GOVERNMENT CAR AND DESPATCH AGENCY

Annual report and accounts 2010

Government Car and Despatch Agency

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Foreword

Welcome to the Annual Report for the Government Car and Despatch Agency (GCDA, the Agency) for 2009/10. GCDA is an Executive Agency of the Department for Transport (DfT), and its key role is to supply cars and drivers for ministers and officials, and a secure mail and package service. GCDA is a cost recovery agency, and some services compete with private sector businesses.

I would like to thank Roy Burke, who was Chief Executive of GCDA for 5 years, leaving on 26th March to head the Civil Service in Alderney, one of the Channel Islands. Roy steered the Agency through several significant changes, including transfer from the Cabinet Office to DfT, and more recently the Working Time Directive (WTD). All at the Agency wish him a successful future in his new role.

I am also pleased to report that the Management Board of the Agency was considerably strengthened with Simon Cranfield-Thompson and Chris Jones joining to run Government Cars and Mail Services respectively.

The financial year 2009/10 has been a difficult year for the Agency, with the increased focus on costs and value for money; some of our traditional services have been reduced. The introduction of the Working Time Directive has meant substantial changes to the way we have operated our Ministerial Allocated Service, increasing our costs, which we have not passed on to our customers.

We have been successful in stopping the loss of activities for the Mail Service, which are now showing early signs of strong growth, meaning that the Mail Service has met its financial targets.

The Cars Service has suffered from the loss of allocated services, and the cost increases of compliance with WTD. Much work remains to recover the financial position of this service, and some significant steps have taken place following a successful voluntary severance package at the year end. The positive impact of this should be seen in the new Financial Year (FY).

Progress has also been made with the introduction of new processes and procedures, although, again, much more needs to be achieved in the next FY, in order to improve our operations, and reduce risks complicit with poor compliance with operational processes.

Considerable changes have been introduced into our IT systems, with further changes planned early in the new FY to improve IT resilience, and to reduce costs. These benefits should be realised next year.

The Agency continues to win awards for its low carbon vehicle fleet, and customer satisfaction, and our accreditation to ISOs 9001 and 14001 have been maintained.

My thanks are due to all colleagues in the Agency, and our Sponsors in DfT for their support and efforts.

Paul Markwick
Interim Chief Executive
16July 2010

Who’s who

Paul Markwick
Interim Chief Executive

Paul Markwick is the Chief Executive of the Vehicle Certification Agency (VCA) and was recently appointed interim Chief Executive of the Government Car and Despatch Agency. At VCA Paul has led the global and financial expansion, focusing on safety and environmental performance.

Prior to joining VCA he worked for Ricardo PLC (Ricardo), and helped develop their international portfolio into vehicle engineering, initially as Director Vehicle Engineering and later as Director Business and Product Planning, responsible for generating new business and delivering complete vehicle projects. Prior to working at Ricardo, Paul held positions at Land Rover, Pirelli and Jaguar.

He replaces Roy Burke, who left the Agency as Chief Executive in March 2010.

Paul is a Fellow of The Institute of Mechanical Engineers, and a Chartered Engineer, and is Vice Chair of ACE, the Association of Chief Executives.

Chris Jones
Director of Government Mail

Chris joined the Agency in June 2009. With 18 years’ experience in Operations Management, Chris was formerly the Operations Director of Bounty (UK) Ltd and has headed the UK Supply Chains of Lindt & Sprüngli and Onken Dairy.

As Director of Government Mail, Chris is responsible for the operational, commercial and financial performance of Government Mail and is a Member of the DfT Procurement Board.

Chris is a Chartered Fellow of the Chartered Institute of Logistics and Transport; a Member of the Chartered Institute of Purchasing and Supply; a founder Member of the Institute of Customer Service and a Member of the Institute of Directors.

Simon Cranfield-Thompson
Director of Government Cars

Prior to joining the Agency in September 2009, Simon was in the Metropolitan Police and directed ministerial personal protection operations.

He brings a broad operational experience that includes working with diverse government departments and directly with Prime Ministers Blair, Major and Thatcher.

Kendrick Macpherson
Finance Director

Kendrick joined us in November 2008. Having previously worked as interim Finance Director, he brought his experience from the Prison Service and 30 years in commerce; and was responsible for steering the Agency’s finances, procurement, security and corporate governance.

Estelle Burns
Director of Performance and Organisational Development

Estelle joined the Agency in June 2009 as Director of People and Organisational Development, and is now our Director of Performance. With 26 years’ experience in HR, most recently specialising in the design and delivery of significant organisational development and change programmes, Estelle is responsible for improving performance management and employee engagement processes and rolling out transformational change across the Agency.

Kenneth Ludlam
Non-Executive Director

Ken joined us in January 2007. He was formerly Group Chief Accountant and Associate Director of Hanson PLC for 27 years. He also currently holds non-executive directorships with Her Majesty's Court Services, Jobcentre Plus and Queen Elizabeth II Conference Centre.

Jerry Cope
Non-Executive Director
Jerry joined us in January 2007, having spent 30 years with the Post Office and Royal Mail, where he was latterly UK Managing Director. He has a wealth of Board-level experience ranging from being a shareholder Director at Camelot to Chair of the Prison Service Pay Review Body

What we do

Background

The Government Car and Despatch Agency became an Executive Agency on 1st April 1997. GCDA is an Executive Agency of the Department for Transport and part of the Motoring and Freight Services Group. It is accountable to Parliament through Ministers. We operate predominantly from sites in London, Cardiff and Bradford, with offices in Birmingham and Warrington. Our revenue is derived primarily from Government and the wider public sector within the UK.

Principal activities

We operate two core businesses to meet our aims, objectives and Business Plan Targets.

Government Cars provides a long and short term chauffeur and car hire, a taxi-style booking service, protected security cars and specially-trained VIP drivers. The Agency also provides fleet management and maintenance services to other public sector bodies.

Government Mail provides secure mail services within Government and the wider public sector. As well as mail delivery, the service offers mail screening services for government departments and secure waste disposal.

Objectives and strategies

Our aim is to be the Government's first choice secure provider for moving people, mail and documents.

Our objectives in delivering this aim are:

- organisational development;
- service provision;
- realising staff potential;
- efficiency and corporate assurance; and
- making best use of IT.

There are 4 key elements to our strategy for achieving our objectives:

- an organisation-wide effort to increase GCDA effectiveness and efficiency;
- transforming customer service to improve customer and staff satisfaction;
- a transformation programme to achieve added value throughout the Agency driving cultural change, along with skills, capability and performance requirements; and
- information system changes in order to provide real time data and information to increase efficiency.

We have made significant progress in the year on the 4 key elements of our strategy. We have restructured our operations; segregating our two main business segments, Government Mail and Government Cars, with each segment being led by a Director of Operations. We are making progress in revamping our information system with the installation of a new computerised wide enterprise information system. The Management Commentary section of this report provides more information on our strategy implementation.

Management commentary

Challenges and opportunities - Simon Cranfield-Thompson – Director of Government Cars

The adoption of regulation brought by the Working Time Directive has presented challenges and allowed us to reduce the long hours of duty traditionally expected of government drivers. This has been accompanied by our closer relationship with customers to ensure their demands have been met; and consideration always being given to providing a quality of service with continuity of drivers wherever this is desired.

The allocated service has been modified and we have re-aligned the “Green Cars” service to ensure that our priority - allocated customers - have the support necessary for their business to continue. This has only been possible with a flexible use of resources that have included carefully selected contractors. With all our work we have displayed an environmental responsibility and achieved government targets for reducing CO_2 emissions.

Studies made across government reveal a need for a co-ordinated approach to their transport demands across the nation. With our knowledge and experience we are seeking to identify an effective response that will bring efficiencies to all.

The Fleet management team together with the workshop technicians have enjoyed another successful year in delivering excellent service to both our own internal fleet and external customers.

During the year we were successful in our tender with Buying Solutions and awarded a framework agreement to supply Fleet Consultancy Services to the wider public sector.

Delivering passengers and mail - Chris Jones – Director Government Mail

Government Mail has continued to focus on removing cost and duplication; simplifying procedures; improving customer service and communications. For the first time in seven years, Government Mail has recovered its costs, a substantial improvement on the 2007/08 losses of £390,000.

With government sending fewer letters and the government estate in London continuing to contract, the focus over the next twelve months will be to build business with our present customer base through better account management, improved customer service and reduced costs. At the same time, where appropriate and within our public sector logistics remit, we will continue to diversify into areas that can deliver growth for us and where we can add value for our customers. In 2009-2010 we worked with the universities and museums sectors for the first time and see this developing further in the future.

Our key aim is to deliver good value to our government and public sector customers and in the current climate we have frozen prices for 2010-2011, this being possible through efficiency savings and growth.

Our Regional Plus courier service continues to perform well and although launched originally as a secure same day service, it has now established itself as a key secure next day service with 90% of work being for next day delivery.

Mail screening continues to be a key offering for us to our customers with all the Government Mail screening equipment upgraded in 2009 to ensure continued quality of service and to give our customers peace of mind that the mail they receive has been screened for any potential risks.

Whilst Government Mail finds itself in an increasingly competitive market, we continue to provide a competitively priced, secure, quality mail, courier and screening service. In November 2010 we will be celebrating our 60th birthday and we look forward to serving our customers for the next sixty years.

Financing and procuring - Kendrick Macpherson – Director of Finance

It has been a challenging year for the Agency's finance function with the team working hard to assess the feasibility of implementing a new finance system and also working through a number of financial changes brought about by the introduction of the EU Working Time Directive.

As part of a wider plan to reduce the Agency's cost base the finance team had a significant input to the Voluntary Severance Scheme and undertook the many complex calculations associated with just over 30 approved applications.

A great deal of work has been undertaken during the year in mapping both the end-to-end processes that take place within the Finance Department and also where finance rely on other departments to provide them with accurate and timely information. This work has resulted in the production of revised finance manuals and processes and procedures guides.

The focus moving forward will be on ensuring the team has the necessary skills and resources to deliver a challenging agenda that will include dealing with changes to the billing system, improving working pratices and procedures and complying with best practice guidance leading to an increase in the overall efficiency of the Agency.

Evolving our approach to Organisational Development and Performance Management - Estelle Burns – Director of Performance

To support ongoing organisational changes, HR is delivering an organisational development framework to enhance and sustain the capacity, capability and performance of our people now and in the future. We will do this by creating an organisational culture where our people are better informed, motivated and engaged.

2009/10 was a year of significant change on many levels, from the introduction of changed work patterns to welcoming several new starters, in addition to new business support staff and part-time drivers, welcoming three new directors and seeing our longest serving director leave, as well as the CEO. We were also able to offer a voluntary severance scheme to eligible staff, several of whom chose a retirement option.

We have launched an internal communication strategy and team briefings. We are developing and promoting effective cross-organisational team-working at Board and leadership team level.

Recruitment and selection decisions are informed by use of psychometric profiles and we have introduced a new behaviour model as part of our performance management process. We now need to embed the required behaviours in order to support the change programme, whilst building on a culture that supports all our people to deliver high performance in a dynamic, changing environment.

We have designed and delivered comprehensive management and leadership development programmes and successfully introduced new Grievance and Disciplinary procedures. There have been 40 staff participants in an accredited Higher Education bespoke learning programme, designed in conjunction with ACUA (part of Coventry University), on ‘Managing Personal Performance’ and ‘Organisational Culture and Change’.

We met the DfT staffing targets for reducing sickness absence levels and managing headcount. This was due to concerted effort to keep performance on track throughout the year, with successful HR business partnering and people management approaches.

The results of the Civil Service employee engagement survey indicate there are still some key improvements to be made within the Agency, and we shall continue to:

- develop clear engagement strategies;
- provide processes that support people through all parts of the change;
- communicate throughout the change programme
- allow for processing of resistance and conflicts; and
- engage all levels of management in the change.

Although it is clear that a great deal of positive work and progress has been completed during the year it must be recognised that Internal Audit have reported on the HR function and have highlighted significant weaknesses in HR record-keeping and failure to comply with stated procedures. The report recommendations are currently being addressed with a robust action plan and a review of internal processes, as well as staff briefings, regular updates and progress monitoring.

There has been a tendency to complete certain activities without reference to process and procedure, including the failure to secure appropriate approvals. Colleagues are now well aware that this is no longer accepted, that standards need to be improved and performance and delivery maintained at the right levels.

Risks and uncertainties

The Agency's risk management policy and processes are discussed at page 25. There are some significant risks and uncertainties, which, if realised, could have a material impact on the Agency's long-term performance and could cause actual results to differ markedly from expected and historical results. The three most significant risks at the end of financial year 2009/10 are shown in the Table below.

Issue	Major Risk	Mitigation
New direction following change of Government	Fundamental review of the way in which the Agency delivers its services as a consequence of decisions taken by the new Government	Several alternative operating models have been prepared. Working closely with Department for Transport.
Competition and / or reduced demand for core services	Loss of key customers	Regular contact with all major customers to ensure the Agency is meeting their current needs. Developing new products to meet future customer needs. Dedicated account manager in place for all major customers.
Efficiency improvements through improved IT	Lack of capacity and capability to deliver new IT systems and processes	The Agency is to migrate its IT to infrastructure managed by Department for Transport. Further training for the Agency's IT staff.

Future development

The main trends and factors likely to affect the future development, performance and position of the business are clearly defined in our 2010/11 business plan. We will continue to trade on the security of our services: a feature that we are sure cannot be matched by others. Our relationships with Governmental colleagues are unique, and while we fully appreciate our privileged position at the heart of Government we are not complacent. A great deal of work has been done and will continue to be done to make our services the best they can be, with the customer at the heart of everything we do.

We are forecasting a reduced turnover of £18.5m for 2010/11 as government departments are under increasing financial pressure to reduce their costs and may hence reduce the services they purchase from GCDA. We will continue with our investment plan in new ICT support systems as part of our Value For Money (VFM) / ongoing efficiency programme. The new integrated system will allow for improved management and financial information for our decision-making process.

GCDA recognises the need to have a clearly defined strategy and responsible policies in place in order to positively impact our activities on our key stakeholders, partners and the broader community. We will continue assuring the sustainability of our operations while helping with broader benefits for customers, suppliers, employees, local community and the environment. The best way to do so is by enabling the correct social and environmental policies and practices within GCDA, where we consider that the most important factors are:

- Giving our people a sense of ownership;
- Our commitment to a common vision, strategy and culture; and
- Engaging our staff.

Environment, health and safety

We are aware of the potential impact on the environment of the GCDA's activities and recognise our responsibility to the environment with regard to fuel consumption, use of paper and print, disposal of waste and recycling, use of toner inks and in reducing our carbon footprint primarily in its consumption of energy.

We consider the impact on the environment as one of the factors when making purchasing decisions and regularly record and monitor the results of those decisions on the environment, where practical. We use recycled paper, operate recycling and toner cartridges and computer equipment continue to be recycled where possible.

Natural resource use

GCDA is now moving into a new phase of its plans, which will focus on how it utilises resources and ensures that there is an embedded culture in the organisation which understands the need to reduce, reuse and recycle and conserves resources through efficient use and careful planning.

GCDA is committed to the principles of Sustainable Development and ensures that staff remain aware of the need to reflect sustainable development principles in decision-making.

Our efforts to reduce carbon footprint throughout the Agency, not just in our excellent fleet management, has already started to pay off. In July 2009 the Agency was awarded the Carbon Trust Standard in recognition of its ability to measure, manage and reduce carbon emissions. It confirmed that between 2007 and 2009 our absolute footprint (tCO2e) had reduced by 15%.

Energy / water use

Our energy and water use is constantly monitored as part of the SDAP and acted upon accordingly. Twelve months ago government-appointed consultants, CIBSE Certification Ltd, visited GCDA premises and gave our buildings an energy efficiency rating of 170. The Agency has been hugely encouraged by the fact that the rating had improved by 41% when the premises were revisited in January 2010.

Travel / Transport

GCDA has adopted a number of different strategies to minimise its environmental impact, including:

- Vehicle allocation;
- Mileage reduction;
- Driver training;
- Policies and practices to address grey fleet (private vehicles used for business journeys);
- Measures to improve health and safety and duty of care; and
- Fleet carbon foot printing.

GCDA continues to succeed in reducing its tailpipe emissions. The fleet average currently stands at an impressive 123.27g CO_2/km, beating the Government's 2012 target of 130g CO_2/km two years early.

The Energy Saving Trust praised the Agency last year for its "clear corporate commitment to reducing the environmental impact of the fleet and of all the GCDA's operations."

Waste / recycling

GCDA has established that on average 51% of the waste that is produced by its business processes is sent for recycling. Of that 51%, the GCDA successfully recycles 99% of it. This is compared to the all-Government figure of 38.5% and exceeds the 2010 target of 40%.

Green policy

Delivering our services in a responsible and sustainable way is a key aim of the Agency. While we have had some considerable success in this regard over the past few years we recognise that we have even more to do in ensuring that our operations are as “green” as they can be. We have one of the cleanest fleets in Government and we will continue to strive to ensure we have the best available technology on our fleet, while recognising that we have to make the right commercial decisions for our business.

Manufacturer	Model	Number	Country of Manufacture	CO_2/kmg
BMW Mini	Cooper D	2	United Kingdom	104
Ford	Connect 1.8 Tdci	5	Turkey	172
	Connect Petrol/Lpg	1	Turkey	229
	S-Max	1	Belgium	193
	Sapphire	2	Belgium	N/A
	Galaxy Mpv New Sch	12	Germany	179
	Mondeo Diesel New Sc	2	Belgium	196
	Transit Diesel	35	United Kingdom	222
	Transit Lpg/Petrol	3	Turkey	269
	Transit Van	1	United Kingdom	N/A
Honda	Civic Es Ima	41	Japan	109
HMC	Hyundai Santa Fe	4	South Korea	218
	Hyundai Sonata	3	South Korea	191
	Hyundai Iload	2	South Korea	222
	Ids Lease Vehicle	6	Netherlands	N/A
Isuzu	Isuzu Recovery	1	United Kingdom	N/A
Jaguar	Sov 4.0 Lev 1	1	United Kingdom	285
	X Type Diesel	1	United Kingdom	149
	X350 Lev 1	6	United Kingdom	330
	Xj Diesel	18	United Kingdom	209
Land Rover	Discovery	16	United Kingdom	244
	Mini Bus	1	Turkey	271
Rover	75 Diesel New	1	United Kingdom	190
	75 Lwb Lev 1	2	United Kingdom	280
Toyota	Avensis	10	United Kingdom	135
	Prius	106	Japan	104
Vauxhall	Vauxhall Astravan	1	Poland	129
	Vauxhall Corsa	5	Spain	127
	Vauxhall Insignia	1	Germany	182
	Vauxhall Omega Lev 1	2	Germany	284
	Vauxhall Zafira	1	Poland	194
	Vectra New Shape	4	Germany	186

Key employment policies

GCDA is an equal opportunities employer, committed to treating employees and job applications equally and fairly. We seek to recruit people with the necessary skills, expertise and qualifications to deliver the Agency's objectives and the ability to make a positive contribution towards its values and aims.

The Agency places considerable value on the involvement of its employees and keeps them informed on matters affecting them as employees and on the various factors affecting the performance of the Agency. This is achieved through formal and informal meetings, staff notices, newsletters and a special edition for employees of the annual financial statements. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. Employees may receive an annual bonus related to the overall performance of the Agency.

Full details of our employment policy can be found in the staff handbook, the management code, intranet updates, and HR policies and leaflets.

The HR team will continue to work on ensuring the organisation is equipped to deal with its ambitious plans.

We shall align our organisational structure, improve creativity and encourage innovation with new ways of working and bespoke learning and development programmes; revisit and embed the organisation's values via employee engagement workshops; improve performance management by use of SMARTER objectives, individual goal-setting and application of the behaviour model; empower frontline decision-making with accountability and responsibility; improve the quality of leadership and internal communication to deliver high performance; and celebrate successes.

We need to apply and roll out the project management methodology introduced last year, and also evaluate the impact and outcomes of organisational development activities around leadership and management development, business planning, personal performance, organisational change, people management, behaviour and communication.

As well as empowering individuals and teams, we aim to improve services to internal and external customers by having a workforce of productive, committed employees who enjoy what they do. We can offer worthwhile work driven by goals and values and help to create a high performance culture.

Operationally, we need to ensure that we reap the benefits of the new HR system and continue to review policies and procedures in collaboration with staff representatives, with a view to simplifying and streamlining the way we do things.

HR business partnering should continue to add value and offer effective support to managers and staff in all aspects of people management, at individual, team and organisational level.

During the financial year ended 31 March 2010, there was 327 staff in permanent employment with GCDA. This is broken down between the various departments as per the table below.

Staffing Levels	Head-count at 31/03/10	FTEs at 31/03/10	FTEs at 31/03/09
Government Cars	190	177	177
Government Mail	61	59	65
Workshop	5	5	5
Mail Screening	5	5	5
Support Services	66	64	63
Total	**327**	**310**	**315**

The total number of employees recruited during the year is shown in the table below:

Staff recruited	09/10	08/09
Government Cars	18	24
Government Mail	5	2
Support Staff	5	12
Workshop	0	0
Total	**28**	**38**

Equal opportunity employer

The Agency is an Equal Opportunities Employer and is committed to a policy of equal opportunities for all. Hence the Agency states that there must be no discrimination on grounds of age, disability, gender, marital status, sexual orientation, race, colour, nationality, ethnic origin or national origin in relation to all aspects of employment. It is Agency policy that everyone should have equality of opportunity for employment and advancement on the basis of ability, qualifications and suitability for work. The Agency is also committed to eliminating all forms of harassment, which is fully in line with the wider equal opportunities policy. Where the behaviour is motivated by age, gender, marital status, race, colour, national or ethnic origin, nationality or disability it also amounts to infringement of equal employment opportunity.

The Agency's culture is one that welcomes and values diversity as well as promoting fair, reasonable and equitable treatment for all. The Agency is committed to positive action to enable all individuals to reach their full potential and to work in an environment free from discrimination and harassment. A policy statement has been prepared to make clear to all employees that the Agency will not tolerate the discrimination of one employee by another, and to provide procedural guidance to complaints. The intention is to build on this policy and comply as much with the spirit as with the letter of the statement by pursing an effective programme of promoting equal opportunities in employment in the Agency.

Profile of staff	09/10	08/09
No. of Black and Minority Ethnic staff	50	43
No. of Disabled staff	8	8
No. of Female staff	33	32
Staffing levels at 31/03/2010		
Full time	301	309
Part time	26	9

Social and community responsibilities

The Agency works closely with the local community in areas such as:

- Forging links with local inner-city schools by offering regular work experience placements to their students;
- Regular donations of excess office stationery/ materials to local schools.

HM Treasury Direction

These accounts have been prepared by the Agency in accordance with a direction given by HM Treasury in accordance with Section 7(2) of the Government Resources and Accounts Act 2000.

Use of financial instruments

Information about the use of financial instruments by the Agency is given in note 8 to the financial statements.

Events after the reporting period

Details of significant events since the statement of financial position date are contained in note 24 to the financial statements.

Research and development

The Agency has undertaken no research and development in the period.

Supplier payment policy

The Agency's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. For the 2009/10 financial year 84.6% of all payments were made within 10 days and 99.3% were made within 30 days (98.6% of payments were made within 30 days for the 2008/09 financial year).

Charitable and political contributions

During the year the Agency did not make any charitable or political donations.

Directors

A list of directors is provided in the Who's Who section on page 2. There have been the following changes during the year:

Roy Burke	Resigned	26 March 2010
Paul Markwick	Appointed	27 March 2010
Nigel Bennett	Early retirement	30 March 2010
Simon Cranfield-Thompson	Appointed	21 September 2009
Chris Jones	Appointed	1 June 2009
Estelle Burns	Appointed	1 June 2009

Auditors

These accounts have been audited by the Comptroller and Auditor General (C&AG). The notional cost of the audit work for 2009/10 was £49k. The cost is in respect of the audit services relating to the statutory audit. There were no other services provided or assurance work undertaken by the C&AG during the year.

So far as the Accounting Officer is aware, there is no relevant audit information of which the GCDA's auditors are unaware. The Accounting Officer has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the Agency's auditors are aware of that information.

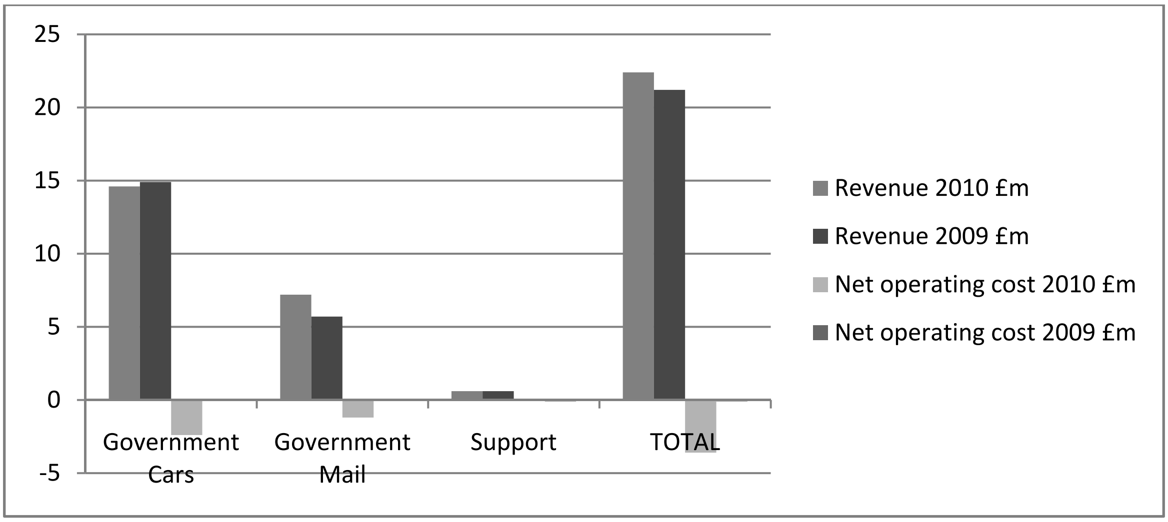
Financial Performance

Results for 2009/10 financial year

A summary of key financial results is set out in the table below and discussed in this section.

Revenue and net operating cost

	Revenue		Net operating cost	
	2010 £m	2009 £m	**2010 £m**	2009 £m
Government Cars	**14.6**	14.9	**(2.4)**	-
Government Mail	**7.2**	5.7	**(1.2)**	-
Support	**0.6**	0.6	**0.0**	(0.1)
TOTAL	**22.4**	21.2	**(3.6)**	(0.1)



Agency total revenue, as reported for the year, was £22.4 million which represents an increase of 6% per cent on 2009 total revenue (£21.2 million).

Financial position

Our statement of financial position at 31 March 2010 can be summarised as set out in the table below

	Assets £m	**Liabilities £m**	**Net assets £m**
Property, plant and equipment	2.8	-	
Intangible assets	0.4	-	
Other non-current assets and liabilities	-	(1.8)	
Current assets and liabilities	5.8	(4.1)	
Total as at 31 March 2010	9.0	(5.9)	3.1
Total as at 31 March 2009	8.0	(4.4)	3.6

Net assets decreased by 14% per cent to £3.1million (2009: £3.6million). The main movements in the statement of financial position items were the provisions made by the Agency in relation to the restructuring programme and dilapidations. We increased our provisions by £1.7 million.

Cash flow

Net cash outflow from operating activities for 2010 was £0.2 million, compared to an inflow of £1.9 million in 2009. This was due to an increase in cash outflows in support of the restructuring programme and also funding the net operating cost from cash reserves. Investing activities for 2010 resulted in an outflow of £0.4 million which was £1.2million lower than the corresponding outflow last year. This was due to lower spend on property, plant and equipment and the timing of purchases with capital accruals of £0.3 million at 31 March 2010. Net proceeds from disposals were £0.2million in 2010, unchanged from 2009.

Changes in accounting policies

The changes in accounting policies are detailed in note 1 to the financial statements.

Measuring our performance

Key performance indicators

Each year we measure our performance against targets set by the Minister for our parent department and our own internal targets. These cover our financial performance, quality of service, customer satisfaction and our impact on the environment.

Secretary of State Targets 2009/10	
Target	**Achievement**
Core Business *Transforming customer service:* To maintain accreditation for ISO 9001. The quality of service is measured by means of ISO 9001, the internationally recognised standard for Quality Management Systems. Measure: March 2010	Achieved
Transforming customer service: To achieve scheduled mail collections and deliveries on a daily basis. Measure: 99%	Achieved
Reduced impact on Climate Change and the Environment: Reduce average tailpipe emissions of the Government Car fleet by 31 March 2010. Measure: 130g/km	Achieved
Customer Service Targets *Transforming customer service:* Deliver the eight customer service promises as set out in the Agency business plan. Measure: 31 March 2010	Achieved
Financial *Improved efficiency and capability:* Achieve repeatable financial efficiency savings during 2009/10 as part of the CSR efficiency delivery plan. Measure: £0.5m	Achieved
Improved efficiency and capability: Deliver financial performance in line with business plan (measured as in-year surplus on near cash administration expenditure of at least £1.7m). Measure: £1.7m	Not achieved

Case study

Last autumn, the EU's Working Time Directive came into force for GCDA. This had a huge impact on how our services are run and took months of preparation behind the scenes to implement.

After negotiation with the trade unions and consultation with the Private Offices that look after our customers, a new variable 48 hour contract was agreed. It has been in operation since November 2009.

This was the result of extensive individual customer consultation, which began in December 2008. Several Private Office open forums were held to update everyone on progress and to allow questions to be raised. We produced user guides for both office and drivers.

The WTD project team was led by Ben Davis, Assistant Director Government Cars/Head of Fleet Operations with the assistance of Andrew Gardner, Allocated Account Manager and an external consultant.

"The project required great dedication, resilience and determination to meet the Directive's demands within an immovable timeframe," says Simon Cranfield-Thompson, Director of Government Cars, who joined the Agency in September 2009.

Remuneration report

This report sets out the remuneration policy for the Agency's directors, outlines the various elements of their remuneration and discloses the amounts of remuneration paid to the Agency's directors in 2009/10.

Remuneration Policy

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries. In reaching its recommendations, the Review Body has regard to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets;
- their effects on the recruitment and retention of staff; 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.

Service Contracts

Civil service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended until they reach the normal retiring age of 60. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme. The notice period for the directors is three months. Further information about the work of the Civil Service Commission can be found at www.civilservicecommission.gov.uk.

The Agency's remuneration policy for the Chief Executive, executive directors and the non-industrial workforce operates within a pay and grading banding structure that is applied within civil service pay and guidance issued by the Treasury. The directors and non-industrial workforce are eligible for an annual performance related bonus. This is determined within Treasury guidelines and negotiated with the Trades Unions at the annual pay round.

Remuneration package

The remuneration package for the Agency's directors which applied during the year is set out below. During the year the remuneration package comprised the following elements:

- a basic salary;
- a performance related non-consolidated bonus; and
- a final salary defined benefit pension entitlement.

Basic salaries

The basic salaries of all the directors are determined by their position in the banding structure currently in place within the Agency. The band is determined by grade and position within the grade by factors such as experience, professional qualifications and market forces.

Bonuses

A performance related non-consolidated bonus is paid each year to all non-industrial staff, including the executive directors and is tied to the markings achieved in the annual performance appraisal. All non-industrial staff, including executive directors received a consolidated increase on their annual salaries based on the outcome of their annual appraisal in line with the Agency's policy on performance management, and in compliance with the Agency's Treasury approved pay remit. An equal pay health check at the Agency was completed at the end of March 2005 by an external consultancy. This has been developed into a pay platform for non-industrial staff that conforms to best practice and can support the Agency's longer term reward strategy.

The following table provides audited details of the remuneration of the directors of the Agency:

Name	Salary per annum (2009/10) £	Benefits in kind	Salary per annum (2008/09) £	Benefits in kind
Roy Burke (to 26 March 2010)	68,075	-	68,568	-
Estelle Burns	54,102	-	-	-
(Annual equivalent)	(65,178)			
Chris Jones	46,270	-	-	-
(Annual equivalent)	(56,800)	-	-	-
Simon Cranfield-Thompson	29,013	-	-	-
(Annual equivalent)	(54,680)	-	-	-
Alan Westover (to February 2009)	-	-	91,005*	-
(Annual equivalent)			(65,709)	
Nigel Bennett (to 30 March 2010)	63,900	-	59,567	-
Kendrick Macpherson	60,500	-	25,000	-
(Annual equivalent)			(60,500)	

*includes payment in lieu of notice of £29,916.

The Chief Executive is paid under the policies operated within the Senior Civil Service. All amounts shown above include bonus payments where applicable.

Paul Markwick did not derive any salary from GCDA for the financial year under review.

Estelle Burns became a full time employee on the 1 June 2009.

Non-executive directors

It is Agency policy for the Executive Board to determine the fees paid to the non-executive directors. Non-executive directors receive a basic annual fee in respect of their Board committee duties.

Fees are reviewed annually and are set by the Board to attract individuals with the broad range of skill and experience appropriate for a central government agency operating in a commercial environment. In determining the level of fees paid to the non-executive directors the following factors are taken into account: their duties and responsibilities; the time commitment required in preparing for and attending meetings; and the amounts paid by organisations of a similar nature. Non-executive directors receive no other benefits in addition to their fees, nor do they participate in any performance related pay schemes.

The basic fee paid to each non-executive director during the year was £4,000 (2008/09: £4,000).

The non-executive directors have letters of appointment setting out their duties and responsibilities. The appointments are ongoing and may be renewed by mutual consent. These appointments can be terminated at any time by either party, without the payment of compensation, upon giving one month's notice.

Name	Date of appointment	Date appointment terminates
Jerry Cope	January 2007	Annual Review
Kenneth Ludlam	January 2007	Annual Review

Pensions

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 good quality 'money purchase' stakeholder pension with a significant 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' 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 in respect of service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 calculated 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 updated in line with RPI. In all cases members may opt to give up (commute) pension for 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**.

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

Columns 4 and 5 of the table on page 21 show the member's Cash Equivalent Transfer Value (CETV) accrued at the end and the beginning of the reporting period. Column 6 reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures, and other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements and for which the CS Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

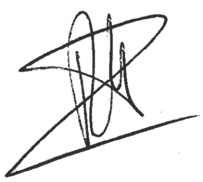
The remuneration package for the directors includes employer contributions into the Principal Civil Service Pension Scheme (PCSPS). All the executive directors are members of one of the three statutory based 'final salary' defined benefit schemes (classic, premium and classic plus). Further details of the PCSPS can be found in the notes to the accounts and at www.civilservice-pensions.gov.uk.

Pension benefits (audited).

During the year each of the executive directors accumulated pension benefits under the non-contributory defined benefits PCSPS pension scheme.

Name	Real increase in pension and related lump sum at age 60 £	Accrued pension at age 60 at 31/03/10 and related lump sum £	CETV at 31/03/10 £	CETV at 31/03/09 £	Real Increase in CETV £
Roy Burke Chief Executive (to 26 March 2010)	1,504 Plus lump sum of 4,512	20,506 Plus lump sum of 61,519	351,000	321,000	25,000
Estelle Burns Director People and Organisation Development	1,244 no lump sum payable	1,244 no lump sum payable	14,000	N/A	12,000
Chris Jones Director of Government Mail	1,459 no lump sum payable	1,459 no lump sum payable	12,000	N/A	7,000
Simon Cranfield-Thompson Director of Operations	667 no lump sum payable	667 no lump sum payable	9,000	N/A	8,000
Nigel Bennett Director of Operations (to 30 March 2010)	6,565 Plus lump sum of 11,827	29,507 Plus lump sum of 80,652	590,000	431,000	12,300
Kendrick Macpherson Director of Finance	818 no lump sum payable	818 no lump sum payable	14,000	N/A	6,000

Paul Markwick did not accumulate a pension benefit from his role with GCDA.



Paul Markwick
Interim Chief Executive and Accounting Officer
16 July 2010

Statement of the Agency’s and Accounting Officer’s responsibilities

Under Section 7(2) of the Government Resources and Accounts Act 2000 H M Treasury has directed GCDA to prepare a statement of accounts for each financial year 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 at the year end and of its income and expenditure, changes in taxpayers’equity and cash flows for the financial year.

In preparing the Accounts the Agency is required to:

- observe the accounts direction issued by H M 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 Government Financial Reporting Manual, have been followed and disclose and explain any material departures in the financial statements; and
- prepare the Accounts on the going concern basis, unless it is inappropriate to presume that the Agency will continue in operation.

The Accounting Officer of the Department for Transport has designated the Chief Executive of GCDA as Accounting Officer for the Agency. His relevant responsibilities as Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for the keeping of proper records and for safeguarding the Agency’s assets, are set out in Managing Public Money issued by H M Treasury.

Scope of responsibility

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

My role as Accounting Officer for the Agency is delegated to me by the Additional Accounting Officer, the Director General of the MFS Group at the Department for Transport, the parent Department, and is described in the Agency's Framework Document. The performance of the Agency is reported to Ministers quarterly. I was assigned responsibility for the Agency on 27th March 2010; the previous Chief Executive Roy Burke left the Agency on 26th March 2010.

GCDA operates in accordance with the MFSG Governance Handbook authorised by the Secretary of State for Transport and this defines the Agency's operating and financial accountability and responsibility.

The GCDA Sponsorship Board reviews the strategic planning framework, including the business plan and the progress contained therein towards the achievement of key targets and other significant objectives for 2009-2010. The members of the board are the MFSG Director General, Director of Transformation, Licensing, Logistics and Sponsorship, MFSG Director of Resource Planning & Sponsorship, MFSG Head of Policy for GCDA, the GCDA Audit Committee Chair, Chief Executive and Finance Director. Other officials may attend if required. The Sponsor Board met on four occasions during 2009-2010.

GCDA participates fully in the MFSG co-ordinated business planning, performance delivery and risk reporting systems.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve targets, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Agency targets, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 March 2010, and up to the date of approval of the Annual Report and Accounts, and accords with Treasury guidance.

Capacity to handle risk

- The Agency's approach to risk management is established in its risk management policy.
- GCDA's risk management procedure, which is reviewed and updated annually, sets out the way in which the risk management policy is implemented within GCDA.
- GCDA's risk management procedure provides extensive guidance to staff on the definitions, criteria and methods available for risk assessment, and is made available to all personnel via GCDA's Quality Control System and our Intranet. Risk assessment is now part of the annual reporting system.

Statement of internal control 2009/10

The risk and control framework

The key elements of the Agency's Risk Management Policy are:

- a definition of risk;
- the underlying approach to risk management;
- the role of the GCDA Management Board, the Chief Executive and senior departmental and operational managers;
- risk management as part of the system of internal control;
- and a review of its effectiveness.

The nature of the Agency's activities determines its approach to risk and has been taken into account in developing the Agency's risk management arrangement policy. During the year the MFS Group published a new Corporate Risk Management Policy with which the Agency's approach has been aligned. Risk is identified and evaluated through regular reviews of the risk registers involving all key members of the Agency's staff. Risk is controlled through the Agency's management processes, regular monitoring and reporting of risk, and through the Audit and Risk Management Committee's reports to me as Accounting Officer.

Information Assurance

The Agency does not hold or process personal data in respect of the general public. Some data held on GCDA's ICT network and laptops could be classed as commercially sensitive. All staff handling this data are required to sign the Agency's IT policy on joining the Agency. Staff members are periodically reminded of the importance of protecting data.

I have appointed a Senior Information Risk Officer (SIRO) and each part of the Agency has at least one Information Asset Owner (IAO) responsible for information assets within their area. Each quarter IAOs report to the SIRO on potential risks to, and status of, their information assets. All staff are required to complete basic information assurance training. All staff have been reminded that personal data must be processed in accordance with the requirements of the Data Protection Act and the data protection principles set out under it. GCDA has procedures for reporting breaches of information security. The GCDA Board has reviewed and approved the Information Risk and Security Policy. Business continuity plans are in place but have not been fully tested during the year.

There have been no incidents during the year that have warranted a disclosure to the Information Commissioner.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Agency who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the results of the review of the effectiveness of the system of internal control by the GCDA Management Board and the Audit and Risk Management Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The GCDA Management Board advises me as Accounting Officer in determining the risk management culture and the risk appetite of the Agency. The Board also advises me on the implications of major decisions affecting the Agency's risk profile, monitors the management of significant risks and satisfies itself that lesser risks are being properly managed by the Chief Executive, the Executive Directors, senior departmental and operational managers with the appropriate controls in place and working effectively.

The Executive Directors undertake at least annually a review of the effectiveness of the system of internal control within their areas of accountability and provide a report to me as Accounting Officer for the Agency.

The Audit and Risk Management Committee is required to report through the GCDA Management Board to me as Accounting Officer on the system of internal control and to alert me to any emerging issues or significant changes to the risk framework. In addition the Committee oversees the internal audit, external audit and management processes as required in its review of the system of internal control.

Internal Audit is responsible for reporting on the effectiveness of the system of internal control, including risk management. The Agency has employed the Department for Transport's Audit and Risk Assurance section as its internal auditors who operate to Government Internal Audit Standards. They have submitted regular reports that include the Internal Auditor's independent opinion on the adequacy and effectiveness of the Agency's system of internal control together with recommendations for improvement.

A revised Corporate Governance Framework was adopted by the Board in January 2010 and the Agency's corporate governance arrangements are generally appropriate to the needs of the organisation. However, the Agency has had a significant number of pressures during the year, including the introduction of the Working Time Directive and a backlog of improvements required to some of its basic processes and systems. These have meant that some established controls and reports have not been as systematically applied as is necessary. Therefore, although this has not resulted in any material loss to the Agency, the Internal Auditors have correctly reported that the arrangements for risk management, governance and control processes have not been adequate and effective throughout 2009/10.

During 2009/10 The Board was made aware of a fraud in relation to the use of fuel cards. Management investigated the incident and referred the case to the local police to follow up. As a result of this a number of management actions have been undertaken. Other smaller instances of alleged impropriety have been investigated by the Agency, although I have been informed that the cause of these has been identified as non-compliance with established procedures and the Agency has dealt with these cases by the disciplinary route.

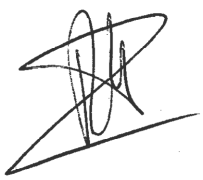
With the main activities of the Agency based around moving people and packages using the public roads, Health and Safety management is critical to the wellbeing of staff and clients. No serious issues have been reported this year, and the Agency will continue to monitor, and seek opportunities for improvement.

During the year the Audit and Risk Committee and the Internal Auditors have made reference to the number of agreed management actions that have remained outstanding. The Agency has recognised that the process for tracking agreed audit recommendations raised during the year was not adequate.

Although the Agency has made improvements in its internal control systems, the resolution of outstanding audit recommendations and defining its risk management policies and processes (which are reviewed regularly by the Board), it is recognised that further progress is required.

The issues set out above have led the Internal Auditors to return a 'weak' opinion overall, although I believe that the Agency is now responding well to the issues of process control, and continuous improvement, and is certified to ISO 9001:2008 by BSI.

As the newly appointed Chief Executive and Accounting Officer I am pressing that the recommendations that have been made, both by the internal and external auditors, are implemented as soon as is practicably possible. The Agency has investigated and documented the key financial processes and procedures and introduced new internal controls. It is imperative that these controls are now put in place and complied with. Addressing these important issues will remain the Agency's focus over the coming months.



Paul Markwick
Interim Chief Executive and Accounting Officer

16 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 Government Car and Despatch 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 Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Agency's and 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 there under.

Opinion on other matters

In my opinion:

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

- the information given in the Management Commentary included within the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

- adequate accounting records have not been kept; or
- 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.
- 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

Operating cost statement
Year ended 31 March 2010

	Notes	2010 £'000	2008/09 £'000
Turnover			
Income from operating activities	5	21,786	20,637
Administration costs			
Staff Costs	3	(15,731)	(12,764)
		6,055	7,873
Other operating costs	4	(10,356)	(8,641)
		(4,301)	(768)
Other operating income		652	623
Net operating cost		(3,649)	(145)

All activities are from continuing operations.

The notes on pages 37 to 58 form part of these accounts.

Statement of financial position

	Notes	31 March 2010 £'000	31 March 2009 £'000	1 April 2008 £'000
Non-current assets				
Property, plant and equipment	6	2,781	2,545	2,594
Intangible assets	7	404	414	50
Total non-current assets		3,185	2,959	2,644
Current assets				
Inventories	10	27	28	34
Trade and other receivables	11	4,471	3,275	3,437
Cash and cash equivalents	12	1,352	1,729	1,156
Total current assets		5,850	5,032	4,627
Total assets		9,035	7,991	7,271
Current liabilities				
Trade and other payables	13	(4,168)	(4,203)	(3,191)
Total current liabilities		(4,168)	(4,203)	(3,191)
Non-current assets less net current liabilities		4,867	3,788	4,080
Non-current liabilities				
Provisions	14	(1,757)	(69)	(212)
Other payables	13	(10)	(133)	(133)
Total non-current liabilities		(1,767)	(202)	(345)
Assets less liabilities		3,100	3,586	3,735
Taxpayers' equity				
General fund		2,577	3,586	3,735
Revaluation reserve	15	523	-	-
Total taxpayers' equity		3,100	3,586	3,735

The notes on pages 37 to 58 form part of these accounts.

Paul Markwick
Interim Chief Executive and Accounting Officer
16 July 2010

Statement of cashflow

	Notes	2010 £'000	2008/09 £'000
Cash flows from operating activities			
Net operating cost		(3,649)	(145)
Adjustment for non-cash transactions		3,349	1,580
Decrease in trade and other receivables		580	162
Decrease in inventories		1	6
(Decrease)/increase in trade and other payables		(62)	439
Use of provisions	14	(432)	(143)
Net Cash (outflow)/inflow from operating activities		(213)	1,899
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(458)	(1,379)
Purchase of intangible assets	7	(132)	(396)
Proceeds of disposal of property, plant and equipment		176	199
Net cash outflow from investing activities		(414)	(1,576)
Cash flow from financing activities			
Grant from sponsoring department		250	250
Net financing		250	250
Net (decrease)/increase in cash equivalents in the period		(377)	573
Cash and cash equivalents at the beginning of the period	12	1,729	1,156
Cash and cash equivalents at the end of the period	12	1,352	1,729

The notes on pages 37 to 58 form part of these accounts.

Statement of changes in taxpayers' equity

	Notes	General fund £'000	Revaluation reserve £'000	Total reserves £'000
Restated balances as at 1 April 2008		3,735	-	3,735
Changes in taxpayers' equity for 2008-09				
Net gain/(loss) on revaluation of property, plant and equipment		-	96	96
Net gain/(loss) on revaluation of intangible assets		-	-	-
Net gain/(loss) on revaluation of investments		-	-	-
Receipt of donated assets		-	-	-
Release of reserves to the operating cost statement		-	-	-
Non-cash charges – cost of capital	4	145	-	145
Non-cash charges – auditor's remuneration	4	47	-	47
Non-cash charges - internal audit and legal	4	30	-	30
Consolidated Fund Standing Services		-	-	-
Transfers between reserves		96	(96)	-
Net operating cost for the year		(145)	-	(145)
Total recognised income and expense for 2008-09		173	-	173
Funding from Parent Department		250	-	250
Amounts due from/(to) the Consolidated Fund		(572)	-	(572)
National Insurance Fund		-	-	-
CFERs payable to the Consolidated Fund		-	-	-
Balance at 31 March 2009		3,586	-	3,586
Changes in taxpayers' equity for 2009-10				
Net gain/(loss) on revaluation of property, plant and equipment		-	523	523
Net gain/(loss) on revaluation of intangible assets		-	-	-
Net gain/(loss) on revaluation of investments		-	-	-
Receipt of donated assets		-	-	-
Release of reserves to the operating cost statement		-	-	-
Release of reserves to the statement of financial position		-	-	-
Non-cash charges – cost of capital	4	149	-	149
Non-cash charges – auditor's remuneration	4	49	-	49
Non-cash charges - internal audit and legal	4	38	-	38
Consolidated Fund Standing Services		-	-	-
Transfers between reserves		-	-	-
Net operating cost for the year		(3,649)	-	(3,649)
Total recognised income and expense for 2009-10		(3,413)	523	(2,890)
Funding from Parent Department		2,026	-	2,026
Amounts due from/(to) the Consolidated Fund		378	-	378
National Insurance Fund		-	-	-
CFERs payable to the Consolidated Fund		-	-	-
Balance at 31 March 2010		2,577	523	3,100

The notes on pages 37 to 58 form part of these accounts.

Notes to the accounts

1. a Statement of accounting policies

These financial statements have been prepared in accordance with the Government Resources & Accounts Act 2000 and 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 Government Car and Despatch Agency for the purpose of giving a true and fair view has been selected. The particular policies adopted by Government Car and Despatch Agency are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

b Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment and intangible assets at their value to the business by reference to their current costs.

c 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.

In accordance with IFRS 1, the Agency has prepared an opening IFRS statement of financial position as at 1 April 2008. It has used the same accounting policies in the opening statement of financial position as these financial statements.

d Property, plant and equipment and depreciation

The Agency is required by the FReM to disclose non-current assets in the Statement of Financial Position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the statement of financial position date.

Any revaluation increase arising on the revaluation of non-current assets is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the operating cost statement to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such non-current assets is charged as an expense to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Depreciation on property, plant and equipment is charged to the Operating Cost Statement. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings.

Depreciation is provided on all property, plant and equipment at rates calculated on a straight-line method to write off the cost or the valuation, less the estimated residual value, over the useful lives of those assets as follows:

Motor vehicles	5 years
Specialised vehicles	8 years
Plant and machinery	3 to 5 years
Buildings	4 to 6 years

In the current year, the useful lives of all types of motor vehicles have been aligned at 5 years and the specialised vehicles at 8 years as, previously the useful lives varied between 3 and 5 years depending on the type of vehicle. The impact of this change in accounting estimate in the future is a £444k credit to the Operating Cost Statement.

1. Statement of accounting policies (continued)

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Operating Cost Statement.

The Agency does not capitalise non-current assets with a value of less than £1,000.

e Intangible assets

An internally-generated intangible asset arising from the Agency's development is recognised only if all the following conditions are met:

- an asset is created that can be identified;
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Intangible assets are amortised on a straight-line basis over their useful lives:

Computer software	3 to 5 years

f Inventories

Inventories are valued at the lower of replacement costs and net realisable value on a first in, first out basis.

g Operating leases

Rentals payable under operating leases are charged to the Operating Cost Statement on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

h Pensions

The majority of 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 elements of the scheme, the Agency recognises the contributions payable for the year.

Further pension details are included in the remuneration report on pages 18 to 21.

i Insurance

Insurance is charged to the Operating Cost Statement on the basis of actual premiums paid for motor vehicles.

j Research and development

Expenditure on research and development is treated as an operating cost in the year in which it is incurred.

k Operating income

Turnover comprises income that relates directly to the operating activities of the Agency. It principally comprises fees and charges for services provided on a full-cost basis to other public sector organisations. Operating income is stated net of VAT.

1. **Statement of accounting policies (continued)**

l Operating income (continued)

Other operating income mainly comprises rental income from operating leases which is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

m Capital charge

A non-cash 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%) on the average carrying amount of all assets less liabilities, except for:

(i) 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);
- depreciation of property, plant and equipment and amortisation of intangible assets;

(ii) donated assets, and cash balances with the Office of the Paymaster General, where the charge is nil.

n Contingent liability

In addition to contingent liabilities disclosed in accordance with IAS 37, the Agency discloses for parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of *Managing Public Money.*

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to Parliament.

o Cash and equivalents

Cash and equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

p Financial assets and liabilities

Financial instruments

Financial assets and financial liabilities are recognised in the Agency's Statement of Financial Position when the Agency becomes party to the contracts that give rise to them.

1. Statement of accounting policies (continued)

Financial assets (continued)

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Trade and other receivables are recognised and carried at the lower of the original invoiced value and recoverable amount. Where the time value of money is material, receivables are subsequently measured at amortised cost. Provision is made when there is objective evidence that the Agency will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each statement of financial position date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.
For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Agency's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 86 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Other financial liabilities

Trade and other payables are recognised at cost, which is deemed to be materially the same as the fair value. Where the time value of money is material, payables are subsequently measured at amortised cost.

Financial liabilities are derecognised when the contract that gives rise to it is settles, sold, cancelled or expires.

q Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1. **Statement of accounting policies (continued)**

r General information

The nature of the Agency's operations and its principal activities are set out in note 5. These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Agency operates. All values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

s Critical accounting judgements and key sources of estimation uncertainty

In the application of the Agency's accounting policies, which are described in note 1, senior management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

t Critical judgements in applying the accounting policies

A dilapidation provision has been put in place for any leased buildings to cover the cost to make good dilapidations or other damage occurring during the lease periods. The provision is expected to be utilised at the expiry date of the lease. Provison has also been made for doubtful debts, see note 11.

There are no other significant critical judgements made in applying the accounting policies.

u Key sources of estimation uncertainty

There are no significant sources of estimation uncertainty.

v Adoption of new and revised standards

In the current year, the following new and revised Standards and Interpretations have been adopted and have affected the amounts reported in these financial statements.

IAS 1 (revised 2007)	Presentation of Financial Statements

There were no other new or revised Standards and Interpretations adopted in the current year.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 1 (amended)/IAS 27 (amended)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
IFRS 3 (revised 2008)	Business Combinations
IAS 27 (revised 2008)	Consolidated and Separate Financial Statements
IAS 28 (revised 2008)	Investments in Associates
IFRIC 17	Distributions of Non-cash Assets to Owners
	Improvements to IFRSs (April 2009)

Senior management do not expect that the adoption of these Standards and Interpretations in future periods will have a material impact on the financial statements of the Agency.

2. First time adoption of IFRS

	General fund £'000	Revaluation reserve £'000	Total reserve £'000
Taxpayers' equity at 31 March 2008 under UK GAAP	4,169	27	4,196
Adjustments on transition to IFRS			
Revaluation of motor vehicles	(299)	(27)	(326)
Provision for holiday pay	(135)	-	(135)
Taxpayers' equity at 1 April 2008 under IFRS	3,735	-	3,735
Taxpayers' equity at 31 March 2009 under UK GAAP	4,166	38	4,204
Adjustments on transition to IFRS			
Revaluation of motor vehicles	(423)	(38)	(461)
Provision for holiday pay	(157)	-	(157)
Taxpayers' equity at 1 April 2009 under IFRS	3,586	-	3,586

	£'000
Net operating cost for 2007-8 under UK GAAP	(598)
Adjustments on transition to IFRS	
Revaluation of motor vehicles	(299)
Provision for holiday pay	(135)
Net operating cost for 2007-8 under IFRS	(1,032)

	£'000
Net operating cost for 2008-9 under UK GAAP	1
Adjustments on transition to IFRS	
Revaluation of motor vehicles	(124)
Provision for holiday pay	(22)
Net operating cost for 2008-9 under IFRS	(145)

The transition to IFRS has no material impact on the cash flow statement.

Explanation of reconciling items between UK GAAP and IFRS

Provision for holiday pay

Under IAS 19 Employee Benefits unused annual leave should be classified as a short-term benefit, and be presented as a current liability in the statement of financial position.

Revaluation of motor vehicles

Management have revalued their motor vehicles as at 31 March 2010; this has given rise to restatement.

Software reclassification

Under UK GAAP software development expenditure was capitalised as a tangible fixed asset, whereas under IAS 38 Intangible Assets this cost is classified as an intangible asset.

3. **Staff numbers and related costs**

Staff numbers

The average number of permanent employees (full-time equivalent) excluding agency staff during the year was:

	2010 No.	2008/09 No.
Government cars	182	182
Government mail	64	70
Corporate and support services	64	63
Total	310	315

Agency staff costs incurred in 2009/10 equate to an estimated 8 full-time equivalent staff being employed throughout the year (2008/09: 5 full time equivalent staff).

Staff costs (including senior management)

	2010 £'000	2008/09 £'000
Government cars	9,386	8,576
Government mail	2,919	3,618
Corporate and support services *	3,426	570
Total	15,731	12,764
Permanent staff		
Wages, salaries and allowances **	10,925	10,054
Social security costs	921	782
Pension costs	1,638	1,573
Other	-	20
Holiday pay accrued	140	22
Provision for voluntary early retirement	1,574	-
Agency staff costs		
Wages, salaries and allowances	533	313
Total	15,731	12,764

* includes VER scheme costs

** includes additional costs incurred in 2009-10 as result of changes to staff terms and conditions in order to comply with the conditions of the European Working Time Directive

3. Staff numbers and related costs (continued)

Senior Management' salary and pension entitlements

The salary and pension entitlements of the Chief Executive and the Executive Senior Management of the Agency are included in the Remuneration Report on pages 18 to 21.

Pensions

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but GCDA is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2007. Details can be found in the Resource Accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2009-10, employers' contributions of £1,637,862 were payable to the PCSPS (2008-09 £1,572,853) at one of four rates in the range 16.7 to 24.3 per cent (2008-09: 17.1% to 25.5%) of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. 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 joining after 1 October 2002 could opt to open a partnership pension account, a stakeholder pension with an employer contribution. As at 31 March 2010 GCDA had no employees with a partnership pension account.

Further details of the scheme can be found in the Remuneration Report on page 18 to page 21.

4. Other operating costs (administrative only)

	2010 £'000	2008/09 £'000
Cash items		
Vehicle costs and services excluding depreciation	5,042	4,208
Consultancy support	389	142
Stationery and reprographic consumables	28	50
Staff travel, subsistence, and hospitality	259	213
Security	307	252
IT and telecommunications	415	236
Accommodation – general	629	585
Rentals under operating leases – hire of plant and machinery	195	104
Rentals under operating leases – buildings	744	832
Training	94	80
Publicity	24	39
Postage	36	36
Legal	48	21
Uniforms	41	49
Canteen	13	29
Other	224	153
	8,488	7,029
Non- cash items		
Depreciation	768	1,095
Amortisation	142	30
Downward revaluation of fixed assets	115	216
Provision for dilapidations	546	-
Provision for bad debts	93	55
Profit on disposal of fixed assets	(32)	(6)
Cost of capital charge	149	145
Auditors' remuneration	49	47
Internal Audit and Legal (DfT notional charges)	38	30
	1,868	1,612
	10,356	8,641

5. Operating segments

Adoption of IFRS 8, *Operating Segments*

The Agency has adopted IFRS 8 *Operating Segments* with effect from 1 April 2008. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Agency that are regularly reviewed by the Chief Executive to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (IAS 14 *Segment Reporting*) required the Agency to identify two sets of segments (business and geographical), using a risks and returns approach, with the Agency's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. As a result, following the adoption of IFRS 8, the identification of the Agency's reportable segments has changed.

2009/10	Income £'000	Direct expenditure £'000	Internal recharges £'000	Total expenditure £'000	Operating surplus/ (deficit) £'000	Share of total assets £'000
Direct services						
Government cars (Inc Workshop)	14,609	11,697	5,350	17,047	(2,438)	6,137
Government mail (previously InterDespatch Service)	7,177	5,982	2,406	8,388	(1,211)	2,138
Segmental results	21,786	17,679	7,756	25,435	(3,649)	8,275
Corporate Services	652	8,408	(7,756)	652	-	760
Total	22,438	26,087	-	26,087	(3,649)	9,035

The factors used in determining the operating segments are as follows:

- the distinct services being provided within the Agency which are in different industry sectors
- the method of reporting results to the Board.

The Agency's income arises from the provision of chauffeuring, car hire, mail distribution, reprographic and workshop services, all arising in the UK. These services are split between segments as follows: Government Cars includes provision of chauffeuring, car hire and workshop services; Government Mail includes mail distribution and reprographic services. Corporate and Support Services income all relates to rent and service charges associated with the letting out of the Agency's Ponton Road premises to other government departments and external driver training. This is presented as other operating income in the Operating Cost Statement on page 28.

Other operating income, derived from the renting out of Agency premises, is netted off the overall premises costs before being apportioned to each of the business areas.

5. **Operating segments (continued)**

Adoption of IFRS 8, *Operating Segments*

An estimated analysis of total income generated, analysed over public and private sectors is set out below:

2009/10	**Public sector £'000**	**Private sector £'000**	**Total £'000**
Government cars	14,609	-	14,609
Government mail	7,177	-	7,177
	21,786	-	21,786

6. Property, plant and equipment

	Motor vehicles £'000	Specialised vehicles £'000	Plant and machinery £'000	Furniture, fixtures and equipment £'000	Buildings non dwelling £'000	Total £'000
Valuation						
Balances at 1 April 2008	5,017	-	235	148	182	5,582
Additions	1,315	-	6	33	25	1,379
Disposals	(611)	-	-	-	-	(611)
Revaluations	100	-	3	(10)	-	93
Balances at 31 March 2009	5,821	-	244	171	207	6,443
Additions	527	150	19	43	-	739
Disposals	(634)	(85)	-	-	-	(719)
Transfer in	-	1,595	-	-	-	1,595
Transfer out	(1,595)	-	-	-	-	(1,595)
Balances at 31 March 2010	4,119	1,660	263	214	207	6,463
Accumulated depreciation and impairment						
Balances at 1 April 2008	(2,705)	-	(105)	(63)	(115)	(2,988)
Charge for the year	(975)	-	(58)	(41)	(21)	(1,095)
Eliminated on disposals	418	-	-	-	-	418
Eliminated on revaluation	(238)	-	(3)	9	(1)	(233)
Balances at 31 March 2009	(3,500)	-	(166)	(95)	(137)	(3,898)
Charge for the year	(583)	(34)	(60)	(56)	(35)	(768)
Eliminated on disposals	498	77	-	-	-	575
Transfer in	-	(1,527)	-	-	-	(1,527)
Transfer out	1,527	-	-	-	-	1,527
Eliminated on revaluation	452	(43)	-	-	-	409
Balances at 31 March 2010	(1,606)	(1,527)	(226)	(151)	(172)	(3,682)
Net book value						
At 31 March 2010	2,513	133	37	63	35	2,781
	2,321	-	78	76	70	2,545
At 31 March 2008	2,312	-	130	85	67	2,594

6. Property, plant and equipment (continued)

	Motor vehicles £'000	Specialized vehicles £'000	Plant and machinery £'000	Furniture, fixtures and equipment £'000	Buildings non dwelling £'000	Total £'000
Asset financing						
Owned	2,513	133	37	63	35	2,781
Finance leased	-	-	-	-	-	-
On-statement of financial position PFI contracts	-	-	-	-	-	-
Net book value at 31 March 2010	2,513	133	37	63	35	2,781

The revaluation surplus is disclosed in note 15.

Motor vehicles are valued at fair value. The motor vehicles were revalued on the 2 April 2010 by an independent valuer Paul Martin, Senior Auctioneer at Manheim Auctions (Colchester). The valuation was performed on the basis of market value. The valuer used latest observable market prices to determine fair value.

Depreciated modified historic cost is used as a proxy for current value for P&E, FFE and Leasehold improvements because there is no significant difference between these values.

The amounts shown in the Statement of Cash Flow under purchase of property, plant and equipment are reconciled to PPE additions as follows:

	2009/10 £'000	2010/11 £'000
PPE Additions (accruals basis)	739	1,379
Movement in capital accruals	(281)	-
As stated in Statement of Cash Flow	458	1,379

7. Intangible assets

Intangible assets consist of various software and software licences purchased by GCDA.

	£'000
Valuation	
Balances at 1 April 2008	99
Additions	396
Revaluation	(8)
Balances at **Error! Reference source not found.**	487
Additions	132
Balances at 31 March 2010	619
Amortisation	
Balances at 1 April 2008	(49)
Charge for the year	(30)
Revaluation	6
Balances at **Error! Reference source not found.**	(73)
Charge for the year	(142)
Balances at 31 March 2010	(215)
Net book value	
At 31 March 2010	404
At 31 March 2009	414
At 31 March 2008	50

Amortised historic cost is used as a proxy for current value because there is no significant difference between these values.

8. Financial instruments

The GCDA's activities are financed mainly by income generated from Government customers and the Agency has no powers to borrow or invest surplus funds and no transactions are in foreign currencies. Management considers the only significant financial risk that the Agency is exposed to is credit risk.

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 1.

Categories of financial instruments

	31 March 2010 £'000	31 March 2009 £'000	1 April 2008 £'000
Financial assets			
Cash and bank balances	1,352	1,729	1,156
Loans and receivables	3,826	2,176	3,213
Financial liabilities			
Other	4,168	4,203	3,191

Financial risk management objectives

The only significant financial risk faced by the Agency is credit risk. The Agency seeks to minimise this risk by active management of its trade receivables portfolio.

Fair value of financial instruments

Fair value of financial instruments carried at amortised cost

Senior management consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values

9. Impairments

There was no impairment charge for the year.

10. Inventories

	31 March 2010 £'000	31 March 2009 £'000	1 April 2008 £'000
Workshop stock	27	28	34

11. Other financial assets

Trade and other receivables

	31 March 2010 £'000	31 March 2009 £'000	1 April 2008 £'000
Trade receivables	2,232	2,201	3,010
Allowance for doubtful debts	(243)	(150)	(99)
	1,989	2,051	2,911
Other receivables	61	125	302
Amounts due from sponsoring department	1,776	-	-
Prepayments and accrued income	645	1,099	224
	4,471	3,275	3,437

All receivables are amounts falling due within one year.

Trade receivables

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

Total trade receivables (net of allowances) held by the Agency at 31 March 2010 amounted to £1.99 million (2009: £2.05 million; 2008: £2.91 million). No trade receivables were classified as held for sale (2009: £nil; 2008: £nil).

The average credit period taken on sales of goods is 86 days. No interest is charged on the receivables. The Agency has recognised an allowance for doubtful debts based on management's assessment of the recoverability of individual amounts outstanding. As the Agency exclusively provides its services to governmental bodies it does not use any external credit scoring system to assess the potential customer's credit quality and to define credit limits. Trade receivables disclosed above include amounts (see below for aged analysis) which are past due at the reporting date. The Agency does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Agency to the counterparty. The average age of these receivables is 75 days (2009: 99 days; 2008: 101 days).

The analysis of trade receivables that were past due but not impaired receivables:

	31 March 2010 £	31 March 2009 £	1 April 2008 £
30-60 days	186	168	815
60-90 days	105	160	262
90-120	201	165	116
Over 120 days	-	158	339
Total	492	651	1,532

11. Other financial assets (continued)

Movement in the allowance for doubtful debts

	31 March 2010 £'000	31 March 2009 £'000	1 April 2008 £'000
Balance at the beginning of the period	150	99	19
Provision for the year	93	51	80
Balance at the end of the period	243	150	99

Senior management consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

Receivables: amounts falling due within one year

	31 March 2010 £'000	31 March 2009 £'000	1 April 2008 £'000
Balances with other central government bodies	2,608	3,188	3,348
Balances with sponsoring department	1,776	-	-
Balances with local authorities	5	4	5
Balances with public corporations and trading funds	15	21	27
Balances with bodies external to Government	67	62	57
	4,471	3,275	3,437

12. Cash and cash equivalents

The Office of HM Paymaster General (OPG) provides a current account banking service. The following balances were held at 31 March.

	20109/10 £'000	2008/09 £'000	2007/08 £'000
Balance as at 1 April	1,729	1,156	1,220
Net change in cash and cash equivalent balances	(377)	573	(64)
Balance as at 31 March	1,352	1,729	1,156
The following balances at 31 March were held at:			
Office of HM Paymaster General	(465)	1,729	1,156
Commercial bank and cash in hand	1,817	-	-
	1,352	1,729	1,156

13. Other financial liabilities

Trade payables and other liabilities

	31 March 2010 £'000	31 March 2009 £'000	1 April 2008 £'000
Amounts falling due within one year:			
Excess of Parliamentary Grant over actual expenditure	1,352	-	-
2008/09	-	1,729	-
2007/08	-	-	1,156
Trade Payables	2	576	394
VAT	594	528	-
Other Payables	456	552	526
Other taxation and Social Security	329	516	807
Deferred Income and Accrued Expenditure	1,435	302	308
	4,168	4,203	3,191
Amounts falling due after more than one year:			
Deferred Income and Accrued expenditure	10	133	133
	4,178	4,336	3,324

Intra-Governmental Balances

	31 March 2010 £'000	31 March 2009 £'000	1 April 2008 £'000
Balances with other central government bodies	3,737	3,734	2,767
Balances with bodies external to government	441	602	557
	4,178	4,336	3,324

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 10 days. No interest is charged on the trade payables. The Agency has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

Senior management consider that the carrying amount of trade payables approximates to their fair value.

14. Provision for liabilities and charges

	Early departure costs £'000	Dilapidations £'000	Total £'000
Balances at 1 April 2008	212	-	212
Provided in the year	-	-	-
Provisions utilised in the year	(143)	-	(143)
Balance at 31 March 2009	69	-	69
Provided in the year	1,574	546	2,120
Provisions utilised in the year	(432)	-	(432)
Balance at 31 March 2010	1,211	546	1,757

Analysis of expected timing of discounted flows

	Early departure costs £'000	Dilapidations £'000	Total £'000
In the remainder of the Spending Review period (to 2010):			
Between 2010 and 2015	1,036	-	1,036
Between 2016 and 2020	175	546	721
Balance at 31 March 2010	1,211	546	1,757

Early departure costs

Voluntary early retirements (VER) give retirement benefits to certain qualifying employees. These benefits conform to the rules of the Principal Civil Service Pension Scheme (PCSPS). The Agency bears the cost of these benefits until normal retirement age of the employees retired under the Early Retirement Scheme. Total payments in the year amounted to £432k.

The total pensions' liability up to normal retiring age in respect of each employee is charged to the Operating Cost Statement in the year in which the employee takes early retirement and a provision for future pension payments is created. Pensions and related benefit payments to the retired employee until normal retiring age are then charged annually against the provisions.

14. Provision for liabilities and charges (continued)

Other

The Agency is required to maintain the premises at Ponton Road to a standard specified in the original lease agreement. A dilapidation provision has been put in place for this building to cover the cost to make good dilapidations or other damage occurring during the lease period.

15. Revaluation reserves

	Motor vehicles £'000	**Specialised vehicles £'000**	**Plant and machinery £'000**	**Furniture, fixtures and equipment £'000**	**Buildings non dwelling £'000**	**Total £'000**
Tangible fixed assets						
Balance at 1 April 2008	-	-	-	-	-	-
Revaluation increase/decrease	92	-	2	-	2	96
Transfer between reserves	(92)	-	(2)	-	(2)	(96)
Balance at 1 April 2009	-	-	-	-	-	-
Revaluation increase	523	-	-	-	-	523
Balance at 31 March 2010	523	-	-	-	-	523

16. Capital commitments

Contracted capital commitments at 31 March 2010 not otherwise included in these accounts:

	31 March 2010 £'000	**31 March 2009 £'000**	**1 April 2008 £'000**
Property, plant and equipment	-	-	-
Intangible assets	-	250	496
	-	250	496

17. Commitments under leases

Operating leases

	31 March 2010 £'000	31 March 2009 £'000	1 April 2008 £'000
Minimum lease payments under operating leases recognised as an expense in the year	939	936	1,019

Total future minimum lease payments under operating leases are given in the table below for each of the following periods.

	31 March 2010		31 March 2009		1 April 2008	
	Buildings £'000	Other £'000	Buildings £'000	Other £'000	Buildings £'000	Other £'000
Total future minimum lease payments:						
- one year	766	129	778	108	778	67
- two to five years	3,015	95	3,022	77	3,047	75
- over five years	2,998	-	3,751	-	4,505	-
	6,779	224	7,551	185	8,330	142

The total of future minimum sublease payments expected to be received under non-cancellable subleases at the end of the reporting period is £2,279,250 (2009: £2,532,500; 2008: £2,009,700).

GCDA leases a number of office premises under operating leases and subleases one of the office premises. The leases vary in period with the shortest lease being 3 years with the longest lease being 15 years with an option to renew the leases after that period. Where stipulated in the appropriate lease contracts, periodic rent reviews are undertaken after specific periods to reflect market rentals. The sublease typically run for a period of up to 15 years and appropriate rent reviews are undertaken at time periods as stipulated in the respective agreements.

Finance leases

The Agency has not entered into any finance lease agreements as at 31 March 2010 (31 March 2009 nil).

18. Commitments under PFI contracts

The Agency has not entered into any PFI contract agreements as at 31 March 2010 (31 March 2009 nil).

19 Other financial commitments

The Agency had not entered into any non-cancellable contracts for services as at 31 March 2010 (31 March 2009 nil).

20. Contingent liabilities

There were no contingent liabilities as at 31 March 2010 (31 March 2009 nil).

21. Losses and special payments

There were no losses and special payments for year ended 31 March 2010 (31 March 2009 nil).

22. Related party transactions

The Government Car and Despatch Agency (GCDA) is an Executive Agency of the Department for Transport.

During the year, GCDA has generated income amounting to £21.8m (100% of turnover) with the Department for Transport, other government departments and public sector bodies.

None of the GCDA Board members, key managerial staff or other related parties has undertaken any material transactions with GCDA during the year.

23. Financial objectives

The primary financial objective set by the Minister for the Department for Transport was to achieve full cost recovery on an accruals basis. This target was not achieved due to a deficit of £3.6m.

The outcomes were:

	20109/10 £'000	2008/09 £'000	2007/08 £'000
Deficit	3,649	145	1,032
Deficit as % of income from operating activities	16.75%	0.70%	5.51%

24. Events after the reporting period

Government Car and Despatch Agency financial statements are laid before the Houses of Parliament by the Secretary of State of the Department for Transport. IAS 10 requires Government Car and Despatch Agency to disclose the date on which the accounts are authorised for issue.

This is the date on which the accounts are certified by the Comptroller and Auditor General.

No events that could have a material impact on this annual report and accounts occurred after the reporting period between 31 March 2010 and the point at which these accounts were authorised for issue.

All the uncertainties surrounding the Agency's future are fully disclosed in the management commentary under Risks and Uncertainties section on page 8.

The authorised date for issue is the 16 July 2010.

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