Renewable Fuels Agency

the independent sustainable fuels regulator

Annual Report and Accounts 2009/10

Renewable Fuels Agency Annual Report and Accounts for the year ended 31 March 2010

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

The Accounting Officer authorised these financial statements for issue on 14 July 2010

Ordered by the House of Commons to be printed on 26 July 2010.

HC 250 London: The Stationery Office £14.75

ISBN: 9780102966015

Printed in the UK for The Stationery Office Limited
on behalf of the Controller of Her Majesty's Stationery Office

ID 2366342 07/10

Printed on paper containing 75% recycled fibre content minimum.

Contents

Printed on 9 Lives Uncoated paper produced from 100% post-consumer waste.

Chair's Introduction

This is the third Annual Report and Accounts presented by the Renewable Fuels Agency (RFA). I am pleased to report that we have continued to deliver accurate and timely data and analysis on the biofuels supplied in the UK, and the results of our most recent stakeholder survey confirm that our work has been well received by our stakeholders.

Early in 2010, Department for Transport (DfT) ministers requested that the RFA start work on reviewing our systems and guidance for managing the Renewable Transport Fuel Obligation (RTFO), so that we will be able to provide technical information and assistance to the UK Government in the implementation of the European Renewable Energy Directive (RED).

In anticipation of possible changes to implement this Directive, we have revised our reporting requirements for this third year of the RTFO to match our current expectation of the way suppliers may have to report in the future. By doing so, we will give the UK biofuel industry an opportunity to experience a year of reporting against the RED's likely requirements.

We have now started to undertake the programme of enhancements to our online reporting systems and restructuring of our team that will allow us to ensure that any changes for the introduction of the RED run as smoothly and successfully as our introduction of the RTFO in 2008.

In addition to this work, the RFA will continue to play an important part in developing standards for reporting on the carbon and sustainability of biofuels and to undertake cutting edge research on biofuel sustainability.

In January 2010, we published our first Annual Report to Parliament on the impacts of the biofuel supplied under the RTFO. This report contained the world's first ever independently verified 'company by company' reporting on biofuel sustainability. It also summarised the impacts of the biofuels supplied under the first year of the RTFO on carbon emissions; agriculture; other economic activities; sustainable development; and the environment generally, and was based on a broad range of supporting work that we have also published.

This report also presented the Agency's work on types of biofuel projects where indirect land use change could be avoided, following on from the Gallagher Review of the indirect effects of biofuels production, published by the Agency in 2008. In the current year, we are inviting biofuel suppliers to assess projects against our methodology, to enable them to report that they have been able to avoid indirect effects in this way.

The Agency has continued to out-perform financially. In our first full year of operation 2008/09, we under spent our £1.5M budget by 11.5%. In this, our second full year of operation, we have again been able to show a saving through further operational efficiencies, of 8.7%.

There is clearly much work for the Agency to do. We look forward to continuing our good working relationship with all our stakeholders and to providing the Government and the public with the information they need to make informed decisions on biofuels.

We also acknowledge the support of our sponsor department – the DfT – with whom we have continued to work in close partnership. We aim to continue to provide the Department with the high quality of information and advice that will allow them to set good UK policy and to effectively represent the UK's position in EU negotiations.

I also express my gratitude to the RFA staff who have delivered such good and consistent results over the past year.

Ed Gallagher
Chair

Board Members

RFA Chair Ed Gallagher

Professor Ed Gallagher was previously the Chief Executive of the Environment Agency and National Rivers Authority as well as the Manufacturing Director of Amersham International and the Director of Marketing and Product Development at Black and Decker. He was Chair of Energywatch from 2004 to 2009, and was Governor and then Chair of Middlesex University from 1994 to 2004. Ed currently chairs the research-based Centre for Low Carbon Futures, the award winning charity ENVISION and is a Board Member of Consumer Focus.

RFA CEO Nick Goodall

Nick Goodall is CEO of the Renewable Fuels Agency (RFA). He was previously Chief Executive of the Energy Networks Association (ENA). Concurrently, he was CEO at Renewables East to 2004. He was CEO of the British Wind Energy Association (BWEA) for six years from 1997 and is an honorary life member. He is a Fellow of the Energy Institute.

Board member Greg Archer

Greg Archer is the Managing Director of the Low Carbon Vehicle Partnership, a multi-stakeholder, not-for-profit organisation focused on accelerating the shift to low carbon vehicles and fuels. He is also a Director of Cenex, a not for profit company he helped to establish in 2005 to deliver Government programmes on low carbon vehicles. Greg has extensive experience in environmental policy, programme and business management and was one of the lead authors of the Gallagher Review.

Board member Gareth Llewellyn

Gareth Llewellyn is Managing Director of Sustainable Business Strategies. He is a member of faculty at Cambridge University, where he speaks on climate change and energy for the Prince of Wales's Cambridge Programme for Industry. Formerly he was Global Head of Safety and Sustainable Development for Anglo American, Global Director for Corporate Responsibility for National Grid, a Non-Executive Director of National Grid Property Holdings, and a Director of the UK Business Council for Sustainable Energy.

Board member Brian White

Brian White is a consultant advising SMEs on business strategies including energy-related matters. He was co-founder and Director of biofuel trading company BioenerG Ltd. He is Executive Director of Xaviour Energy Ltd, Chair of Milton Keynes Energy Agency and Chair of the Milton Keynes Enterprise Hub. He was Member of Parliament for North East Milton Keynes between 1997 and 2005.

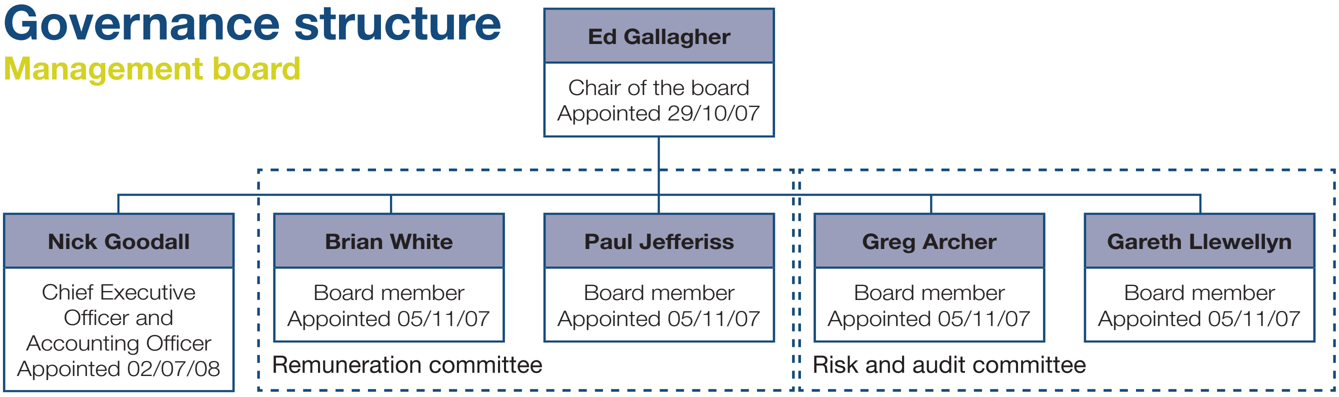
Board member Paul Jefferiss

Dr. Paul Jefferiss is Head of Policy at BP, and a Non-Executive Director of the Carbon Trust. He sits on DECC's Renewable Advisory Board and Ofgem's Environmental Advisory Group. Previous executive roles include Director of Energy at the Union of Concerned Scientists, Director of the Green Alliance and Head of Environmental Policy at the RSPB. He has previously served as a board member of the Low Carbon Vehicle Partnership, the National Energy Foundation and the European Environmental Bureau.

Board Organisation Diagram and Directors' and Senior Officers' Interests

Governance structure

Management board



Directors' and senior officers' interests as at 31 March 2010

Name and position	Relevant Investments	Other remunerated Employment, Office or Professions	Other Regular Sources of Remuneration	Directorships
Edward Patrick Gallagher Chair	All investment done by independent financial adviser who is instructed to avoid investments in energy and fuel supply companies and those with a poor environmental record.	Board Member, Consumer Focus Board Member, ECUS Ltd Chair, Centre for Low Carbon Futures	Consultancy	ECUS Ltd
Paul Jefferiss Board member	Shares held in BP	Head of Policy, BP Non-Executive Director, Carbon Trust Advisory Board, SITA UK	None	Non-Executive Director, Carbon Trust Non-Executive Director, Carbon Trust Investments Ltd
Gregory Trevor Archer Board member	None	Managing Director, Low Carbon Vehicle Partnership	None	Cenex - Centre of Excellence for Low Carbon and Fuel Cell Technology
Brian White Board member	None	Consultant advising small and medium sized companies on business strategies including energy-related matters	None	Eternergy Ltd
Gareth Llewellyn Board member	None	Managing Director, Sustainable Business Strategies Member of Faculty, Cambridge Programme for Industry, Cambridge University	None	None
Nick Goodall Chief Executive Officer	None	See Directorships	None	Goodall & Blinkhorn Ltd

Meeting our Corporate Plan and Business Plan

The RFA works to a Corporate Plan, which was revised in 2009, and a detailed Business Plan for the year. These are both published on the 'Corporate Documentation' page of our website.

The RFA's aim is *'To help the UK achieve its renewable transport fuel targets in a sustainable manner.'*

Its four objectives are;

1. To operate the RTFO, put in place effective measures to encourage compliance and to publish accurate information on biofuels supplied in the UK under the RTFO.
2. To be a Centre of Excellence in carbon and sustainability (C&S) reporting and standards and provide expert advice and support to the Secretary of State for Transport on biofuels currently or prospectively supplied under the RTFO.
3. To engage with stakeholders on matters relating to RTFO and C&S guidance.
4. To provide value for money and accountability to the DfT.

In 2009/10, we measured our performance against 12 key performance indicators, split across our four business areas, reflecting our objectives. These were:

RTFO

- Effective procedures are in place to assess compliance by suppliers with their obligations and measurable actions taken to address risk of fraud.
- Accurate, impartial and clear quarterly and annual reports (on biofuel supplied under the RTFO) have been produced and published as required by the Secretary of State and by the RTFO Order respectively.
- RTFO administration, including the **R**enewable Fuels Agency **O**perating **S**ystem (**ROS**), is both 'user friendly' and robust (i.e. IT secure, systems are appropriate, suppliers are kept informed).

Carbon and Sustainability

- The RFA's guidance on carbon and sustainability reporting is kept up to date with the latest developments, demonstrates continuous improvement and is recognised internationally as an example of good practice.
- All research activity linked to the overall DfT biofuels programme plan has been delivered to agreed deadlines and quality tolerances and the findings have been promptly shared with the Sponsor.
- Accurate advice provided to DfT on RTFO and biofuels which can help inform consideration of how possible changes for RED / Fuel Quality Directive (FQD) could be made and assists Government negotiators for EU comitology meetings.

Stakeholder Relations

- Effective targeted Communications Strategy that enables the RFA to meet its objectives.
- Achieve positive responses from stakeholders to surveys, including meeting specific expectations defined in performance indicators and Communications Strategy.
- Measurable growth in readership of Digest and RFA website among targeted groups meeting specific expectations defined in Communications Strategy.

Office

- Cabinet Office and HMT good practice guidance for the Management of Non Departmental Public Bodies.
- The RFA has operated within its Management Statement and Financial Memorandum.
- Regular meetings have taken place with the sponsoring team in the DfT to provide assurance and updates on business planning, risk management and budgeting and duplication avoided.

At its meeting of 5 May 2010, the RFA's Board assessed the Agency's performance against a detailed schedule of activities listed in the Business Plan and determined that all key performance indicators for 2009/10 had been achieved.

This assessment has been reviewed by the Agency's internal auditors who have confirmed that the KPIs have been met.

Management Commentary

This is the third Annual Report and Accounts of the Renewable Fuels Agency. The RFA is an executive non-departmental public body, created in October 2007 under the RTFO Order 2007 and sponsored by the DfT. In 2009/10 the organisation was funded through £1.364m Grant-in-Aid from the Department; of this £632k was spent on staff costs and £574k on information technology support and maintenance.

The Agency published its first annual report to Parliament on the impacts of the RTFO in January 2010.

The second year of the RTFO began on 15 April 2009 and ended on 14 April 2010. Information on the operation of the RTFO during 2009/10 will be published by the RFA in its second report to Parliament in January 2011.

Monthly reports of aggregated unverified data, and quarterly reports of data by named supplier were made throughout the year. We developed guidance for verifiers of RTFO Carbon and Sustainability annual reports.

Our Corporate Plan 2009-11 was revised and published at our web site. It informs our Business Plan, Risk Register and financial management which is reviewed by the Board (of six, including myself as the Chief Executive Officer, appointed by the Secretary of State to serve until 2011). The Business Plan is implemented by the management team of the Agency and, together with the Risk Register and budget, is systematically reviewed monthly. *Meeting our Corporate Plan and Business Plan* outlines our performance.

We also review our activities with the sponsor team at the DfT on a monthly basis. We are audited both by our internal auditors (currently the DfT's Audit and Risk Assurance team), and externally by the Comptroller and Auditor General (C&AG).

The Board of the RFA regards all health and safety 'incidents' as avoidable, and views the promotion and observance of health and safety measures as an important objective for all employees of the RFA.

Sickness absence for 2008/09 was recorded as 59 days, which, gives an average of 4.7 days per staff year. However over 20 of these days were incurred when a member of staff had to undergo a minor operation. When these days are excluded from the calculation the average is 3.1 days, this is a reduction on last year's average of 0.2 days per staff member. This is well below the widely used public sector guidance that absence should be below 7.5 days per year[1].

Our pension arrangements are detailed in the *Notes to the Accounts* under Notes to the Accounts 1.12 and 3, and in the *Remuneration Report.*

We are committed to equality of opportunity for all our staff, and do not condone discrimination on the grounds of gender, race or national origin, colour, religious belief, disability, marital status, age or sexual orientation in all aspects of employment.

The Board's other financial interests are laid out in the *Directors' and Senior Officers' Interests.*

Following this commentary are set out the *Remuneration Report, the Statement of Accounting Officer's Responsibilities, the Accounting Officer's Statement on Internal Control, and The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament.* These are followed by the Statement of Accounts for the year 2009/10. These accounts have been prepared under a direction from the Secretary of State under the RTFO Order 2007.

The Comptroller and Auditor General is the external auditor of the RFA appointed under the RTFO Order 2007. The audit of the 2009/10 accounts cost £12k (2008/09, £13k) including £3k for an audit of the preparatory work for the implementation of International Financial Reporting Standards (IFRS).

As Accounting Officer, so far as I am aware there is no relevant audit information of which the auditor was unaware. I have taken all reasonable steps to make myself aware of any relevant audit information and that the auditor is aware of that information.

In the year 2010/11, the Agency will be enhancing its systems with a view to making them ready for a revised RTFO.

The Agency will introduce revised reporting requirements and restructure its team to ensure that the introduction of the RED runs as smoothly and successfully as the introduction of the RTFO in 2008.

[1] www.hse.gov.uk/gse/sickness.pdf (section 1.16)

The RFA will continue to set the standard in reporting on the carbon and sustainability of biofuels and to undertake cutting-edge research on biofuel sustainability.

Social, Community and Environmental Issues

The RFA exists to make a positive contribution to a low carbon future; managing a world leading carbon and sustainability reporting system. As a promoter of the supply of sustainable biofuels it is important to us that we also take account our own activities that have an environmental impact. The Environmental Management Strategy developed for our staff continues to operate; and this year we have been able to chart our progress against the previous year's results.

Building

The RFA is based at Ashdown House in Hastings, which also houses other Governmental functions in order to realise efficiencies in building management and IT Services. The RFA has used the Carbon Trust's carbon footprint calculator[2] to convert the raw data into figures for CO_2 emissions. The following information is available regarding carbon emissions from the building as a whole, for which the RFA's proportional share is also shown below:

	Floor Area (m^2)	Carbon emissions (tCO_2)
Ashdown House, Hastings	19,309	2,087.0
RFA	115	12.4

These figures represent a large increase in emissions since the previous year. This is in part due to a more accurate mode of data collection for this year and partly due to the extended cold spell over the winter of 2009/10.

Travel

The RFA's work necessitates a certain amount of travel to engage with stakeholders, share best practice and develop sustainability standards in the field. Staff are encouraged to use the most sustainable method of transport that is practical to the situation. The following table sets out the CO_2 emissions produced by RFA staff travel again using the Carbon Trust's carbon footprint calculator:

	Mode of travel	Carbon emissions (tCO_2)
Travel funded by the RFA	Road	1.1
	Rail	3.2
	Air	13.7
Travel funded by others	Air	15.9
Total	All	33.9

The transport figures for the RFA were higher for the year 2009/10 than the previous period due to an increase in the international profile of the RFA; and the ensuing enhanced level of stakeholder engagement that followed this. The Agency looks to offset carbon emissions where practicable. Where travel is funded by others, the Agency expects any costs of carbon offsetting to be borne by its host.

Water

The water use of our building is 0.18 m^3 per m^2 per year. This is a slight improvement over last year and maintains our position in the 'best practice use' category as defined by the CIRIA[3] water key performance indicators and benchmarks for hotels and offices.

Environmental Care

RFA staff are given two additional days leave each year as environmental care days, which allow staff members to take part in environmental projects in their community. Last year many of the RFA team worked together for a day helping relocate the vegetable garden of the Pestalozzi International Village; located a few miles from the RFA's office.

Nick Goodall
Chief Executive Officer and Accounting Officer
9 July 2010

[2] www.carbontrust.co.uk/cut-carbon-reduce-costs/calculate/carbon-footprinting/Pages/Carbon-footprint-indicator.aspx
[3] www.ciria.org/service/Web_Site/AM/ContentManagerNet/ContentDisplay.aspx?Section=Web_Site&ContentID=8988

Remuneration Report

Remuneration Policy

For the purposes of the Remuneration Report, the senior managers of the RFA are the Chairman, Board members and the Chief Executive Officer (CEO).

The Chairman's remuneration for the year is based on an average contribution of five days per calendar month and the Board members' remuneration for the year is based on an average contribution of two days per calendar month.

The travel expenses of the RFA Board members are tied to the rates allowed to staff of the RFA. Reasonable actual costs are reimbursed.

A robust mechanism is in place to ensure propriety of expenses claimed. In the case of the CEO the expenses are reviewed by the Chair of the Risk and Audit Committee.

The staff of the RFA are subject to levels of remuneration and terms and conditions of service (including superannuation) within the general pay structure agreed with the Department for Transport and the Treasury. The RFA does not have delegated power to amend these terms and conditions.

CEO remuneration is agreed between the Board, via the Remuneration Committee, and the Department for Transport. The members of the Remuneration Committee are Paul Jefferiss (Chairman) and Brian White. The Remuneration Committee makes recommendations to the RFA Board on salary increases and bonus payments for the CEO, taking account of the Annual Report of the Senior Salaries Review Body on Senior Salaries and Treasury / Cabinet Office guidance.

Disclosure of Remuneration and Pension Information for 2009/10

The following sections provide details of the remuneration and pension costs of the Board and have been audited.

Board Members

Remuneration paid to non-executive Board members from 1 April 2009 to 31 March 2010 is set out below. The remuneration shown excludes Employers' NI contributions. The RFA does not make any pension provision for Board members. It has been agreed with HMRC that RFA will pay the tax on certain expenses to the Board members. The Chair of the Board's travel expenses to and from his normal home to the place of work for the year from 1 April 2009 to 31 March 2010 has amounted to £610. This is a taxable benefit and the tax and Class 1B National Insurance Contributions on that is £537 which will be paid by the RFA. One other Board member has claimed expenses for travel between home and his place of work which amounted to £53. This is a taxable benefit and the tax and Class 1B National Insurance Contributions on that is £46 which will be paid by the RFA.

All Board members have a three month notice period, and no compensation terms for early termination in their contracts. The table below has been audited.

Senior Officers

Nick Goodall was appointed the CEO for a fixed period of three years running from 2 July 2008 to 1 July 2011.

Full details of the CEO's pay and pension costs are shown in the table on page nine. This table has been audited.

	Board fees paid in the period ended £000s		**Date appointment commenced**	**Appointment expiry date**
	31 March 2010	31 March 2009		
Prof. E Gallagher (Chair)	30	30	29/10/07	28/10/10
G Archer	9	11[4]	05/11/07	04/11/10
P Jefferiss	9	9	05/11/07	04/11/10
G Llewellyn	9	9	05/11/07	04/11/10
B White	9	9	05/11/07	04/11/10

[4]Includes £2k Special Bonus to reflect his input to the Gallagher Review.

Nick Goodall	31 March 2010	31 March 2009
Salary details	£000s	
Annual full year salary	90 - 95	90 - 95
Bonus	12	10
Special Performance Bonus	0	2
Employer's pension contribution	22	17
Pension		
Real Increase in pension at age 60	0 - 2.5	0 - 2.5
Real increase in related lump sum at 60	0	0
Pension at 31 March	2.5 - 5.0	0 - 2.5
Lump sum at 31 March	0	0
Cash equivalent transfer value at 31 March	45	16
Real increase in Cash equivalent transfer value	20	14
Benefits in Kind	**To Nearest £100**	
Home to office travel expenses, tax and NICs paid by the RFA with the agreement of HMRC	6,700	5,200

Following a recommendation from the Remuneration Committee the Board agreed to freeze the CEO's basic salary for 2010/2011, and his non-consolidated, performance related payments for 2009/10. This means that his total remuneration for 2009/10 is £103,350. In coming to this conclusion, the Board balanced adherence to the terms of the CEO's contract, and the need for restraint in the public sector.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 July 2008, RFA staff may join the defined benefit 'whole career' scheme (nuvos) unless they have a reserved right to join one of the three 'final salary' schemes (classic, premium or classic plus). 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).

The CEO is a member of the nuvos pension scheme.

Employee contributions for nuvos are set at the rate of 3.5% of pensionable earnings. In nuvos a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with RPI. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

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 65 for members of nuvos.

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

Cash Equivalent Transfer Values

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

Real Increase in Value of CETV

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

Nick Goodall
Chief Executive Officer and Accounting Officer
9 July 2010

Statement of Accounting Officer's Responsibilities

Under paragraph 13(2) of the Schedule to the RTFO 2007 the Secretary of State has directed the Renewable Fuels Agency to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the RFA as at the year end and of the income and expenditure, changes in tax payers' equity and cash flows for the financial year then ended.

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

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

The DfT's Principal Accounting Officer on behalf of the Secretary of State has designated the Chief Executive Officer as Accounting Officer of the RFA. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the RFA's assets, are set out in HM Treasury's *Managing Public Money.*

Accounting Officer's Statement on Internal Control

Scope of Responsibility

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

I am ultimately responsible to the DfT's Principal Accounting Officer, and to Parliament for ensuring value for money, regularity and propriety in deploying all the organisation's resources. The DfT provides the Grant-in-Aid that funds the activities of the Agency.

In my capacity as Chief Executive Officer of the RFA, I meet with officials from the DfT at formal monthly meetings. We discuss amongst other things the Agency's performance against its business plan, financial expenditure and risk management.

The Purpose of the System of Internal Control

Our system of internal control is designed to manage risk to a reasonable level (rather than eliminate all risk of failure) to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of organisational policies, aims and objectives, to evaluate the likelihood and impact of those risks being realised, and to manage them efficiently, effectively and economically.

Capacity to Handle Risk

As Accounting Officer, I have responsibility for reviewing our capacity to handle risk. To achieve this, the RFA has developed and implemented the following:

- **a risk management policy:** Our policy reflects the purpose of, and underlying approach to, risk management and the role of the Board (and its Risk and Audit Committee), the management team and staff more widely. This policy has been made available to all staff; and

- **a risk register:** The Register identifies risks to the Agency's operations and activities. All risks are linked to our Business Plan and are assigned to named risk owners.

The Risk Register also includes mitigating actions to eliminate or reduce these risks. The Register is reviewed regularly to confirm that risks included are up-to-date and that they are correctly categorised.

The Risk and Control Framework

The RFA's risk management framework takes account of the *Code of Good Practice on Corporate Governance in Central Government Departments* issued by HM Treasury.

The system of internal control is embedded in the organisation. This includes a monthly management review and oversight by the Board's Risk and Audit Committee.

In order to ensure that information risks are managed, they are incorporated into the Risk Register. Our Internal Auditors follow a risk-based planning approach which takes into consideration the Risk Register. This is in turn reviewed and approved by the Risk and Audit Committee.

The Board

The RFA is supported by a Board which consists of a non-executive Chair, four non-executives and myself as an executive member.

The Board met seven times during the year to 31 March 2010, including once in an 'open' board meeting to which all stakeholders were invited.

The Risk and Audit Committee

The Risk and Audit Committee is a sub-committee of the Board. The Committee consists of two non-executive members. Among the Committee's duties, it makes recommendations to the Board in order that a report on internal controls and such other matters as may be required by law, regulation and the requirements of good governance can be included in the Agency's Annual Report and Accounts.

The members of the Risk and Audit Committee are Gareth Llewellyn (Chairman) and Greg Archer. The Chief Executive Officer also attends all meetings. The Agency's Internal Auditors and representatives of the National Audit Office also attend meetings.

The Committee met six times during the year to 31 March 2010 and in support of its responsibilities considered:

- the policies and procedures to be implemented by the RFA in respect of financial control and risk management;
- the planned activity and results of the external and internal audit and other bodies; and

- the adequacy of management responses to issues identified by audit and other review bodies.

As appropriate, the Committee also met *in camera* without members of the executive to further reinforce its oversight.

The Chairman of the Risk and Audit Committee provides the Board with reports on the Committee's activities and any findings concerning internal control.

Internal Audit services are provided under contract by the DfT's Audit and Risk Assurance Division.

Information assurance
I am the Senior Information Risk Officer (SIRO) for the Agency and have appointed Information Asset Owners (IAOs) who report to me each quarter.

It is the view of the Board that, given the small size of the Agency, there is no practical solution available other than to appoint the Accounting Officer as the SIRO. Additional checks are in place to ensure oversight.

The Agency provides relevant assurance to the sponsoring Department and Cabinet Office on request.

There has been no loss of personal data. All data relating to fuel volumes is stored on ROS. This is housed within the DfT IT environment and has passed the appropriate security checks to enable it to host 'restricted' level information. All data transfers between HMRC and the RFA are governed by the confidentiality requirements set out in the Climate Change Act 2008.

A single instance in which RTFO certificates were erroneously issued because of a ROS software failure was detected, contained and corrected. The relevant risk was subsequently revised within our Risk Register and further controls put in place to mitigate the risk.

Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. Assurance comes primarily from the work of the managers within the organisation who have responsibility for the development and maintenance of the internal control framework.

I also take account of the work of Internal Audit and comments made by the National Audit Office. Internal Audit operates to standards defined in HM Treasury's Government Internal Audit Standards and their work is based on their analysis of risks identified and agreed by the Executive Board and the Risk and Audit Committee. The annual audit programme, approved by the Audit Committee has been completed and the reports issued in connection with the plan provide me with an independent opinion on the Agency's arrangements on risk management, controls and governance in the areas that have been reviewed.

Each year the Head of Internal Audit provides me with an annual report on Internal Audit's activity within the Agency. The outcome of their 2009/10 programme resulted in all reviews receiving an acceptable assurance level. This report also includes their overall opinion on the adequacy and effectiveness of the Agency's governance, risk management and internal control arrangements, which concluded that the Agency's arrangements for 2009/10 have been both adequate and effective.

I am advised on the implications of the results of my review of the effectiveness of the system of internal control by the Board. I plan to continue the work undertaken during 2009/10 to improve the system in place and ensure that it remains appropriate to the developing business of the Agency.

Nick Goodall
Chief Executive Officer and Accounting Officer
9 July 2010

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

I certify that I have audited the financial statements of the Renewable Fuels Agency for the year ended 31 March 2010 under the Energy Act 2004 and the Renewable Transport Fuel Obligations Order 2007. These comprise the *Net Expenditure Account*, the *Statement of Financial Position*, the *Statement of Cash Flows*, the *Statement of Taxpayers' Equity* and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective Responsibilities of the Accounting Officer and Auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit the financial statements in accordance with 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 Renewable Fuels Agency's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Renewable Fuels 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 Financial Statements

In my opinion:

- the financial statements give a true and fair view of the state of the Renewable Fuels Agency's affairs as at 31 March 2010 and of its net expenditure, changes in taxpayers' equity and cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance with the Energy Act 2004 and the Renewable Transport Fuel Obligations Order 2007 and directions made thereunder by the Secretary of State.

Opinion on Other Matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Energy Act 2004 and the Renewable Transport Fuel Obligations Order 2007; and
- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on Which I Report by Exception

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

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

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

Net Expenditure Account

Net Expenditure Account for the Year Ended 31 March 2010

	Note	2009/10 £000	2008/09 £000
Expenditure			
Staff costs	3	632	607
Depreciation	4	134	200
Other Expenditures	4	776	714
	-	1,542	1,521
Income			
Income from Activities	5	44	-
Transfer from Government Grant Reserve	-	134	200
		178	200
Net Expenditure	-	1,364	1,321
Cost of Capital	-	6	7
Net Expenditure after cost of capital charge	-	1,370	1,328

All amounts relate to continuing activities

The notes on pages 18 to 26 form part of these accounts

Statement of Financial Position

Statement of Financial Position as at 31 March 2010

	Note	31 March 2010		31 March 2009		1 April 2008	
		£000	£000	£000	£000	£000	£000
	Note						
Non-current assets:							
Intangible assets	7	268	-	402	-	-	-
Total non-current assets	-	-	268	-	402	-	-
Current assets:							
Trade and other receivables	9	35	-	111	-	18	-
Cash and cash equivalents	10	217	-	-	-	-	-
Total current assets	-	-	252	-	111	-	18
Total assets	-	-	520	-	513	-	18
Current liabilities:	-	-	-	-	-	-	-
Trade and other payables	11	(241)	-	(111)	-	(18)	-
Total current liabilities	-	-	(241)	-	(111)	-	(18)
Non-current assets plus net current assets	-	-	279	-	402	-	-
Non-current liabilities			-		-		-
Assets less liabilities			279		402		-
Taxpayers' Equity							
Government Grant reserve			268		402		-
General reserve			11		-		-
			279		402		-

The notes on pages 18 to 26 form part of these accounts.

The financial statements on pages 14 to 26 were approved by the Board on 7 July 2010 and were signed on its behalf by:

Nick Goodall
Chief Executive Officer and Accounting Officer
9 July 2010

Statement of Cash Flows

Statement of Cash Flows for the Year Ended 31 March 2010

	Note	2009/10 £000	2008/09 £000
Cash flows from operating activities:			
Net outflow after cost of capital	-	(1,370)	(1,328)
Adjustments for non-cash transactions	-	-	-
Adjustments for cost of capital charge	-	6	7
(Increase)/Decrease in trade and other receivables	-	76	(93)
Increase in trade payables	-	130	93
Net cash outflow from operating activities	-	(1,158)	(1,321)
Cash flows from investing activities:			
Purchase of intangible assets	7	-	(2)
Net cash outflow from investing activities	-	-	(2)
Cash flows from financing activities:	-	-	-
Grant-in-Aid from the Department for Transport	-	1,375	1,323
Net financing	-	1,375	1,323
Net increase in cash and cash equivalents in the period	-	217	-
Cash and cash equivalents at the beginning of the period	10	-	-
Cash and cash equivalents at the end of the period	10	217	-

The notes on pages 18 to 26 form part of these accounts

Statement of Taxpayers' Equity

Statement of Taxpayers' Equity for the Year Ended 31 March 2010

	Note	Government Grant Reserve £000	I & E Reserve £000	Total Reserve £000
Balance at 31 March 2008	-	-	-	-
Changes in accounting policy	-	-	-	-
Restated balance at 1 April 2008	-	-	-	-
Changes in Taxpayers' Equity 2008/09:				
Capital Additions	-	602	-	602
Release of reserves to the Net Expenditure Account	-	(200)	-	(200)
Retained Surplus/Deficit	-	-	(1,321)	(1,321)
Total recognised income and expense for 2008/09	-	402	(1,321)	(919)
Grant-in-Aid from the Department for Transport	-	-	1,321	1,321
Balance at 31 March 2009	-	402	-	402
Changes in Taxpayers' Equity for 2009/10:				
Release of reserves to the Net Expenditure Account	-	(134)	-	(134)
Retained Surplus/Deficit	-	-	(1,364)	(1,364)
Total recognised Income and expense for 2009/10	-	(134)	(1,364)	(1,498)
Grant-in-Aid from the Department for Transport	-	-	1,375	1,375
Balance at 31 March 2010	-	268	11	279

The notes on pages 18 to 26 form part of these accounts

Notes to the Accounts

1 Statement of accounting policies

The financial statements have been prepared in accordance with the 2009-10 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy which has been judged to be the most appropriate to the particular circumstances of the RFA for the purpose of giving a true and fair view has been selected. The particular policies adopted by the RFA are described below. They have been applied consistently in dealing with items that are considered material in relation to the accounts.

First-time adoption of International Financial Reporting Standards

As these financial statements represent the RFA's first-time adoption of IFRS, an explanation of the effect of transition is given in Note 2 to these financial statements. Note 2 includes a reconciliation of the RFA's equity as previously reported under UK GAAP as at the date of transition and as at the end of the current reporting period, and a reconciliation of the Net Operating Cost for the previous accounting period under UK GAAP.

The date of transition is 1 April 2009.

1.1 Accounting Convention

The accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment and intangible assets. No revaluation has been done as any changes in value were deemed not to be material.

1.2 Non Current Assets: Property, plant and equipment

In accounting for property, plant and equipment the RFA will recognise assets, the determination of their carrying amounts and the depreciation charges and impairment losses to be recognised in relation to them.

Property, plant and equipment controlled by the RFA through custody or legal rights, are capitalised if they meet the following criteria:

- they are capable of being used for a period which exceeds one year; and
- they have a cost equal to or greater than £1,000, which is the RFA's capitalisation threshold.

Assets will usually comprise single items.

1.3 Valuation

Property, plant and equipment are valued on a net current replacement cost basis. Assets are revalued using appropriate price indices published by the Office for National Statistics. Revaluation surpluses and deficits are taken to the revaluation reserve, except where a deficit is considered to be permanent, in which case it is written off in the Net Expenditure Account, or when the assets were donated or funded by government grant, in which case the surpluses and deficits are taken to the Donated Asset Reserve or Government Grant Reserve respectively. No revaluation has been done as any changes in value were deemed not to be material.

1.4 Non-current assets

Purchased computer software licences are capitalised as intangible assets if they meet the following criteria:

- they are capable of being used for a period which exceeds one year; and
- they have a cost equal to or greater than £1,000, which is the RFA's capitalisation threshold.

Intangible assets are amortised over their useful lives, which are typically between two to five years, on a straight-line basis. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period.

Amortisation is charged in the month of acquisition, and none in the month of disposal. Amortisation is not charged for software under development.

These items are valued using the revaluation model, as described in IAS 38. However, if an intangible asset cannot be revalued because there is no active market for assets of that type, it is recognised at either the revalued amount at the last valuation (if the market was previously active) or at historic cost, less any accumulated amortisation or impairment losses.

Internally generated intangible assets are capitalised if they meet the criteria specified in IAS 38, specifically, that it is possible to demonstrate: the technical feasibility of completing the intangible asset so that it will be available for use or sale; the intention to complete the intangible asset and use or sell it; the ability to use or sell the intangible asset; how the intangible asset will generate probable future benefits – among other things, the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset – the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset and our ability to measure reliably the expenditure attributable to the intangible asset during its development.

The revaluation reserve will reflect the unrealised balance of the cumulative indexation and revaluation adjustments to all assets, except donated assets or those purchased from grant-in-aid, for which the revaluation adjustments will be reflected in the Donated Assets Reserve or the Government Grant Reserve, respectively.

1.5 Depreciation
Depreciation is charged on a straight line basis on each main class of tangible non-current asset as follows:

Furniture and fittings	5 years
Computer equipment	3 years
Computer software	3 to 5 years
ROS	4 years
Other equipment	4 years
Leasehold Improvements	remaining length of lease

Property, plant and equipment are stated at their valuation less accumulated depreciation. Depreciation is charged in the month of acquisition, and none in the month of disposal.

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

1.7 Provisions
The RFA makes provision for liabilities and charges in accordance with IAS 37 where, at the balance sheet date, a legal or constructive liability (i.e. a present obligation from past events) exists, the transfer of economic benefits is probable and a reasonable estimate can be made. Where the effect of the time value of money is material, the estimated risk-adjusted cash flows are discounted and recognised as an interest expense at the rates set by HM Treasury.

1.8 Notional Costs
In accordance with HM Treasury's Managing Public Money, notional charges at the appropriate rate are included for cost of capital on any fees for services provided by the Agency.

1.9 Value Added Tax
The RFA is not liable for corporation tax or other taxes and is not registered for VAT making no taxable supplies.

1.10 Operating Income
Operating income is income that relates directly to the operating activities of the RFA. Operating income is measured at the fair value of the consideration received or receivable and is recognised in accordance with IAS 18.

1.11 Capital charge
A notional charge, reflecting the cost of capital utilised by the RFA, is included in the Net Expenditure Account. The charge is calculated at the real rate set by HM Treasury (3.5 per cent per annum) on the average carrying amount of all assets, less all liabilities, except for:

(a) property, plant and equipment, and intangible assets where the cost of capital 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; and

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

1.12 Pensions and other employee benefits
Past and present employees, including those on fixed term appointments, are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which are described in Note 3. The defined benefit elements of the scheme are unfunded and are non-contributory except in respect of dependents' benefits. The RFA 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 accruals basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution elements of

the scheme, the RFA recognises the contributions payable for the year. The RFA pays the pension contributions for both RFA and seconded staff. There are currently no past employees receiving pensions.

The RFA accrues for short-term employee benefits (which fall due within twelve months of the period in which they are earned). The RFA is required to pay, as termination benefits, the additional cost of benefits, beyond the normal PCSPS benefits, in respect of employees who retire early, unless the retirements are on approved medical grounds. The RFA provides for the full cost of benefits (including pensions payable up to the normal retirement age and lump sums) when it becomes demonstrably committed to providing those benefits.

Staff members appointed in 2007/08 and up to 30 June, 2008 have had any contractual pensions obligations fulfilled by RFA. An accrual of £3,900 was made for this purpose in the year ending 31st March, 2009 and pension payments were made during the current year of £3,000. One person did not take up the option and has since left the RFA.

1.13 Leases
At their inception, leases are classified as operating or finance leases, based on the extent to which the risks and rewards of ownership lie with the RFA. In making the classification, the RFA does not separate the land and buildings elements of arrangements which cover both elements.

1.14 Foreign Exchange
Transactions are translated into sterling at the exchange rate ruling on the date of each transaction. Monetary assets and liabilities denominated in foreign currency at the end of the accounting period are translated into sterling at the rates ruling on that date.

1.15 Significant accounting judgements and estimates
There are no significant accounting judgements or estimates relating to these financial statements.

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

1.17 Financial assets and liabilities
Financial instruments are contracts that give rise to a financial asset in one entity and a financial liability or equity in another entity. During the financial years covered by these accounts, the RFA held the following financial instruments: cash, current receivables and current payables. Current receivables (amounts falling due within one year) meet the criteria given in IAS 39 to be classified as "loans and receivables". IAS 39 requires loans and receivables to be recognised initially at fair value and thereafter at amortised cost. Given the short period between recognition of these receivables and receipt of payment, it is considered that the amount specified in the contract reflects both the fair value and amortised cost of these items.

Current payables (amounts falling due within one year) meet the criteria given in IAS 39 to be classified as "other financial liabilities". IAS 39 requires other financial liabilities to be recognised initially at fair value and thereafter at amortised cost. Given the short period between recognition of these liabilities and payment, it is considered that the amount specified in the contract reflects both the fair value and amortised cost of these items. The RFA considers that it does not hold any items that would be classified as any other type of financial instruments.

The RFA complies with the requirements of IAS 39 in determining the impairment and uncollectibility of its financial assets. As all of its financial assets represent amounts receivable from the Department for Transport, the RFA considers that there is no evidence of their impairment and uncollectibility.

2 First-time adoption of IFRS

	General Fund	Government Grant Reserve
	£000	£000
Taxpayers' equity at 31 March 2008 under UK GAAP	-	-
No adjustments under IFRS	-	-
Taxpayers' equity at 1 April 2008 under IFRS	-	-
Taxpayers' equity at 31 March 2009 under UK GAAP	-	402
No adjustments under IFRS	-	-
Taxpayers' equity at 1 April 2009 under IFRS	-	402
		£000
Net Expenditure for 2007/08 under UK GAAP	-	100
Adjustments	-	-
Net Expenditure for 2007/08 under IFRS	-	100
		£000
Net Expenditure for 2008/09 under UK GAAP	-	1,521
Adjustments for:		
IAS 20: Accounting for Government Grants and Disclosure of Government Assistance	-	(200)
Net Expenditure for 2008/09 under IFRS		1,321

The adoption of IFRS has had no material impact on cash flows.

3 Staff numbers and related costs

Staff costs comprise:

	2009/10				2008/09
	Total	RFA	DfT Secondees	Others	**Total**
	£000	**£000**	**£000**	**£000**	**£000**
Wages and salaries	528	378	130	20	507
Social security costs	42	33	9	-	30
Other pension costs	91	66	25	-	70
Sub Total	661	477	164	20	607
Less recoveries in respect of outward secondments	(29)	(29)	-	-	-
Total net costs	632	448	164	20	607

2008/09 includes fees paid for the interim CEO to 18 July, 2008.

Average number of persons employed

The average number of whole-time equivalent persons employed during the year was as follows:-

	2009/10	2008/09
	Total	**Total**
RFA	9	6
DfT Secondees	5	5
Agency	1	1
Staff engaged on capital projects	-	-
Total	15	12

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but the RFA is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2010. 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 £62,069 were payable to the PCSPS (2008/09: £39,266) at one of four rates in the range 17.1 to 25.5 per cent (2008/09: 17.1 to 25.5 per cent) of pensionable pay, based on salary bands. The employer's contributions to the PCSPS in respect of seconded staff was £24,812 (2008/09: £28,082). 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 can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £7,542 (2008/09: £2,900) were paid to two of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3.0 to 12.5 per cent (2008/09: 3 to 12.5 per cent) of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of £411 (2008/09: £150) 0.8 per cent of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

4 Other expenditure

	2009/10 £000	2008/09 £000
Running Costs		
Board Remuneration	71	73
Travel and subsistence	30	25
Recruitment	2	18
Training and development	11	12
Stakeholder engagement	17	57
Printing, postage and office costs	13	11
Information technology support and maintenance	574	462
External auditors remuneration	12	13
Internal auditors remuneration	14	12
Rents, rates and utilities	32	31
Non-cash items		
Amortisation	134	200
Total	910	914

5 Financing/Income

	2009/10 £000 Total	2008/09 £000 Total
Grant-in-Aid received	1,364	1,321
Consultancy services	44	-
Total	1,408	1,321

6 Property, plant and equipment

No non-current tangible assets appeared on the Statement of Financial Position as at 31 March 2008, 31 March 2009 and 31 March 2010. All tangible assets used by the RFA (office and IT equipment) are on Service Level Agreements, which have a substance similar to operating leases.

7 Intangible assets

No non-current assets appeared on the Statement of Financial Position as at 31 March 2008. On 2 April 2008, the Department for Transport formally handed over the Renewable Fuels Agency Operating System (ROS) which appears as a transferred asset in the statements for 2008/09. The ROS is a purpose built accounts and recording system allowing fuel businesses to open an account and input their data returns to comply with their fuel obligations. The system carries out automated tasks and supplies reports and audit trails for RFA use. It stands alone from other software used by RFA. RFA purchased accounting software in December 2008. All other assets used by the RFA (office and IT equipment) are on Service Level Agreements, which have a substance similar to operating leases.

	Operating System £000	Other software £000	Total £000
Cost or valuation			
At 1 April 2009	600	2	602
Additions	-	-	-
Donations	-	-	-
Disposals	-	-	-
Impairments	-	-	-
Revaluations	-	-	-
At 31 March 2010	600	2	602
Amortisation			
At 1 April 2009	200	-	200
Charged in year	133	1	134
Disposals	-	-	-
Impairments	-	-	-
Revaluation	-	-	-
At 31 March 2010	333	1	334
Net book value at 31 March 2010	267	1	268
Cost or valuation	-	-	-
At 1 April 2008	-	-	-
Additions	600	2	602
Donations	-	-	-
Disposals	-	-	-
Impairments	-	-	-
Revaluations	-	-	-
At 31 March 2009	600	2	602
Amortisation	-	-	-
At 1 April 2008	-	-	-
Charged in year	200	-	200
Disposals	-	-	-
Impairments	-	-	-
Revaluation	-	-	-
At 31 March 2009	200	-	200
Net book value at 31 March 2009	400	2	402

8 Intangible assets

The RFA has no borrowings and relies primarily on Grant-in-Aid from the DfT for its cash requirements, and is therefore not exposed to liquidity risks. It has no material deposits, and all material assets and liabilities are denominated in sterling so it is not exposed to interest rate risk or currency risk. There is no material difference between the book value and fair value of assets and liabilities at 31 March 2010. The RFA does not have any contracts containing derivatives.

9 Trade receivables and other current assets

	2009/10 £000	2008/09 £000
Amounts falling due within one year:		
Trade receivables	32	105
Prepayments and accrued income	3	6
	35	111

All trade receivables and other current assets fall due within one year.

	2009/10 £000	2008/09 £000
Intra Government Receivables Balances:		
Balances with other central government bodies	32	103
Balances with local authorities	-	-
Balances with Public Corporations & Trading Funds	-	-
Balances with bodies external to government	3	8
	35	111

10 Cash and cash equivalents

	2009/10 £000	2008/09 £000
Balance at 1 April		
Net change in cash and cash equivalent balances	217	-
Balance at 31 March	217	-
The following balances at 31 March were held at:		
Commercial banks and cash in hand	217	-
Short term investments	-	-
Balance at 31 March	217	-

The RFA opened a bank account for use from 1 April 2009. Prior to this date all payments were made from a Department for Transport bank account.

11 Trade payables and other current liabilities

	2009/10 £000	2008/09 £000
Amounts falling due within one year:		
Other taxation and social security	13	-
Trade payables	114	-
Other payables	6	-
Accruals and deferred Income	108	111
	241	111
All trade payables and other current liabilities fall due within one year. 2009/10		
Intra Government Receivables Balances		
Balances with other central government bodies	42	9
Balances with local authorities	-	-
Balances with Public Corporations & Trading Funds	-	-
Balances with bodies external to government	199	102
	241	111

12 Provisions for liabilities and charges

There were no reportable provisions at 31 March 2010 or 31 March 2009.

13 Contingent liabilities and contingent assets

There was an outstanding claim lodged against the Agency at the reporting date. The claim is being robustly defended and any liability is considered remote but is considered to be a contingent liability at the year end. As the outcome of this is not known, no provision has been made.

There were no other reportable contingent liabilities or contingent assets at 31 March 2010, 31 March 2009 or 1 April 2008.

14 Capital commitments

There were no capital commitments at 31 March 2010 (31 March 2009, £1k).

15 Commitments under leases

The RFA does not have any commitments under leases as at 31 March 2010 or 31 March 2009. It holds Service Level Agreements (SLAs) that are not considered to be operating leases. See Note 15 for information about the SLAs held with the Department for Transport.

16 Commitments under leases

The Renewable Fuels Agency is an executive non-departmental public body sponsored by the Department for Transport who are therefore a related party. The RFA has an open ended Service Level Agreement (SLA) with the Department for Transport for the rental of accommodation and related services. The charge has been included in the Net Expenditure

Account for 2009/10 at a value of £31,622 (2008/09: £31,231).

In 2009/10 the RFA has engaged in certification with obligated and non-obligated road transport fuel suppliers, however they are not considered to be related parties.

No board member, key manager or other related parties has undertaken any material transactions with the RFA during the year other than those disclosed above or under directors' interests.

17 Financial targets

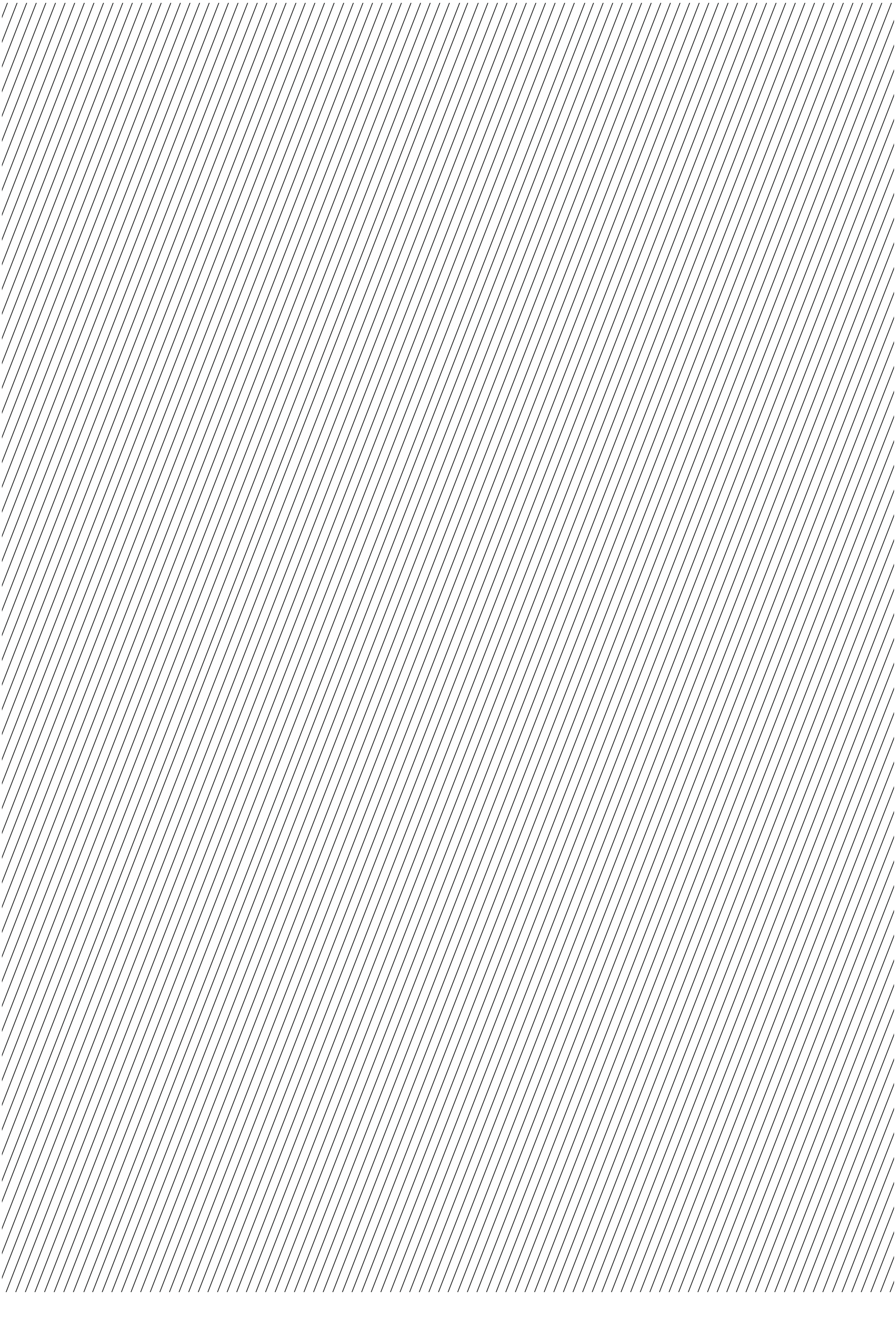
There were no financial targets set by the DfT for the year.

18 Third party assets

The RFA did not hold any third party assets at 31 March 2010 (nil at 31 March 2009).

19 Events after the reporting period

There have been no events that could have a material impact on this annual report and accounts between the end of the reporting period on 31 March 2010 and the date on which these financial statements were authorised for issue.



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ISBN 978-0-10-296601-5

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