,800
Charge for year	1,426	0	1,426
As at 31 March 2010	5,226	0	5,226
Net Book Value			
As at 1 April 2009	3,842	1,123	4,965
As at 31 March 2010	4,272	1,084	5,356

2009-10	Software Licences £'000	Under Development £'000	Total £'000
Intangible Asset Financing			
Owned	4,272	1,084	5,356
Finance Leased	0	0	0
Contracts	0	0	0
Net Book Value As at 31 March 2010	4,272	1,084	5,356

Asset No. 2009-10	Description	Asset Cost 2009/2010 £'000	Net Book Value 31 March 10 £'000	Amortisation Approx Years Remaining
FA006670	Cers Project – vessel, movements & cargo records	5,444	2,954	2
FA005562	HR MIS – Staff records system	1,062	0	Nil
FA008386	Shared Services Connection Project	778	778	4
FA006996	Data warehousing	753	159	1
FA008002	AIS Service provision server	475	338	3
FA005912	E forms project	375	0	Nil
All Other	All Other Intangible Non Current Assets	1,695	1,127	Nil to 4
		10,582	5,356	

10. Intangible assets as at 31 March 2009

2008-09	Software Licences £'000	Under Development £'000	Total £'000
Cost			
As at 1 April 2008	6,881	407	7,288
Additions	354	1,123	1,477
Transfers	407	(407)	0
As at 31 March 2009	7,642	1,123	8,765
Amortisation			
As at 1 April 2008	2,320	0	2,320
Charge for year	1,480	0	1,480
As at 31 March 2009	3,800	0	3,800
Net Book Value			
As at 1 April 2008	4,561	407	4,968
As at 31 March 2009	3,842	1,123	4,965

2008-09	Software Licences £'000	Under Development £'000	Total £'000
Intangible Asset Financing			
Owned	3,842	1,123	4,965
Finance Leased			
Contracts			
Net Book Value As at 31 March 2009	3,842	1,123	4,965

2008-09 Asset No.	Description	Asset Cost 2008/2009 £'000	Net Book Value 31 March 09 £'000	Amortisation Approx Years Remaining
FA006670	Cers Project – Vessel , movements & Cargo records	5,159	3,758	3
FA005562	HR MIS – Staff records system	1,063	0	Nil
All Other	All Other Intangible Non Current Assets	2,543	1,207	Nil to 6
		8,765	4,965	

11. Property, plant and equipment as at 31 March 2010

2009-10	Land and Buildings	Vehicles and Boats **	Communication Equipment	IT and Office Equipment	Other Plant	Assets in the Course of Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
As at 1 April 2009	54,323	11,719	21,375	8,181	3,728	2,926	102,252
Prior year adjustment*	1,883						1,883
Additions	782	369	(1,211)	(663)	430	7,913	7,620
Donations		135					135
Assets classified as held for sale	(28)	(463)					(491)
Disposals	(265)	(695)	(95)	(820)	(198)	0	(2,073)
Impairments							
Transfers	362	0	1,750	728	86	(2,926)	0
Revaluations *	2,748	87	1,591	1,676	(77)		6,025
As at 31 March 2010	59,805	11,152	23,410	9,102	3,969	7,913	115,351
Depreciation							
As at 1 April 2009	14,697	7,343	15,530	4,445	2,280	0	44,295
Prior year adjustment*	1,883						1,883
Charge in year	1,667	1,035	2,129	1,478	329	0	6,638
Assets classified as held for sale	(9)	(391)	0	0	0	0	(400)
Disposals	(156)	(649)	(110)	(685)	(169)	0	(1,769)
Impairments							
Revaluations *	747	(3)	947	618	(40)	0	2,269
As at 31 March 2010	18,829	7,335	18,496	5,856	2,400	0	52,916
Net Book Value							
As at 31 March 2010	40,976	3,817	4,914	3,246	1,569	7,913	62,435
As at 31 March 2009	39,626	4,376	5,845	3,736	1,448	2,926	57,957

* Land & Buildings include £1.9 Million offsetting adjustments to opening PPE Cost & Depreciation balances as at 1 April 2009.

Property, plant and equipment financing

2009-10	Land and Buildings	Vehicles and Boats *	Communication Equipment	IT and Office Equipment	Other Plant	Assets in the Course of Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Asset Financing							
Owned	38,678	3,817	4,914	3,246	1,569	7,913	60,137
Finance Leased	2,298						2,298
Contracts							
Net Book Value							
As at 31 March 2010	40,976	3,817	4,914	3,246	1,569	7,913	62,435

PPE items have been valued in accordance with the MCA accounting policy as set out in these accounts. The donated asset ' Hunter ' detailed in the following note was initially valued on receipt by Lochin Marine International Ltd, International Yacht Brokers.

Donated Assets

** There were no donated assets as at 31 March 2009 but during 2009-10 a boat called Hunter was received from HMRC & accounted within the classification of Vehicles and Boats as a Donated Asset, movements are below:

2009-10	Vehicles and Boats **	Total
	£'000	£'000
Cost or Valuation		
As at 1 April 2009	0	0
Donations	135	135
Revaluations	3	3
As at 31 March 2010	138	138
Depreciation		
As at 1 April 2009	0	0
Charge in year	10	10
Revaluations		
As at 31 March 2010	10	10
Net Book Value		
As at 31 March 2010	128	128
As at 31 March 2009	0	0

The Maritime and Coastguard Agency has a number of operational heritage assets detailed within these accounts which are held for use in its business. These include freehold and leasehold properties which have been valued in the same way as other land and buildings in accordance with the interpretation of IAS 16 for heritage assets.

An existing 40 year lease relating to the Aberdeen office accommodation, historically charged since inception in 1980 to costs as an operating lease, has been reclassified to a Finance Lease and capitalised at a value of £1,080,000 (2008-09: £1,080,000) and further revalued by £7,817,315 (2008-09: £7,369,000) to a total value of £8,897,315 (2008-09: £8,449,000).

The capital value £8,897,315 less revalued depreciation of £5,792,312 (2008-09: £5,276,000) and cumulative depreciation charges of £800,236 (2008-09: £773,236) totalling £6,592,548 form the net book value of assets held on finance leases within the above figures at a value of £2,304,767 (2008-09 £2,400,000) under the Land and Buildings assets category.

Values in respect of the short and long term obligations under the Finance lease are set out in Note 25.

Analysis of Land and Buildings by tenure:-

	31 March 2010 £'000	Restated 31 March 2009 £'000
Freehold	26,801	25,106
Long leasehold (lease has 50 or more years to run from balance sheet date)	5,908	5,758
Short leasehold (lease has less than 50 years to run from balance sheet date)	8,267	8,762
Total	40,976	39,626

Prior year figures have been adjusted to recognise the net revaluation of the Aberdeen lease £2,093,000 reclassified from freehold to short leasehold.

A formal valuation of the Agency's entire estate was carried out as at 31 March 2009 by external valuers. The valuers were S G Pollock FRICS of James Barr and J R Marwood MRICS of Hartnell Taylor Cook. Valuations were carried out in accordance with the Statement of Asset Valuation Practice and guidance notes issued by the Royal Institution of Chartered Surveyors (RICS).

The current year 2009-10 Land & Buildings are revalued utilising indices at DfT direction.

Heritage Assets
The overall MCA emergency service capability is supported by 35 locations classed such as either Grade I, II listed buildings, scheduled monuments, conservation areas, etc, functioning typically as a Maritime Rescue Coordination Centre, Sector Base, Radio Site or Coastal Rescue Station & are either included within Non Current Assets property, plant & equipment capitalised within a cost of £7,736,186 or are leased within an annual total of £73,500 per annum. These locations have been utilised by the MCA from various dates 1963 onwards, there were no disposals and one additional leased location in 2010.

12. Property, plant and equipment as at 31 March 2009

2008-09	Land and Buildings £'000	Vehicles and Boats £'000	Communication Equipment £'000	IT and Office Equipment £'000	Other Plant £'000	Assets in the Course of Construction £'000	Total £'000
Cost or Valuation							
As at 1 April 2008	46,477	10,749	20,576	6,192	3,473	248	87,715
Additions	2,419	949	210	2,196	209	2,926	8,909
Transfers	87	124	37			(248)	0
Assets classified as held for sale	(60)	-	-	-	-	-	(60)
Disposals	(301)	(732)	0		(21)		(1,054)
Revaluation	5,701	629	552	(207)	67		6,742
As at 31 March 2009	54,323	11,719	21,375	8,181	3,728	2,926	102,252
Depreciation							
As at 1 April 2008	8,390	6,566	13,204	3,730	1,954	0	33,844
Charge for year	2,645	1,040	2,212	977	361		7,235
Assets classified as held for sale	(17)	-	-	-	-	-	(17)
Disposals	(59)	(699)	0		(21)		(779)
Revaluation	3,738	436	114	(262)	(14)		4,012
As at 31 March 2009	14,697	7,343	15,530	4,445	2,280	0	44,295
Net Book Value							
As at 1 April 2008	38,087	4,183	7,372	2,462	1,519	248	53,871
As at 31 March 2009	39,626	4,376	5,845	3,736	1,448	2,926	57,957

Property, plant and equipment financing

2008-09	Land and Buildings £'000	Vehicles and Boats £'000	Communication Equipment £'000	IT and Office Equipment £'000	Other Plant £'000	Assets in the Course of Construction £'000	Total £'000
Asset Financing							
Owned	37,226	4,376	5,845	3,736	1,448	2,926	55,557
Finance Leased	2,400	0	0	0	0	0	2,400
Contracts	0	0	0	0	0	0	0
Net Book Value							
As at 31 March 2009	39,626	4,376	5,845	3,736	1,448	2,926	57,957

As at 31 March 2009 the Maritime and Coastguard Agency had a number of operational heritage assets held for use in its business, as noted in the following commentary. These include freehold and leasehold properties which had been valued in the same way as other land and buildings in accordance with the interpretation of IAS 16 for heritage assets.

An existing 40 year lease relating to the Aberdeen office accommodation, historically charged since inception in 1980 to costs as an operating lease, had been reclassified to a Finance Lease and capitalised at a value of £1,080,000 (2007-08: £Nil) and further revalued by £7,369,000 (2007-08: £Nil) to a total value of £8,449,000 (2007-08: £Nil).

Revalued depreciation of £5,276,000 (2007-08: £Nil) and depreciation charges of £773,000 (2007-08: £Nil) detailed below form the net book value of assets held on finance leases within the above figures at a value of £2,400,000 (2007-08 £Nil) under the Land and Buildings assets category.

The total depreciation charge for the period in respect of leased assets was £773,000 (2007-08: £Nil) which included an adjustment in respect of prior years of £746,000 (2007-08: £Nil).

There were no donated asset balances as at 31 March 2008 or 31 March 2009.

Values in respect of the short and long term obligations under the Finance lease are set out in Note 25.

Heritage Assets
As at 31 March 2009 the overall MCA emergency service capability is supported by 34 locations classed such as either Grade I, II listed buildings, scheduled monuments, conservation areas, etc, functioning typically as a Maritime Rescue Coordination Centre, Sector Base, Radio Site or Coastal Rescue Station & are either included within Non Current Assets property, plant & equipment capitalised within a cost of £6,991,302 or are leased within an annual total of £64,111 per annum. These locations have been utilised by the MCA from various dates 1963 onwards, there were no disposals & one new location purchased in 2008-09.

13. Stockpile Goods

	31 March 2010	31 March 2009 Restated	01 April 2008 Restated
	£'000	£'000	£'000
Dispersant stocks	2,568	2,235	2,072
Total	2,568	2,235	2,072

Stockpile goods balance 01 April 2008 includes £2,072,000 reclassified from inventories.

14. Non-current financial assets - Financial Assets – Receivables

Amounts falling due after more than 1 year	31 March 2010	31 March 2009	01 April 2008
	£'000	£'000	£'000
Staff relocation housing loans	66	97	36
Other receivables	54	60	140
Total	120	157	176

In addition to the non-current staff relocation housing loans shown above, an element of these loans is repayable within one year and is included in other current assets (see note 17). The number of staff members who have housing loans is 27.

All of the above balances were with bodies or individuals external to Government.

Current Assets

15. Non Current Assets Held For Sale

	31 March 2010 £'000	31 March 2009 £'000
Property, plant and equipment:		
Former Kinlochbervie CRS – Note A):		
Net book value	0	8
Anticipated selling costs	0	(4)
Value of asset held for sale	0	4
Former Tobermory CRS – Note B):		
Net book value	0	35
Anticipated selling costs	0	(4)
Value of asset held for sale	0	31
Value of Land and Buildings awaiting sale 31 March 2009	0	35
Porlock – Note C):		
Net book value	6	0
Anticipated selling costs	(1)	0
Value of asset held for sale	5	0
Eday – Note D):		
Net book value	8	0
Anticipated selling costs	(1)	0
Value of asset held for sale	7	0
Value of Land and Buildings awaiting sale 31 March 2010	12	0
Boat – Merlin – Note E):		
Net book value	16	0
Anticipated selling costs	(2)	0
Value of asset held for sale	14	0
Boat – Kestral – Note F):		
Net book value	33	0
Anticipated selling costs	(2)	0
Value of asset held for sale	31	0
Value of Boats awaiting sale 31 March 2010	45	0
15 Vehicles sent for auction – Note G):		
Net book value	7	0
Anticipated selling costs	(2)	0
Value of asset held for sale	5	0
Vehicles awaiting sale 31 March 2010	5	0
Total Land , Buildings, Boats & Vehicles awaiting sale	62	35

A) As at 31 March 2009 the property was actively marketed for disposal by way of advertisement. An offer had been made and the legalities were in the process of being finalised with an anticipated completion of July 2009 the anticipated selling costs related to agents and legal fees. The sale of this property is now finalised.

B) As at 31 March 2009 the property had been actively marketed for disposal by way of advertisement. No offer had been made. The anticipated selling costs related to agents and legal fees. The sale of this property is now finalised.

C) As at 31 March 2010 the property has been actively marketed for disposal by way of agents. No offer had been made. The anticipated selling costs related to agents and legal fees.

D) As at 31 March 2010 the property has been actively marketed for disposal by way of advertisement. No offer had been made. The anticipated selling costs related to advertisement and legal fees.

E) As at 31 March 2010 the boat is awaiting transport before being actively marketed for disposal by way of a broker. No offer had been made. The anticipated selling costs are related to brokers fees.

F) As at 31 March 2010 the boat is being actively marketed for disposal by way of a broker. An offer has been made & confirmed accepted 23 April 2010, resulting in the sale now being progressed to conclusion. Anticipated selling costs are related to brokers fees.

G) As at 31 March 2010 a total of 15 vehicles have been sent for decommissioning and transit to auction, pending placing in various auctions on various sale dates. Some offers have been made on certain vehicles & the related money received in April 2010, the remaining vehicles anticipated as being sold in May 2010. The anticipated selling costs relate to decommissioning, collection & transit to auction & auction fees.

As at 01 April 2008 there were no current assets classified as held for sale.

16. Inventories

	31 March 2010	31 March 2009 Restated	01 April 2008 Restated
	£'000	£'000	£'000
Communications equipment	592	266	284
Total	592	266	284

Inventories balance 01 April 2008 is reduced from £2,356,000 by £2,072,000 reclassified to Stockpile goods.

17. Trade and other receivables

	31 March 2010 £'000	31 March 2009 £'000	01 April 2008 £'000
Trade receivables	306	1,900	926
VAT receivables	618	480	701
Staff relocation housing loans (see also note 14)	23	31	36
Prepayments and accrued income	3619	3,825	3,683
Other receivables	83	94	74
Total	4,649	6,330	5,420

	31 March 2010 £'000	31 March 2009 £'000	01 April 2008 £'000
Amounts Falling due within One Year			
Balances with other Central Government bodies	78	2,158	1,315
Balances with local authorities	68	406	45
Balances with NHS trusts	61	70	68
Balances with public corporations and trading funds	21	0	35
Balances with bodies external to Government	4,421	3,696	3,957
Total	4,649	6,330	5,420

18. Cash and cash equivalents

The movement in cash balances in the years to 31 March 2010 was:-

	2009/ 2010 £'000	2008/09 £'000
Balance at 1 April	1091	730
Net change in cash and cash equivalent balances	(201)	361
Balance at 31 March 2009 & 2010 / 01 April 2008	890	1,091

The Office of HM Paymaster General (OPG), RBS & Citi Bank provide current account banking services.

The following balances were held at 31 March 2010 at:-

	31 March 2010 £'000	31 March 2009 £'000	01 April 2008 £'000
Office of HM Paymaster General / RBS / Citi (GBS)	748	715	289
Commercial banks and cash in hand	142	376	441
Total	890	1,091	730

The new Government Banking Service (GBS) currently has funds within three named bank accounts.

<u>Current liabilities</u>

19. Trade payables and other current liabilities

	31 March 2010	31 March 2009 Restated	01 April 2008 Restated
	£'000	£'000	£'000
Trade payables	0	0	2
Finance lease payables	115	174	0
Staff payroll , tax & social security	1,336	6	6
Accruals	10,477	11,023	11,292
Deferred income	3,367	3,588	3,844
Other payables	1	43	79
	15,296	14,834	15,223
Balances where movement does not pass through the Operating Cost Statement:			
Consolidated fund overfunding	421	622	261
Consolidated fund extra receipts	29	157	56
	450	779	317
Total	15,746	15,613	15,540

Intra-Government current liabilities

	31 March 2010 £'000	31 March 2009 £'000	01 April 2008 £'000
Balances with other Central Government bodies	1,039	1,429	867
Balances with local authorities	59	52	19
Balances with NHS trusts	0	0	6
Balances with public corporations and trading funds	20	2	4
Balances with bodies external to Government	14,628	14,130	14,644
Total	15,746	15,613	15,540

20. Provisions for liabilities and charges – current and non - current

2009-10	Other Payments £'000	Dilapidation Costs Buildings Related £'000	Dilapidation Costs Towing Vessels £'000	Early Departure Costs £'000	Total £'000
As at 1 April 2009 Restated	329	1,171	0	1,413	2,913
Provided in the year	127	934	1,223	77	2,361
Not required written back	(23)	(426)	0	0	(449)
Utilised during year	(33)	(13)	0	(314)	(360)
Unwinding of discount	0	11	0	20	31
Balance as at 31 March 2010	400	1,677	1,223	1196	4,496
Analysis of expected timing of discounted flows (years from the reporting period date):					
Within 1 year	400	435	0	275	1,110
2-5 years	0	469	1,223	705	2,397
6-10 years	0	688	0	191	879
Over 10 years	0	85	0	25	110
Balance as at 31 March 2010	400	1,677	1,223	1,196	4,496
Included in the amounts not expected to be called until 10 years over the reporting period date	0	62	0	25	87
Over 50 years	0	15	0	0	15
Over 75 years	0	8	0	0	8
Total over 10 years from the reporting period date	0	85	0	25	110
Classified as:					
Current liability	400	435	0	275	1,110
Non-current liability	0	1,242	1,223	921	3,386
Balance as at 31 March 2010	400	1,677	1,223	1,196	4,496

Future estimated costs have been discounted where the effect of discounting is significant at 2.2% both Dilapidation and Early Departure Costs.

The provision for other payments represents the sum of liabilities recognised in the Agency's accounts in relation to a variety of claims by third parties against the Agency.

The provision for dilapidation costs represents the estimated expenditure required to revert leasehold properties back to their original condition in accordance with the terms of certain leases together with works relating to towing vessel condition reinstatement. The estimates are subject to uncertainty regarding timing and the extent of works required.

The provision for early departure costs represents the balance of future pension payments for MCA staff, over the age of 50, who have left under voluntary early retirement schemes since 1999. The MCA is responsible for meeting the pension costs of former staff until they reach the age of 60. Such liabilities may continue to be paid by the Agency until 2020.

As at 01 April 2009 Provisions for liabilities and charges – current and non – current are as follows:-

2008-09	Other Payments £'000	Dilapidation Costs Buildings Related £'000	Early Departure Costs - Restated £'000	Total Restated £'000
As at 1 April 2008	258	1,498	3,289	5,045
Arisen during year	95	0	16	111
Released during year	0	(310)	0	(310)
Utilised during year	(24)	(17)	(1,892)	(1,933)
Balance as at 31 March 2009	329	1,171	1,413	2,913
Analysis of expected timing of discounted flows (years from the reporting period date):				
Within 1 year	329	352	477	1,158
2-5 years	0	477	728	1,205
6-10 years	0	144	165	309
Over 10 years	0	198	43	241
Balance as at 31 March 2009	329	1,171	1,413	2,913
Included in the amounts not expected to be called until 10 years over the reporting period	0	185	43	228
Over 50 years	0	6	0	6
Over 75 years	0	7	0	7
Total over 10 years from the reporting period date	0	198	43	241
Classified as:				
Current liability	329	352	477	1,158
Non-current liability	0	819	936	1,755
Balance as at 31 March 2009	329	1,171	1,413	2,913

Future estimated costs have been discounted where the effect of discounting is significant, at 3.5% for Dilapidation Costs and 2.8% for Early Departure Costs.

The provision for other payments represents the sum of liabilities recognised in the Agency's accounts in relation to a variety of claims by third parties against the Agency.

The provision for dilapidation costs represents the estimated expenditure required to revert leasehold properties back to their original condition in accordance with the terms of certain leases. The estimates are subject to uncertainty regarding timing and the extent of works required.

The provision for early departure costs represents the balance of future pension payments for MCA staff, over the age of 50, who have left under voluntary early retirement schemes since 1999. The MCA is responsible for meeting the pension costs of former staff until they reach the age of 60. Such liabilities may continue to be paid by the Agency until 2021.

As at 01 April 2008 Provisions for liabilities and charges – current and non – current are as follows:-

01 April 2008	Other Payments £'000	Dilapidation Costs £'000	Early Departure Costs £'000	Total £'000
Current liabilities	258	138	1,976	2,372
Non current liabilities	0	1,360	1,313	2,673
As at 01 April 2008	258	1,498	3,289	5,045

Non-current liabilities

21. Finance lease payable

Amounts falling due after more than 1 year	31 March 2010	31 March 2009	01 April 2008
	£'000	£'000	£'000
Finance lease payable	1,308	1,421	0

This relates to an existing 40 year lease for Aberdeen office accommodation.

Taxpayer's equity

22. General Fund

	31 March 2010	
	£'000	£'000
Balance as at 1 April 2009		36,567
Net operating cost for the year	(134,103)	
Repayment of Consolidated Fund extra receipts	(1,008)	
	(135,111)	
Financing from the Consolidated Fund	131,301	
Notional costs	1,992	
Transfer from Revaluation Reserve (revaluation surpluses on assets disposed and realised elements of depreciation)	571	
Non current assets held for sale impacted in tax payers equity	8	
Restatement of Early Retirement Provision	(85)	
	133,787	
Decrease in General Fund		(1,324)
Balance as at 31 March 2010		35,243

	31 March 2009 (Restated)	
	£'000	£'000
Balance as at 1 April 2008		35,729
Net operating cost for the year	(130,395)	
Repayment of Consolidated Fund extra receipts	(1,145)	
	(131,540)	
Financing from the Consolidated Fund	129,639	
Notional costs	2,544	
Transfer from Revaluation Reserve (revaluation surpluses on assets disposed of)	195	
	132,378	
Decrease in General Fund		838
As at 31 March 2009		36,567

	31 March 2008	01 April 2008
	£'000	£'000
Closing balance as at 31 March 2008 - UKGAAP	36,842	
IAS 19 - Employee benefits – staff holiday / flexi accrual impacted in tax payers equity IFRS restatement 2008		(1,113)
Opening balance as at 01 April 2008 – IFRS		35,729

23. Revaluation Reserves

Intangibles

2009-10	Intangibles £'000	Total Intangibles £'000
As at 1 April 2009	0	0
Revaluation surpluses	0	0
Revaluation deficits	0	0
Taken to operating cost statement	0	0
Taken to General Fund (revaluation surpluses on assets disposed of)	0	0
As at 31 March 2010	0	0

Property, plant and equipment

2009-10	Land and Buildings £'000	Vehicles and Boats £'000	Communication Equipment £'000	IT and Office Equipment £'000	Other Plant £'000	Total PPE £'000
As at 1 April 2009	15,373	406	438	201	104	16,522
Revaluation surpluses	2,005	1	787	1,019	12	3,824
Revaluation deficits	0	0	0	0	0	0
Taken to operating cost statement	2	85	(132)	46	(35)	(34)
Taken to General Fund	(519)	(45)	0	(5)	(2)	(571)
As at 31 March 2010	16,861	447	1,093	1,261	79	19,741

Total Revaluation Reserves

2009-10	Total Reserve £'000
PPE reserves	19,741
Intangible reserves	0
Total Revaluation Reserves As at 31 March 2010	19,741

Donated Asset Reserve

2009-10	Vehicles and Boats * £'000	Total £'000
Cost or Valuation		
As at 1 April 2009	0	0
Donations - Hunter	135	135
Revaluations	3	3
As at 31 March 2010	138	138
As at 31 March 2009	0	0

Opening Revaluation Reserve balances 2008:-

2008-09	Land and Buildings £'000	Vehicles and Boats £'000	Communication Equipment £'000	IT and Office Equipment £'000	Other Plant £'000	Total £'000
As at 1 April 2008	10,961	213	0	10	23	11,207
Revaluation surpluses	3,218	193	438	56	81	3,986
Revaluation deficits	(1,256)	0	0	0	0	(1,256)
Taken to operating cost statement	2,645	0	0	135	0	2,780
Taken to General Fund (revaluation surpluses on assets disposed of)	(195)	0	0	0	0	(195)
As at 31 March 2009	15,373	406	438	201	104	16,522

2008-09	Intangible Assets £'000	Donated Assets £'000	Total £'000
Balances as at 01 April 2008	0	0	0
Balances as at 31 March 2009	0	0	0

Other Financial Commitments

24. Capital Commitments

There were commitments outstanding of £2,401,000 for capital expenditure contracts as at 31 March 2010 (31 March 2009: £3,830,000).

2009-10	2009-10 £'000
Radio Equipment replacement	1,359
Security Accreditation – HMG Security Policy compliance	496
Consolidated European Reporting System (Shipping)	463
Aberdeen Emergency Generator – Infrastructure support	66
Daedulus Services – connection of utilities	17
Total	2,401

25. Commitments under leases

Operating leases

As at 31 March 2010 the Agency was committed to making the following total future minimum payments for land and buildings held under non-cancellable operating leases:

	31 March 2010 Amounts payable under operating leases £'000	31 March 2009 Amounts payable under operating leases £'000	01 April 2008 Amounts payable under operating leases £'000
Land			
Payable within one year	670	634	656
Payable later than one year and not later than five years	2,070	1,925	2,084
Payable later than five years	2,639	2,717	3,436
Total Land	5,379	5,276	6,176
Buildings			
Payable within one year	2,152	2,162	2,411
Payable later than one year and not later than five years	6,300	6,349	7,571
Payable later than five years	5,360	6,590	9,597
Total Buildings	13,812	15,101	19,579
Total Land and Buildings			
Payable within one year	2,822	2,796	3,067
Payable later than one year and not later than five years	8,370	8,274	9,655
Payable later than five years	7,999	9,307	13,033
Total Land and Buildings	19,191	20,377	25,755

All operating leases were for land and buildings. Elements of these properties have been sub-let by the Agency under non-cancellable operating leases and total future minimum rental receipts of £44,000 were anticipated as at balance sheet date.

The total of property operating lease rentals charged to the operating cost statement during the year was £3,541,000 (2008-09: £3,413,000). Income of £20,000 (2008-09: £29,000) was credited to the operating costs statement during the year in respect of properties held on operating leases which were sub-leased by the Agency.

Cancellable operating arrangements relating to helicopters charged to the operating cost statement during the year are £688,000 (2008-09: £688,000).

Finance lease

At 31 March 2010 the Agency was committed to making the following total future minimum payments under a finance lease for office accommodation in Aberdeen (see note 11).

Elements of this office accommodation have been sub-let by the Agency under non-cancellable operating leases and total future minimum rental receipts of £305,000 (2008-09: £375,000) were anticipated as at balance sheet date.

Minimum lease payment at initial lease rate:-

Obligations under finance leases payable	31 March 2010 £'000	31 March 2009 £'000	01 April 2008 £'000
Payable within one year	174	174	0
Payable later than one year and not later than five years	696	696	0
Payable later than five years	870	1,107	0
Total	1,740	1,977	0
Less future interest payments	(317)	(382)	0
Present value of lease obligations	1,423	1,595	0

Present value of lease payments	31 March 2010 £'000	31 March 2009 £'000	01 April 2008 £'000
Payable within one year	115	174	0
Payable later than one year and not later than five years	521	497	0
Payable later than five years	787	924	0
Present value of minimum lease payments	1,423	1,595	0

26. Impairments

	2009-10 £'000	2008-09 £'000
Impairment costs charged to operating cost – non current property assets held for sale	30	8
Impairment costs charged to reserves	0	0
Total impairment costs	30	8

27. Movements in Operational Working Capital

	2009-10 £'000	2008-09 £'000
Increase / (Decrease) in inventories	326	(18)
Increase/(Decrease) in operational receivables	(1,680)	910
Decrease/(Increase) in operational payables	(349)	389
Increase/(Decrease) in operational working capital	(1,703)	1,281

28. Reconciliation of Movement in Government Funds

	Note	2009-10 £'000	2008-09 Restated £'000
As at beginning of year 1 April		53,089	46,936
Decrease in General Fund	[22]	(1,324)	838
Increase in revaluation reserve	[23]	3,219	5,315
Increase in donated asset reserve	[23]	138	0
As at end of year 31 March		55,122	53,089

29. Statement of Cash Flow Information

A. Reconciliation of net operating cost to operating cash flows

	Note	2009-10 £'000	2008-09 £'000
Net operating cost	[22]	(134,103)	(130,395)
Non-cash items	[4]	10,282	14,519
IAS 19 - Employee benefits – staff holiday accrual	[2]	(39)	
IFRS 5 Impairments asset held for sale 2008-09			
Restatement of Early Retirement Provision from UKGAAP to IFRS			
(Decrease)/Increase in operational working capital other than cash		1,370	(1,444)
(Decrease)/Increase in provisions for liabilities and charges	[20]	1,583	(2,132)
Net cash outflow from operating activities		(120,907)	(119,452)

B. Servicing of finance

	Note	2009-10 £'000	2008-09 £'000
Lease repayments in respect of finance lease	[25]	(27)	(27)

C. Analysis of capital expenditure

	Note	2009-10 £'000	2008-09 £'000
Purchase of Non-current assets:			
Property, plant and equipment	[11 & 12]	(7,620)	(8,909)
Intangible assets	[9 & 10]	(1,817)	(1,477)
	[9] / [11]	(9,437)	(10,386)
Non-cash item (finance lease prior year adjustment to 2008-09)		0	1,080
Cash outflow		(9,437)	(9,306)
Receipts from sale of Non-current assets:			
Property, plant and equipment		169	171
Intangible assets		0	0
Repayment of loans and other non-current receivables		37	19
Net capital expenditure		(9,231)	(9,116)

D. Reconciliation of payments to the Consolidated Fund

	2009-10 £'000	2008-09 £'000
Payments per the General Fund	(1,008)	(1,145)
Consolidated Fund extra receipts opening payable	(157)	(56)
Consolidated Fund extra receipts closing payable	29	157
Cash payments to the Consolidated Fund	(1,136)	(1,044)

E. Reconciliation of financing from the Consolidated Fund

	Note	2009-10 £'000	2008-09 £'000
Financing per the General Fund	[22]	131,301	129,639
Consolidated Fund financing opening (payable)/receivable	[19]	(622)	(261)
Consolidated Fund financing closing payable	[19]	421	622
Financing from the Consolidated Fund		131,100	130,000

30. Losses
During the year there were no losses over £250,000 that require reporting.

31. Special Payments
During the year there were no special payments that require noting in these accounts.

32. Contingent Assets
The Agency seeks to recover costs in relation to counter pollution and civil contingency incidents to which it renders assistance. In some cases, it may take a number of years before cost recovery claims are settled and the Agency holds a contingent asset pertaining to the future value of such claims. Due to the nature of the claims it is not practical to be able to estimate the future financial effect of the claims as the timing and value are unknown and there is no guarantee of the claims being successful. The contingent assets relate to the MSC Napoli and Ice Prince incidents. In 2009-10 counter pollution claims totalling £4,200 relating to Super Cepco were received by the MCA (2008-09: £280,000).

33. Contingent Liabilities
The Agency faces a potential compensation claim and information required by International Financial Reporting Standard IAS 37 is not disclosed on the grounds that it might seriously prejudice the outcome of this case.

34. Events After The Reporting Period
There have been no significant events between the reporting period close and the date of these Financial Statements. These Financial Statements are laid before the Houses of Parliament by the Secretary of State for Transport. International Financial Reporting Standard (IAS) 10 requires the MCA to disclose the date on which the accounts are authorised for issue. This is the date on which the certified accounts are despatched by MCA’s management to the Secretary of State for Transport. The authorised date for issue is 22 July 2010.

35. Related Party Transactions
The Maritime and Coastguard Agency (MCA) is an Executive Agency of the Department for Transport (DfT). The DfT is regarded as a related party. During the year, the MCA had a number of material transactions with the DfT and a number of minor transactions with other entities for which the DFT is regarded as the parent department.

In addition, the MCA has had a various material transactions with other government departments and other central government bodies. Most of these transactions have been with the Ministry of Defence, Department of Energy and Climate Change & the Met Office.

During the year no Board member, key manager or other related parties has undertaken any material transactions with the MCA during the year.

36. Financial Instruments
As the cash requirements of the MCA are met through the Estimate process and funded largely by Treasury drawdown, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with the Agency’s expected purchase and usage requirements, there are no contracts containing embedded derivates, therefore the Agency is therefore exposed to little credit, liquidity, or market risk or risks arising from interest rate fluctuations. The Agency has limited exposure to risks arising from foreign currency fluctuations and currently there are no Receivable accounts or Bank accounts held in currency other than £ sterling.

Payments in foreign currency amounted to £394,317 in 2009-10 (2008-09 : £903,357) being both sterling paid in foreign currency equivalents as well as settlement of foreign currency payables.

The MCA is fully funded from receipts already in hand or Treasury funding drawdown and financing which does not involve any external to Government financial activity , such as Bills sold in the money markets or other loan mechanisms. The MCA is not dependant on the receipt of income from activities or the clearance of outstanding receivables formed in the ordinary course of business for future liquidity, as any cash shortfall will be met by an increase in Treasury drawdown, ensuring payment of Trade and all other payable values.

Trade Accounts Receivable are recovered in the normal course of business and experience of Bad Debts charged to operating costs is extremely low at £4,653 in 2009-10 (2008-09:£32,767) with many of the services the MCA provides requiring a deposit or full payment often covering the full cost prior to commencement of the service provision. Service provision costs are monitored by MCA staff and where appropriate a deposit increase is requested.

As a Government Agency there are no sales of Accounts receivable debt nor planned future sales of Accounts Receivable debt, neither does the MCA enter into Financial Guarantee contracts nor insure receivable debt in any form.

37. Charges to the operating cost & future commitments - PFI Contracts

The agency does not have any PFI contracts which impact the operating costs statement or give rise to future commitments.

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mca
Maritime and Coastguard Agency

Maritime and Coastguard Agency
Spring Place
105 Commercial Road
Southampton
SO15 1EG

Tel: 023 8032 9100
Email: infoline@mcga.gov.uk
Online: www.mcga.gov.uk

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