



GOVERNMENT CAR
AND DESPATCH AGENCY

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Government Car and Despatch Agency

Final Report and Accounts 1st April 2012 to 30th September 2012



An executive agency of the
Department for
Transport

Government Car and Despatch Agency

Final Report and Accounts

1st April 2012 to

30th September 2012

Presented to the House of Commons pursuant to section 7 of the Government Resources and Accounts Act 2000.

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Government Car and Despatch Agency

Final report and accounts as at 30th September 2012

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Government Car and Despatch Agency

Report and financial statements as at 30th September 2012

Foreword

Welcome to the Final Report for the Government Car and Despatch Agency (GCDA, the Agency). Earlier this year, as part of an on-going reform programme, it was decided that GCDA should lose Executive Agency status and be integrated with the Department for Transport. As a result, GCDA ceased to operate as an Executive Agency on 30 September 2012 and all of its services and functions transferred to the Motoring Services Directorate of the Department for Transport to become the DfT Government Car Service (GCS) with effect from 1 October 2012.

A secure car service for Government Ministers and senior officials was first started in 1946 and an inter-departmental postal service (IDS) was introduced in 1961 to provide a speedy and secure mail courier service between Government buildings. The Government Car and Despatch Agency was formed in 1997 to continue the provision of these two core services to central Government departments and other public bodies. The services and the Agency remained largely unchanged until 2010 when, as a response to changes in the way Ministers travelled and a reduction in the demand for mail services, the Government decided to reform the GCDA. That was largely achieved by closing down the mail service and significantly reducing the cost of providing a car service and by transferring the Agency's responsibilities to its parent Department.

A new delivery model for the car service was started in April 2012 to maximize utilization of cars and drivers whilst reducing the overall size of the workforce and vehicle fleet. The mail service was closed in July 2012 with minimal disruption to our customers. The Agency closed down on 30 September and began delivering the car service as the GCS on 1 October. In addition to departmental pool cars, GCS is also operating a top-up service for departments who have already taken a pool car. We are expecting to transfer that service to the private sector through the establishment of a framework agreement in early 2013. We will continue maintaining our own fleet and will provide a fleet management service to other Government bodies for the foreseeable future.

With the withdrawal of agency status, the Government's reform plans for GCDA are almost complete. Since 2010, we have invested considerable time and effort to reduce costs and maintain or improve the quality and security of services we offer in a manner that was fair to our customers and, of course, our staff. As an example of the savings already made, driver numbers have reduced from over 200 in April 2010 to 75 at the end of September and the vehicle fleet stood at 116 which is a 56% reduction on the April 2010 position.

Over the last few years, GCDA managed to completely overhaul the services it delivered and made major reductions to its operations, workforce and fleet. Whilst these can be seen as achievements in themselves, the greatest success has been the delivery of an uninterrupted service to a wide range of customers across the public sector with no diminution in quality or security. We can rightly be proud that GCDA maintained its well deserved reputation for providing the Government with secure, high-quality services throughout a period of considerable change and uncertainty.

My thanks are due to all colleagues in the Agency and in DfT for their support and hard work over the years. I am particularly grateful to the last GCDA Chief Executive, Marian Duncan and her management team for successfully steering the Agency through some very difficult times and for ensuring the Government Car Service is well placed for the future.

Government Car and Despatch Agency

Report and financial statements as at 30th September 2012

Foreword

Considerable challenges lie ahead as we migrate all of GCDA's legacy systems and processes to DfT but, with colleagues' continued commitment, I am confident that we will deliver all of the changes needed to establish the Government Car Service as a trusted supplier of car services to Government departments for many years to come.

Philip Rutnam
Permanent Secretary and Accounting Officer
Department for Transport
Date: 13 February 2013

Government Car and Despatch Agency

Report and financial statements as at 30th September 2012

The GCDA purpose

Background

The Government Car and Despatch Agency became an Executive Agency of the Department for Transport on 1st April 1997. Agency status was withdrawn from GCDA on 30 September 2012 and it was re-formed as the Government Car Service within the Motoring Services Directorate of the Department for Transport with effect from 1 October 2012. The Agency was accountable to Parliament through its Chief Executive and Ministers until it closed. The Government Car Service will remain accountable to Parliament but from 1 October 2012 it will be through the DfT Accounting Officer and Ministers. GCDA's headquarters was in London but it also operated from sites in Cardiff and Bradford, with offices in Birmingham until the summer of 2012 when Government Mail operations closed down. GCDA revenue derived primarily from Government and the wider public sector within the UK.

Principal activities

For over fifty years GCDA provided two core services:

- Government Cars: providing cars and drivers to ministers, senior officials and others.
- Government Mail: moving internal mail between government buildings within local networks and inter regionally.

Going forward, the Government Car Service will only provide a car service to departments and a fleet management service to other parts of the public sector.

Aims and Objectives

During the first half of the 2012/13 financial year the Agency's key objectives were to maintain the provision of secure high quality car and mail services, to complete the Agency reform programme and to reduce the cost to the taxpayer of providing core services.

Government Car and Despatch Agency

Report and financial statements as at 30th September 2012 Management commentary

Government Car Services

From April 2012, Departments had access to a Departmental Pool Car for Ministers to use whilst on official business. At 30 September, 27 service level agreements had been agreed for the provision of one or more Departmental Pool Cars. GCDA also provided a top-up service to departments who had already taken a Pool Car, for times when their own car was being fully utilised. Arrangements are being made for the top-up service to be provided by private sector contractors through a framework agreement.

The Agency also provided a fleet management service to other Government bodies such as the Vehicle and Operating Services Agency (VOSA) and had its own workshop facility for the servicing and repairs of the vehicle fleet. This resource was also available to other Government departments running similar fleets.

The GCDA Workshop was responsible for the disposal of vehicles as they became surplus to requirements. During the reporting period, the Workshop managed the disposal of 74 vehicles from the GCDA fleet and there were 116 vehicles in the GCDA operational fleet at the end of September. The Workshop will play a vital role in ensuring that the objective to achieve a 50% reduction in the fleet by 31st March 2013, against the 2011/12 baseline is met.

Government Mail Services

Government Mail provided secure same day and next day courier and network mail distribution services to Government and the public sector operating from depots in London, Birmingham, Bradford and Cardiff until 13 July 2012. Government Mail also provided two additional services related to its courier work: secure mail screening and confidential waste destruction until 13 July 2012.

The successful closure of all Government Mail operations, including courier work, secure mail screening and confidential waste destruction was achieved with minimal disruption to customers.

Finance

The Agency maintained its financial control environment throughout the reporting period and continued to provide support to the operational changes that took place within GCDA. The Finance team will play a key role in migrating finance and procurement systems and processes to DfT with an objective of full migration being achieved by 31 March 2013.

Estates and Facilities Management and IT

Established procedures for maintaining a secure site and ensuring the health and safety of staff were maintained. Responsibility for managing the Ponton Road site will transfer to DfT as part of the ongoing migration.

The responsibility for servicing the Government Car Service's IT needs and keeping IT assets, including data, safe will be shared with DfT. It is likely that Government Car Service will retain responsibility for legacy systems supporting the car service and DfT will continue to support the IT system (ETHOS) which provides all DfT staff with access to DfT's office automation software (Outlook), and file and print services via standard PC equipment.

Government Car and Despatch Agency

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Human Resources

During a period of considerable change and uncertainty, the HR team managed the reduction to the Agency's workforce by running Voluntary Early Retirement (VER) and Voluntary Early Severance (VES) schemes for both industrial and non-industrial staff.

HR implemented new performance management arrangements for industrial staff and a new drug and alcohol policy for the Agency. Despite the many changes to GCDA over the reporting period, an average sickness absence rate of 4.4 days had been achieved by the end of September, which was well within the Business Plan target of less than 9 days.

Between April 2012 and 30th September 2012, the workforce was reduced from 178 to 108 and further reductions are planned. The workforce was broken down between the various departments as per the table below.

| Staffing Levels | Head count at 30/09/12 | FTEs at 30/09/12 | Head count at 31/03/12 | FTEs at 31/03/12 |
|------------------|------------------------|------------------|------------------------|------------------|
| Government Cars | 75 | 66.5 | 86 | 80 |
| Government Mail | 4 | 4 | 47 | 45.5 |
| Workshop | 2 | 2 | 4 | 4 |
| Mail Screening | 0 | 0 | 3 | 3 |
| Support Services | 27 | 27 | 38 | 38 |
| Total | 108 | 99.5 | 178 | 170.5 |

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

| Staff recruited | 12/13 | 11/12 |
|-----------------|-----------|----------|
| Government Cars | 13 | 0 |
| Government Mail | 0 | 0 |
| Support Staff | 0 | 1 |
| Workshop | 0 | 0 |
| Total | 13 | 1 |

Health and Safety

The GCDA Health and Safety (H&S) policy was published on our intranet site *Gearbox*. A Health and Safety Committee (HSC) supported the Management Board on matters of health and safety policy. Its scope included the monitoring of compliance with H&S legislation and regulation, ensuring GCDA plans reflected H&S policies, resourcing and training for H&S within GCDA, liaison with staff and staff representatives. The HSC reported to the Management Board on matters referred to it and also provided the Board with an Annual Report on its activities.

Government Car and Despatch Agency

Report and financial statements as at 30th September 2012 Management commentary

Equal opportunity employer

The Agency was an Equal Opportunities Employer and was committed to a policy of equal opportunities for all. The Agency's Management Code stated 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 was 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 was also committed to eliminating all forms of harassment, which was fully in line with the wider equal opportunities policy. Where behaviour was motivated by age, gender, marital status, race, colour, national or ethnic origin, nationality or disability it also amounted to an infringement of equal employment opportunity.

The Agency's culture was one that welcomed and valued diversity as well as promoting fair, reasonable and equitable treatment for all. The Agency was committed to positive action to enable all individuals to reach their full potential and to work in an environment free from discrimination and harassment. Employees were clear that the Agency would not tolerate the discrimination of one employee by another, and procedural guidance on complaints was available to staff.

An Equalities Champion was appointed at Board level to ensure Agency policies and procedures were fair and reflect the diversity of our workforce

| Profile of staff | 12/13 | 11/12 |
|--|-------|-------|
| No. of Black and Minority Ethnic staff | 19 | 32 |
| No. of Disabled staff | 3 | 4 |
| | 12 | 16 |
| Staffing levels at 30/09/2012 | | |
| Full time | 91 | 169 |
| Part time | 17 | 9 |

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 7 to the financial statements.

Events after the reporting period

Details of significant events since the Statement of Financial Position date are contained in note 23 to the financial statements.

Government Car and Despatch Agency

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Research and development

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

Supplier payment policy

The Agency's policy was to settle terms of payment with suppliers when agreeing the terms of each transaction, to ensure that suppliers were made aware of the terms of payment and abide by the terms of payment. For the reporting period 92.4% of all payments were made within 5 days (2011/12: 91.0%) and 99.6% were made within 30 days (2011/12: 99.6%).

Charitable and political contributions

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

Directors

There were no changes in Director posts during the reporting period. The GCDA Management Board shown below ceased to function after 30 September 2012 when agency status ended.

| | | |
|--------------------------|------------------------------------|--------------------------------------|
| Marian Duncan | Interim Chief Executive | Appointment ended 30 September 2012 |
| Alan Aitchison | Corporate Manager | Appointment ended 30 September 2012. |
| Dave Martin | Director of Human Resources | Appointment ended 30 September 2012 |
| Simon Cranfield-Thompson | Director of Government Mail | Appointment ended 30 September 2012 |
| Ben Davis | Director of Government Car Service | Appointment ended 30 September 2012 |

Changes in accounting policies

There have been no changes to accounting policies during the reporting period.

Auditors

These accounts have been audited by the Comptroller and Auditor General (C&AG). The notional cost of the audit work for the 6 months ended 30th September 2012 was £30,000 (2011/12 £43,000). 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.

Government Car and Despatch Agency

Report and financial statements as at 30th September 2012 Measuring performance

Delivering services in a responsible and sustainable way was a key aim of the Agency. It operated one of the cleanest fleets in Government and made every effort to ensure it had the best available technology on its fleet, while recognising that it had to make the right commercial decisions for the business. GCDA invested in the estate to reduce the impact on the environment and environmental impact will be taken in to account when the future for the estate is reviewed.

The following report illustrates our achievements in reducing our carbon footprint and achieving a more efficient and environmentally-friendly use of our resources for the 6 months ended 30th September 2012.

| 2012-13 Sustainability Report | | | | | |
|---|--------------------------------|--------------|--------------|--------------|--|
| Greenhouse Gas Emissions | | 2010-11 | 2011-12 | 2012-13 | Graphical Analysis |
| Gross Emmissions (tonne CO2e) | Scope 1: Direct | 1,586 | 1,391 | 444 | <p>Greenhouse Gas Emmissions</p> <p>tonnes/CO2e</p> <p>Financial Year</p> <p>Legend: Gas, Electricity, Vehicles</p> |
| | Scope 2: Indirect emissions | 764 | 601 | 232 | |
| | Scope 3: Supplier's emissions | - | - | - | |
| | Total | 2,350 | 1,992 | 677 | |
| Related Consumption Data | Estates Electricity (Kwh) | 829,043 | 719,299 | 361,762 | |
| | KWh per head | 3,636 | 4,206 | 3,636 | |
| | Estates Gas (Kwh) | 1,796,637 | 1,225,347 | 238,688 | |
| | KWh per head | 7,880 | 7,166 | 2,399 | |
| Financial Indicators | Expenditure on Energy | 97,852 | 103,380 | 40,745 | |
| | CRC Licence Expenditure | - | - | - | |
| | Expenditure on business travel | - | - | - | |
| Performance Commentary (incl measures) | | | | | |
| By the end of the reporting period, the Agency was on track to meet its target of achieving a 25% reduction in Co2 carbon emissions (estate and vehicles) by the end of 2014-15 when compared against the 2010-11 baseline. | | | | | |
| Water Consumption | | 2010-11 | 2011-12 | 2012-13 | Graphical Analysis |
| Non-financial Indicators (M3) | Water | 2,359 | 2,313 | 597 | <p>Water Usage (m3)</p> <p>m3</p> <p>Financial Year</p> |
| | Waste Water | 1,016 | 1,012 | 263 | |
| | Trade Effluent | 1,290 | 1,301 | 333 | |
| | Total | 4,664 | 4,626 | 1,193 | |
| Financial Indicators (£) | Water | 2,817 | 2,897 | 809 | |
| | Waste Water | 827 | 922 | 318 | |
| | Trade Effluent | 421 | 492 | 153 | |
| | Total | 4,064 | 4,311 | 1,280 | |
| Performance Commentary (incl targets) | | | | | |
| At the mid year point, the Agency was anticipating a significant reduction in water consumption. | | | | | |

Philip Rutnam
Permanent Secretary and Accounting Officer
Department for Transport
Date: 13 February 2013

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Report and financial statements as at 30th September 2012 Measuring performance

Key performance indicators

At the start of the 2012-13 financial year the Agency was set a number of targets covering the full year by its parent department against which performance was monitored. These targets covered financial performance, quality of service, customer satisfaction and impact on the environment. The following table provides an assessment of performance at the end of the reporting period and the outcome anticipated at the year end.

| Secretary of State Targets 2012/13s | |
|--|-------------|
| Description of Target and Evaluation Criteria | Achievement |
| <p>Target: To deliver the GCDA Change Programme on time.</p> <p>How we measured success: This objective would be achieved if the new Departmental Pool Car service started in April 2012 and all Government Mail operations closed to customers by 13th July 2012. .</p> | Achieved |
| <p>Target: To reduce the size of the GCDA estate to one location and to deliver best value for money from expenditure on the estate.</p> <p>How we measured success: This objective would be achieved if we closed the three GCDA remote depots by end of July 2012 and recommendations were made to ministers on the Ponton Road estate by the end of the financial year. The three depots were successfully closed by the end of July 2012 and options for Ponton Road are being prepared.</p> | On track |
| <p>Target: To provide a secure and high quality car service and mail service until closure to all customers by ensuring that GCDA achieves the quality standards set out in customer SLAs and in the GCDA Drivers' Code.</p> <p>How we measured success: This objective would be achieved if there was 95% compliance for Government Car Service and 90% compliance for Government Mail operations. There were no complaints received or incidents recorded in respect of both services during the reporting period.</p> | On track |
| <p>Target: To maintain a high level of customer satisfaction with all of the services (including workshop), provided by GCDA to its customers.</p> <p>How we measured success: This objective would be achieved if there was 95% compliance. There were no complaints received or incidents recorded in respect of all services during the reporting period.</p> | On track |
| <p>Target: To provide a continuous car service to Ministers that meets GCDA's standards for quality and security of service during the 2012 London Olympics.</p> <p>How we measured success: This objective would be achieved if all Ministerial transport requirements were met during the London 2012 Olympics.</p> | Achieved |
| <p>Target: To protect the environment by achieving a 25% reduction in tCo2 carbon emissions (estate and vehicles) by the end of 2014-15 when compared against the 2010-11 baseline figures.</p> <p>How we measured success: This objective was on track as GCDA was forecasting a reduction of 27% at the end of 2012-13 when compared to the 2010-11 baseline.</p> | On track |

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Report and financial statements as at 30th September 2012 Measuring performance

| | |
|--|----------|
| <p>Target: To reduce staff costs in GCDA by deploying staff effectively within the complement set for 31st March 2013.</p> <p>How we measured success: This objective would be achieved if the workforce was reduced by 50% by March 2013 against a starting figure of 178. Headcount to 30th September 2012 was 108, a year to date reduction of 40%. The full year reduction was forecast to be 59%.</p> | On track |
| <p>Target: To achieve a reduction in the GCDA fleet with a new approach that gives greater control over management of resources to the Departments.</p> <p>How we measured success: This objective would be achieved if the GCDA fleet was reduced by 50% by 31st March 2013. At the end of the reporting period the fleet had already been reduced by 38%.</p> | On track |
| <p>Target: To deliver financial performance in line with the 2012-13 Business Plan.</p> <p>How we measured success: This objective would be achieved if the Agency deficit at the end of the financial year was no greater than £3.8m. At the end of the reporting period the forecast outturn for the year was a deficit of £3.8m</p> | On track |

Philip Rutnam
Permanent Secretary and Accounting Officer
Department for Transport
Date: 13 February 2013

Government Car and Despatch Agency

Report and financial statements as at 30th September 2012 Remuneration Report

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.independent.gov.uk.

The Agency's remuneration policy for the Interim 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 (audited)

The remuneration package for the Agency's directors which applied during the reporting period is set out below. During the reporting period 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 or the DfT. The band is determined by grade and position within the grade by factors such as experience, professional qualifications and market forces. All

Government Car and Despatch Agency

Report and financial statements as at 30th September 2012 Remuneration Report

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 or DfT's policy on performance management, and in compliance with the Agency's or DfT'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.

Bonuses

A performance related non-consolidated bonus was paid each year to all non-industrial staff, including the executive directors and was tied to the markings achieved in the annual performance appraisal.

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

| Name | Salary per annum (2012/13) £000s | Bonus £000s | Salary per annum (2011/12) £000s | Bonus £000s |
|--|----------------------------------|-------------|----------------------------------|-------------|
| Marian Duncan (Annual equivalent) | 30-35 (60-65) | 0-5 | (60-65) | 0-5 |
| Alan Aitchison (from 9 May 2011) (Annual equivalent) | 35-40 (70-75) | 0-5 | 60-65 (65-70) | 0-5 |
| Andy Nicholas (part time; left 6 May 2011) (Annual equivalent) | | | 0-5 (35-40) | 0-5 |
| Simon Cranfield-Thompson (Annual equivalent) | 25-30 (55-60) | 0-5 | 55-60 | 0-5 |
| Estelle Burns (to 31 May 2011) (Annual equivalent) | | | 15-20 (65-70) | 0-5 |
| Dave Martin (from 6 May 2011) (Annual equivalent) | 20-25 (45-50) | 0-5 | 45-50 (45-50) | 0-5 |
| Ben Davis (from 9 January 2012) (Annual equivalent) | 25-30 (50-55) | 0-5 | 10-15 (50-55) | 0-5 |

None of the individuals in the table above received any benefits in kind in 2012/13 or 2011/12.

Median Pay (audited)

Reporting bodies are required to disclose the relationship between the salary of the most highly paid director in their organisation and the median earnings in the organisation's workforce.

The salary band of the most highly paid director in GCDA in the financial year 2012/13 was £70,000-£75,000 (2011/12 £65,000-£70,000). This was 2.7 times (2011/12 2.5 times) the median salary of the workforce which was £27,052 (2011/12 £27,052). The median figure calculation does not include non-payroll staff, such as agency staff, as they were employed on an ad-hoc basis.

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Contractual Arrangements

For the reporting period, Marian Duncan, Alan Aitchison and Dave Martin were paid through the parent organisation (Department for Transport) under standard civil service employment contract terms and conditions. A notional charge in respect of their salary costs has been included in staff costs and recognised in the Statement of Comprehensive Net Expenditure. Simon Cranfield-Thompson and Ben Davis were employed directly by the Agency under standard civil service employment contract terms.

Non-executive directors

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

Fees were reviewed annually and 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 were 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 received no other benefits in addition to their fees, nor did they participate in any performance related pay schemes.

The basic fee paid to each non-executive director (excluding Graham Pendlebury) during the reporting period was £2,000 (2011/12: £4,000). Graham Pendlebury is an employee of the Department for Transport and he was paid through the parent organisation under standard civil service employment contract terms and conditions

The non-executive directors had letters of appointment setting out their duties and responsibilities. At the beginning of 2012, the appointments of Jerry Cope and Kenneth Ludlam were extended for a further 12 months (until 31 December 2012) but the appointments of each non-executive director ended at the same time as agency status was withdrawn.

| Name | Date of appointment | Date appointment terminates |
|-------------------|---------------------|-----------------------------|
| Graham Pendlebury | September 2009 | 30 September 2012 |
| Jerry Cope | January 2007 | 30 September 2012 |
| Kenneth Ludlam | January 2007 | 30 September 2012 |

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 Consumer Prices Index (CPI). 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).

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Employee contributions are set at a rate from 1.5% of pensionable earnings for **classic** and from 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 financial year (31 March) the member's earned pension account will be 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 15 show Agency 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 that is funded by the employer. It does not include the increase in accrued pension due to contributions by the employee (including the value of any benefits transferred from another pension scheme or arrangement). It does not, however, exclude any increase due to inflation.

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

Government Car and Despatch Agency

Report and financial statements as at 30th September 2012 Remuneration Report

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 Agency 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 £000s | Accrued pension at age 60 at 30/09/12 and related lump sum £000s | CETV at 30/09/12 £000s | CETV at 31/03/12 £000s | Real Increase in CETV £000s |
|--|--|---|---------------------------|---------------------------|--------------------------------|
| Simon Cranfield-Thompson Director of Government Mail services | 0-2.5 no lump sum payable | 5-10 no lump sum payable | 84 | 50 | 15 |
| Ben Davis Director of Government Car services | 0-2.5 Plus lump sum of 0-2.5 | 20-25 Plus lump sum 70-75 | 484 | 295 | 15 |

Marian Duncan, Alan Aitchison and Dave Martin did not accumulate a pension benefit from their roles with GCDA. Their pension benefits accrued through their primary employers, the Department for Transport.

Philip Rutnam
Permanent Secretary and Accounting Officer
Department for Transport
Date: 13 February 2013

Government Car and Despatch Agency

Report and financial statements as at 30th September 2012 Statement of Agency and Accounting Officer responsibilities

Under Section 7(2) of the Government Resources and Accounts Act 2000, HM 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 end of a reporting period and of its income and expenditure, changes in taxpayers' equity and cash flows for the reporting period.

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.

Marian Duncan, Interim Chief Executive and Agency Accounting Officer of the GCDA, was responsible to the GCDA Board for the day-to-day operations and management of the Agency until 30 September when agency status was withdrawn. Responsibility for the day-to-day operations and management of GCS functions, assets and liabilities transferred to the Principal Accounting Officer for the Department for Transport (Philip Rutnam) on 1 October 2012.

Government Car and Despatch Agency

Report and financial statements as at 30th September 2012 Governance Statement

Scope of Accounting Officer's Responsibilities

In 2012, the Government announced its intention to end GCDA's agency status and to have integrated it in to the Department for Transport by the end of 2012. GCDA's Executive Agency status was withdrawn on 30 September 2012 and on 1 October 2012 its functions, property, rights and liabilities were transferred to the Department for Transport and under my responsibility as Principal Accounting Officer.

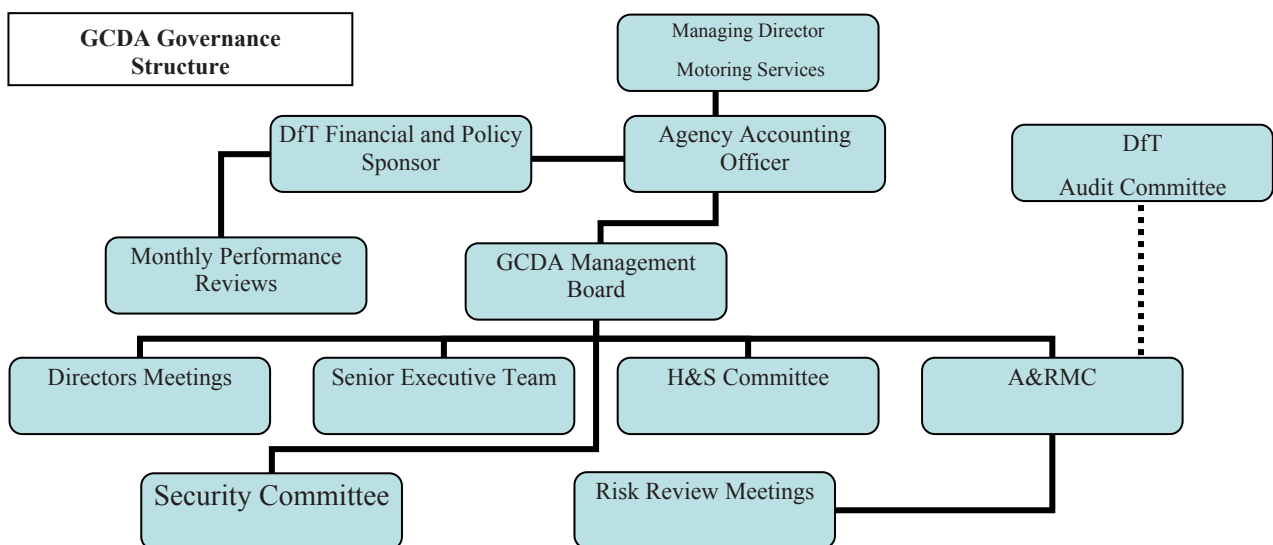
The GCDA Interim Chief Executive and Agency Accounting Officer, Marian Duncan, was in post until 30 September 2012. Marian Duncan and the outgoing GCDA Audit and Risk Management Committee members have reviewed this Governance Statement by correspondence and have approved its content. The GCDA Final Report and Accounts were approved at a meeting of the Department for Transport Group Audit Committee on 14 December 2012.

As Principal Accounting Officer I was ultimately responsible for the maintenance of sound governance arrangements for the Government Car and Despatch Agency (GCDA) and a robust system of internal control that supported the achievement of GCDA's policies, aims and objectives whilst safeguarding the public funds and assets.

GCDA operated in accordance with the DfT Corporate Governance Handbook. This defined the Agency's operating and financial accountability and responsibilities. GCDA staff worked closely with their counterparts in DfT to ensure that planning and performance activities were aligned, clear accountability for risk management agreed, joint action taken where appropriate to manage, transfer or tolerate risks, and DfT kept informed of risks as appropriate.

GCDA Governance Arrangements

GCDA's governance arrangements were contained in its Corporate Governance Framework which defined the roles and responsibilities of the Agency. The GCDA governance structure is set out in the following chart which illustrates the relationship between GCDA and its sponsors and the internal structure that provided support for my Accounting Officer responsibilities.



Government Car and Despatch Agency

Report and financial statements as at 30th September 2012 Governance Statement

Sponsorship Arrangements

Marian Duncan was personally accountable to me as Principal Accounting Officer through the Managing Director Motoring Services for ensuring that the Agency had a robust system of internal controls. She was also responsible for GCDA's human resource policies. GCDA submitted monthly progress reports of performance against key Business Plan targets to its Financial Sponsor and these were reviewed at **Monthly Performance Reviews** which were usually chaired by the Managing Director Motoring Services or in his absence by the Head of the Financial Sponsorship team.

The GCDA Management Board

The GCDA Management Board advised the Accounting Officer in setting the strategic direction of the Agency, delivering its business objectives and ensuring the Agency was well run. The Management Board also advised on the deployment and management of financial and human resources and the Agency's risk management policies. During the reporting period, the Management Board reviewed progress with the GCDA Change programme and monitored financial and business performance. The Board also approved HR policies on performance management and drugs and alcohol as well as a new risk management policy for GCDA.

The Management Board comprised four Executive and two Non-Executive members and was usually chaired by the Interim Chief Executive. The Board met 3 times during the reporting period. Details of Board membership and attendance at meetings during 2012/13 are as follows:

| Name | Position | Meetings attended |
|--------------------------|--|-------------------|
| Marian Duncan | Interim Chief Executive and Accounting Officer | 3 |
| Alan Aitchison | Corporate Director | 2 |
| Dave Martin | HR Director | 3 |
| Simon Cranfield-Thompson | Director Government Mail Services | 3 |
| Ben Davies | Director Government Car Services | 3 |
| Kenneth Ludlam | Lead Non-Executive Director and Audit and Risk Committee Chair | 3 |
| Jerry Cope | Non-Executive Director and Health and Safety Committee Chair | 3 |

The Management Board delegated certain matters to other Agency Committees and sub-boards. The purposes of those other Committees and sub-boards are summarised below.

The GCDA Senior Executive Team (SET)

The SET was responsible for day to day management of the Agency's business and operations save for matters reserved to the Management Boards or its sub-Committees. The SET comprised the Executive Directors of GCDA and was usually chaired by the Interim Chief

Government Car and Despatch Agency

Report and financial statements as at 30th September 2012 Governance Statement

Executive. The SET met twice during the reporting period and during that time it reviewed progress with the GCDA Change programme, monitored financial and other business performance including risks to the achievement of Agency objectives.

Audit and Risk Management Committee (ARMC)

During the reporting period, the ARMC reported through the GCDA Management Board to the Agency Accounting Officer on the GCDA system of internal control and alerted her to any emerging issues or significant changes to the risk framework. In addition the Committee oversaw the internal audit, external audit and management processes as required in its review of the system of internal control. ARMC membership comprised:

- Kenneth Ludlam, Chair & Lead non-Executive Director
- Jerry Cope, non-Executive Director
- Graham Pendlebury, non-Executive Director appointed by DfT

Staff from GCDA and other bodies were invited to attend ARMC meetings to address specific issues.

The Chair of the ARMC provided feedback to the Management Board and met periodically with the Interim Chief Executive, Internal Audit and National Audit Office (NAO) to review issues and provide feedback to the ARMC. The Chair also represented GCDA on the DfT Chairs of Audit Committees Forum.

The Health and Safety Committee (HSC)

The HSC supported the Management Board on matters of health and safety policy HSC membership comprised the HR Director who was responsible for H&S matters within GCDA, an H&S Manager, three GCDA H&S co-ordinators and a Trades Union representative. The HSC was chaired by a Non-Executive Director (Jerry Cope). The Interim Chief Executive attended HSC meetings as required.

Security Committee

The Security Committee was established to ensure that management actions resulting from internal audits and reviews of GCDA security arrangements were followed through and that risks to the security of the Agency's assets and people were managed appropriately.

Internal Control Environment

The system of internal control operating within GCDA was designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives. It could, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control was based on an ongoing process designed to identify and prioritise the risks to the achievement of GCDA's policies, aims and objectives, to evaluate the likelihood of those risks being realised, to assess the risks' potential, and to manage them efficiently, effectively and economically. The system of internal control which accorded with Treasury guidance was in place in GCDA for the period ended 30 September 2012.

Government Car and Despatch Agency

Report and financial statements as at 30th September 2012 Governance Statement

As Principal Accounting Officer, I had ultimate responsibility for the effectiveness of the Agency's system of internal control. My opinion of the effectiveness of the system of internal control within GCDA is informed by the work of our internal auditors, executive managers within the Agency who were responsible for maintenance of the internal framework, and comments made by external auditors in their management letter and other reports. Internal Audit was responsible for reporting on the effectiveness of the system of internal control, including risk management and governance issues. The Agency employed the DfT's Audit and Risk Assurance Division as its internal auditors who operate to Government Internal Audit Standards. They submitted reports at the end of the reporting period that recorded their independent opinion on the adequacy and effectiveness of the Agency's system of internal control together with recommendations for improvement.

Internal Audit Findings

The following audits were completed before 30 September when the Agency ceased operating as a separate entity and became the Government Car Service of the Department for Transport:

- Change Programme Support
- Effectiveness of Car Operations
- Finance Core Controls
- HR Core Controls
- IT Core Controls

The Head of Internal Audit's (HIA) Opinion was that the Agency had maintained systems of corporate governance, risk management and internal control arrangements that were generally established and effective, with some minor gaps or weaknesses identified. An overall assurance rating of "Reasonable" was provided which was the same as provided for the 2011-12 financial year.

It will be the responsibility of the new Head of the Government Car Service to ensure that recommendations for management action from audit reports are implemented and that any follow-up action is taken

Management Assurance

In addition to the work of Internal Audit, the Agency Accounting Officer received separate assurances on the effectiveness of the system of governance and the control environment within GCDA from the senior managers who had responsibility for the development and maintenance of the internal control framework.

There were no significant control issues identified and where controls were not considered fully or substantially effective management actions are being put in place to ensure the Government Car Service addresses any weaknesses.

Risk Management

The framework for risk management within the GCDA was set out in the Agency's Risk Management Policy. The key elements for successfully managing risk within the GCDA were:

Government Car and Despatch Agency

Report and financial statements as at 30th September 2012 Governance Statement

- a definition of risk, as set out in the Risk Policy and Handbook
- a definition of Agency risk appetite, as agreed by the Management Board (annually), against a framework for distinct categories, such as financial risk.
- a clear, effective and well understood approach to risk management;
- clearly defined roles for the GCDA Management Board, the Interim Chief Executive and senior departmental and operational managers, and
- sufficient controls identified to mitigate the risk and the effectiveness of these controls were discussed at Senior Executive Team (SET) and Management Board meetings and at the Audit and Risk Management Committee. Independent reviews on the effectiveness of control were also provided by Internal Audit.

During the reporting period risks were managed and monitored within GCDA through regular scrutiny of risk registers by the Management Board, the Senior Executive Team and DfT.

Risk Training and Guidance

GCDA's Risk Management Policy provided direction for Agency risk owners to manage their risks. This was further complemented by extensive guidance within the Risk Management Handbook to staff on the definitions, criteria and methods available for risk assessment, and was made available to all personnel via GCDA's Intranet. This linked into, and was supported by, further best practice guidance, such as the HM Treasury's "Orange Book" and DfT Motoring Services Risk Policy that was also available on the Intranet.

The DfT sponsoring unit also provided guidance and technical input to the Agency's risk management process and ensured that common / generic risks identified by other members of the Group were reflected, where appropriate, in GCDA's risk register.

Key risks

A number of key risks had to be managed during the period up to 30 September. These included risks to the Change programme, uncertainty over GCDA's long term future, business continuity planning and the possibility of industrial action at a national or local level.

The HIA Opinion recorded that the Agency Audit and Risk Management Committee (ARMC) had been satisfied with the process of risk management throughout the reporting period and that the risk register presented to it at its final meeting in September 2012 adequately reflected the then current position of GCDA immediately prior to its transfer to DfT.

The integration of GCDA/GCS risks with those managed by DfT will be undertaken as part of the overall migration to DfT.

Fraud and Bribery Awareness and Controls

The Agency had well established procedures for managing the risk of fraud and bribery during the reporting period. There were no instances reported.

Government Car and Despatch Agency

Report and financial statements as at 30th September 2012 Governance Statement

General Statement

My assessment of the governance arrangements and control environment operating within GCDA has been informed by the management reviews and monitoring carried out by senior managers and reported in the 6-month Management Assurance statement; the Internal Audit Programme (approved by the A&RMC) and the work of External Audit. Management Board and Senior Executive Team meetings also provided opportunities for the senior team and non-executive directors to review performance and agree remedial action where management intervention was required. In addition, the A&RMC maintained an overview of performance and received reports on the outcome of internal and external audits. The A&RMC was attended by the National Audit Office and the Head of Internal Audit.

I am satisfied that GCDA maintained control over its core areas: Finance, HR and IT and that Car Operations and the Change Programme were also managed effectively during a period of significant change and uncertainty for management and staff. I am also satisfied with the arrangements and planning for the migration of GCS systems and processes to DfT.

Philip Rutnam
Permanent Secretary and Accounting Officer
Department for Transport
Date: 13 February 2013

Government Car and Despatch Agency

Report and financial statements as at 30th September 2012

The certificate and report of the Comptroller and the Auditor General to the House of Commons

I certify that I have audited the financial statements of Government Car and Despatch Agency for the period ended 30 September 2012 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Statements of Comprehensive Net Expenditure, 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 Accounting Officer's Responsibilities, the Chief Executive as 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, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with 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 Government Car and Despatch's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Government Car and Despatch Agency; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on Regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements 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 Government Car and Despatch Agency's affairs as at 30 September 2012 and of the net operating cost 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.

Government Car and Despatch Agency

Report and financial statements as at 30th September 2012

The certificate and report of the Comptroller and the Auditor General to the House of Commons

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 GCDA Purpose, Management Commentary, and Measuring Our Performance Sections of the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

Date: 22 February 2013

Government Car and Despatch Agency

Report and financial statements as at 30th September 2012

Other Comprehensive Expenditure

Statement of Comprehensive Net Expenditure

| | Notes | Staff Costs | 2012/13 £'000 Other Costs | Income | 2011/12 £'000 |
|--|-------|----------------|------------------------------------|----------------|------------------|
| Administration costs | | | | | |
| Staff Costs | 2 | 2,271 | | | 6,512 |
| Other administrative costs | 3 | | 2,407 | | 6,608 |
| Operating income | 4 | | | (2,384) | (5,625) |
| Total Continuing Operations | | 2,271 | 2,407 | (2,384) | 7,495 |
| Net Operating Cost before discontinued operations (A) | | | | 2,294 | 7,495 |
| Administration costs – discontinued operations | | | | | |
| Staff Costs | 2 | 860 | | | 4,585 |
| Other administrative costs | 3 | | 459 | | 2,292 |
| Operating income | 4 | | | (1,321) | (6,433) |
| Total Discontinued Operations | | 860 | 459 | (1,321) | 444 |
| Net Operating Cost of discontinued operations (B) | | | | (2) | 444 |
| Total Continued and Discontinued Operations | | 3,131 | 2,866 | (3,705) | 7,939 |
| Net Operating Cost (A + B) | | | | 2,292 | 7,939 |

Government Car and Despatch Agency

Report and financial statements as at 30th September 2012

| | | 2012/13 £'000 | 2011/12 £'000 |
|---|---|------------------|------------------|
| Net gain/(loss) on revaluation of Property Plant and Equipment | 3 | - | (145) |
| Total Comprehensive Expenditure for the period ended | | <u>2,292</u> | <u>7,794</u> |

The notes on pages 30 to 56 form part of these accounts.

Government Car and Despatch Agency

Report and financial statements as at 30th September 2012

Statement of Financial Position

| | Notes | 01 Oct 2012 £'000 | 30 Sept 2012 £'000 | 31 March 2012 £'000 |
|--|-------|----------------------------|-----------------------------|------------------------------|
| Non-current assets | | | | |
| Property, plant and equipment | 5 | - | 1,254 | 1,240 |
| Intangible assets | 6 | - | 14 | 38 |
| Total non-current assets | | - | 1,268 | 1,278 |
| Current assets | | | | |
| Discontinued Operations – Current Assets | 8 | - | 19 | 414 |
| Non-current assets held for sale | 8 | - | 51 | - |
| Inventories | 9 | - | 37 | 28 |
| Trade and other receivables | 10 | - | 1,183 | 808 |
| Cash and cash equivalents | 11 | - | 1,032 | 1,206 |
| Total current assets | | - | 2,322 | 2,456 |
| Total assets | | - | 3,590 | 3,734 |
| Current liabilities | | | | |
| Discontinued Operations – Current Liabilities | 8 | - | (331) | (2,399) |
| Trade and other payables | 12 | - | (1,751) | (2,207) |
| Total current liabilities | | - | (2,082) | (4,606) |
| Non-current assets less net current liabilities | | - | 1,508 | (872) |
| Non-current liabilities | | | | |
| Provisions | 13 | - | (2,357) | (3,095) |
| Other payables | 12 | - | - | - |
| Total non-current liabilities | | - | (2,357) | (3,095) |
| Assets less liabilities | | - | (849) | (3,967) |
| Taxpayers' equity | | | | |
| General fund | | - | (1,086) | (4,259) |
| Revaluation reserve | 14 | - | 237 | 292 |
| Total taxpayers' equity | | - | (849) | (3,967) |

The notes on pages 30 to 56 form part of these accounts.

Philip Rutnam
Permanent Secretary and Accounting Officer
Department for Transport
Date: 13 February 2013

Government Car and Despatch Agency

Report and financial statements as at 30th September 2012

Statement of Cash Flows

| | Notes | Continued Sept 2012 £'000 | Discontin- -ued Sept 2012 £'000 | Total Sept 2012 £'000 | 2012 £'000 |
|--|--------|---------------------------------|--|--------------------------------|----------------|
| Cash flows from operating activities | | | | | |
| Net operating cost | 4 | (2,294) | 2 | (2,292) | (7,939) |
| Adjustment for non-cash transactions (excluding bad debt provision) | 3 | 897 | 32 | 929 | 2,794 |
| Decrease/(increase) in trade and other receivables | 10 & 8 | (375) | 266 | (109) | 512 |
| Decrease/(increase) in inventories | 9 & 8 | (8) | 4 | (4) | (3) |
| (Decrease)/increase in trade and other payables | 12 & 8 | (282) | (2,014) | (2,296) | 1,731 |
| Use of provisions | 13 | (1,240) | - | (1,240) | (818) |
| Net Cash (outflow)/inflow from operating activities | | (3,302) | (1,710) | (5,012) | (3,723) |
| Cash flows from investing activities | | | | | |
| Purchase of property, plant and equipment | 5 | (385) | - | (385) | (305) |
| Purchase of intangible assets | 6 | - | - | (0) | (0) |
| Proceeds of disposal of property, plant and equipment | | 130 | 93 | 223 | 294 |
| Net cash outflow from investing activities | | (255) | 93 | (162) | (11) |
| Cash flow from financing activities | | | | | |
| Receipts from sponsoring department | | 5,000 | - | 5,000 | 2,000 |
| Net financing | | 5,000 | - | 5,000 | 2,000 |
| Net (decrease)/increase in cash equivalents in the period | | 1,443 | (1,617) | (174) | (1,734) |
| Cash and cash equivalents at the beginning of the period | 11 | | | 1,206 | 2,940 |
| Cash and cash equivalents at the end of the period | 11 | | | 1,032 | 1,206 |

The notes on pages 30 to 56 form part of these accounts.

Government Car and Despatch Agency

Report and financial statements as at 30th September 2012

Statement of Change in Taxpayers' Equity

| | Notes | General fund £'000 | Revaluation reserve £'000 | Total reserves £'000 |
|---|-------|-----------------------|------------------------------|-------------------------|
| Balance at 1 April 2011 | | (587) | 486 | (101) |
| Changes in taxpayers' equity for 2011/12 | | | | |
| Net gain/(loss) on revaluation of property, plant and equipment | 14 | - | 66 | 66 |
| Non-cash charges – senior managers costs | 3 | 247 | - | 247 |
| Non-cash charges – auditor's remuneration | 3 | 43 | - | 43 |
| Non-cash charges - internal audit and legal | 3 | 37 | - | 37 |
| Transfers between reserves | 14 | 206 | (206) | - |
| Transfer to discontinued operation | | - | (54) | (54) |
| Net operating cost for the year | | (7,939) | | (7,939) |
| Total recognised income and expense for 2011/12 | | (7,406) | (194) | (7,600) |
| Funding from Parent Department | | 2,000 | - | 2,000 |
| Amounts due from/(to) the Consolidated Fund | | 1,734 | - | 1,734 |
| Balance at 1 April 2012 | | (4,259) | 292 | (3,967) |
| Changes in taxpayers' equity for 2012/13 | | | | |
| Net gain/(loss) on revaluation of property, plant and equipment | 14 | - | - | - |
| Net gain/(loss) on revaluation of investments | | - | - | - |
| Release of reserves to the statement of comprehensive net expenditure | | - | - | - |
| Release of reserves to the statement of financial position | | - | - | - |
| Non-cash charges – auditor's remuneration | 3 | 30 | - | 30 |
| Non-cash charges - internal audit and legal | 3 | 25 | - | 25 |
| Non-cash charges - senior manager costs | 3 | 126 | - | 126 |
| Consolidated Fund Standing Services | | - | - | - |
| Transfers between reserves | 14 | 55 | (55) | - |
| Transfer from discontinued operation | | 54 | - | 54 |
| Net operating cost for the year | | (2,292) | - | (2,292) |
| Total recognised income and expense for 2012/13 | | (2,002) | (55) | (2,057) |
| Funding from Parent Department | | 5,000 | - | 5,000 |
| Amounts due from/(to) the Consolidated Fund | | 175 | - | 175 |
| National Insurance Fund | | - | - | - |
| CFERs payable to the Consolidated Fund | | - | - | - |
| Balance at 30 September 2012 | | (1,086) | 237 | (849) |

The notes on pages 30 to 56 form part of these accounts.

Government Car and Despatch Agency

Report and financial statements as at 30th September 2012

1. a Statement of accounting policies

These financial statements have been prepared in accordance with the Government Resources & Accounts Act 2000 and the 2012/13 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.

As at 30th September 2012 GCDA ceased to exist as an agency and was transferred into the Department for Transport. All assets and liabilities as at that date amounting to a net liability of £849k transferred to the Department for Transport at 1st October 2012.

The closure of all Government Mail operations was announced in February 2012. All activity relating to Government Mail as at 30th September 2012 is being reported as Discontinued Operations in accordance with relevant accounting standards.

The February announcement also confirmed the continuation of Government Car services and as such these financial statements have been prepared on a going concern basis. The Agency's financial statements are fully consolidated into its parent organisation, the Department for Transport (DfT), and as such any operating loss is effectively underwritten by DfT. The DfT has made, and continues to make, provision within its administration budget delegation for the losses incurred by GCDA. The DfT also ensures the Agency has sufficient cash to meet its day to day financing requirements.

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 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 statement of comprehensive net expenditure 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.

Vehicle assets are subject to an annual revaluation whereas non-vehicle assets are stated at historic cost less depreciation.

Government Car and Despatch Agency

Report and financial statements as at 30th September 2012

1. Statement of accounting policies (continued)

All non-current assets relating to Discontinued Operations have been reclassified to current assets as they have been identified as available for sale within the year in accordance with IFRS5.

Depreciation on property, plant and equipment is charged to the Statement of Comprehensive Net Expenditure. 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 |
| Fixtures, Fittings and Equipment | 3 to 4 years |
| Buildings | 4 to 6 years |

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 Statement of Comprehensive Net Expenditure.

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

d 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 |
|-------------------|--------------|

e Inventories

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

f Operating leases

Rentals payable under operating leases are charged to the Statement of Comprehensive Net Expenditure 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

Government Car and Despatch Agency

Report and financial statements as at 30th September 2012

1. Statement of accounting policies (continued)

basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

g 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 11 to 15.

h Insurance

Insurance is charged to the Statement of Comprehensive Net Expenditure on the basis of actual premiums paid for motor vehicles.

i Research and development

Expenditure on research and development is treated as an operating cost in the year in which it is incurred. There was no expenditure in period

j Operating income

Operating income comprises income that relates directly to the operating activities of the Agency. GCDA's income comprises of a fixed and a variable element. The fixed element is known and therefore can be invoiced in advance; the variable element relates to ad-hoc services provided and therefore can only be invoiced in arrears. Operating income is stated net of VAT. Operating income also includes rent received under rental agreements with two tenants occupying part of the Ponton Road site

k 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.

l 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.

Government Car and Despatch Agency

Report and financial statements as at 30th September 2012

1. Statement of accounting policies (continued)

m 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.

Financial assets

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.

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 settled, sold, cancelled or expires.

Government Car and Despatch Agency

Report and financial statements as at 30th September 2012

1. Statement of accounting policies (continued)

n 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.

o General information

The nature of the Agency's operations and its principal activities are set out in note 4. 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.

p 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.

q Critical judgements in applying the accounting policies

A dilapidation provision has been put in place for 46 Ponton Road 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.

During the year a number of staff left the Agency under the terms of a voluntary early exit scheme. Provisions have been made in the financial statements to cover the lump sum severance payments not yet paid and also for future annual pension payments.

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

r Key sources of estimation uncertainty

There are no significant sources of estimation uncertainty.

Government Car and Despatch Agency

Report and financial statements as at 30th September 2012

1. Statement of accounting policies (continued)

s Adoption of new and revised standards

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

| | |
|--------|--|
| IFRS 5 | Non-current Assets Held for Sale and Discontinued Operations |
|--------|--|

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

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.

t Grants from parent organisation

The Agency is able, on application to DfT, to drawdown cash and where appropriate grant-in-aid. The accounting treatment of funding from DfT is conducted in line with the Financial Reporting Manual. This means that grants-in-aid, whether for revenue or capital purposes, are to be treated as contributions from controlling parties giving rise to a financial interest in the residual interest of the reporting entity, and are to be credited to general reserves.

Government Car and Despatch Agency

Report and financial statements as at 30th September 2012

2. Staff numbers and related costs

Staff numbers

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

| | Sept 2012 No. | 2012 No. |
|--------------------------------|------------------------------|---------------------|
| Government cars | 68.5 | 84 |
| Government mail | 4 | 48.5 |
| Corporate and support services | 27 | 38 |
| Total | <u>99.5</u> | <u>170.5</u> |

Agency staff costs incurred in 2012-13 equate to an estimated 2 full-time equivalent staff being employed throughout the reporting period (2011-12: 5 full time equivalent staff).

Staff costs (including senior management)

| | Continued Sept 2012 £'000 | Discontin- ued Sept 2012 £'000 | Total Sept 2012 £'000 | 2012 £'000 |
|--------------------------------|--|---|--------------------------------------|-----------------------|
| Government cars | 2,055 | - | 2,055 | 5,952 |
| Corporate and support services | 216 | - | 216 | 560 |
| Government mail | - | 860 | 860 | 4,585 |
| Total | <u>2,271</u> | <u>860</u> | <u>3,131</u> | <u>11,097</u> |
| Permanent staff | | | | |
| Wages, salaries and allowances | 1,795 | 551 | 2,346 | 6,206 |
| Social security costs | 176 | 68 | 244 | 521 |
| Pension costs | 279 | 89 | 368 | 1,031 |
| Early departure costs | - | 25 | 25 | 2,787 |
| Agency staff costs | | | | |
| Wages, salaries and allowances | 21 | 127 | 148 | 552 |
| Total | <u>2,271</u> | <u>860</u> | <u>3,131</u> | <u>11,097</u> |

Note: The movement in the provision for VER and VES costs for continued operations is shown as a non-cash item in note 3 - Other Operating Costs

Government Car and Despatch Agency

Report and financial statements as at 30th September 2012

2. Staff numbers and related costs (continued)

Senior Management' salary and pension entitlements

The salary and pension entitlements of the Interim Chief Executive and the Executive Senior Management of the Agency are included in the Remuneration Report on pages 11 to 15.

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 2012-13, employers' contributions of £367,719 were payable to the PCSPS (2011-12 £1,030,725) at one of four rates in the range 16.7% to 25.8% (2011-12: 16.7% to 25.8%) 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 2012/13 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 30 September 2012 GCDA had no employees with a partnership pension account.

Government Car and Despatch Agency

Report and financial statements as at 30th September 2012

3. Other operating costs (administrative only)

| | Continued Sept 2012 £'000 | Discont- inued Sept 2012 £'000 | Total Sept 2012 £'000 | 2012 £'000 |
|--|---------------------------------|--|--------------------------------|---------------------|
| Cash items | | | | |
| Vehicle costs and services excluding depreciation | 515 | 339 | 854 | 3,556 |
| Consultancy support | 2 | - | 2 | 5 |
| Stationery and reprographic consumables | 8 | - | 8 | 23 |
| Staff travel, subsistence, and hospitality | 12 | 1 | 13 | 108 |
| Security | 166 | - | 166 | 296 |
| IT and telecommunications | 76 | - | 76 | 282 |
| Accommodation – general | 267 | 1 | 268 | 600 |
| Rentals under operating leases – hire of plant and machinery | 41 | 65 | 106 | 242 |
| Rentals under operating leases – buildings | 337 | - | 337 | 858 |
| Training | 10 | - | 10 | (12) |
| Publicity | - | - | - | - |
| Postage | 2 | 9 | 11 | 36 |
| Legal | 5 | - | 5 | 20 |
| Uniforms | 3 | - | 3 | 34 |
| Canteen | 1 | - | 1 | 6 |
| Other | 65 | 12 | 77 | 153 |
| | <u>1,510</u> | <u>427</u> | <u>1,937</u> | <u>6,207</u> |
| Non- cash items | | | | |
| Depreciation | 179 | 37 | 216 | 393 |
| Amortisation | 36 | - | 36 | 78 |
| Downward revaluation of non-current assets | - | - | - | 145 |
| Impairment of intangible asset | - | - | - | - |
| Movement on VER/VES and other provisions | 502 | - | 502 | 1,848 |
| Movement in provision for bad debts | - | - | - | (105) |
| Bad debts written off in year | - | - | - | 4 |
| Loss/(Profit) on disposal of non-current assets | (1) | (5) | (6) | 3 |
| Senior staff costs (incurred by parent organisation) | 126 | - | 126 | 247 |
| Auditors' remuneration | 30 | - | 30 | 43 |
| Internal Audit and Legal (DfT notional charges) | 25 | - | 25 | 37 |
| | <u>897</u> | <u>32</u> | <u>929</u> | <u>2,693</u> |
| Total other operating costs | <u><u>2,407</u></u> | <u><u>459</u></u> | <u><u>2,866</u></u> | <u><u>8,900</u></u> |

Government Car and Despatch Agency

Report and financial statements as at 30th September 2012

4. Operating segments

| 2012/13 | Income £'000 | Direct expenditure £'000 | Internal recharges £'000 | Total expenditure £'000 | Operating surplus/ (deficit) £'000 | Share of total assets £'000 |
|--------------------------------|-----------------|--------------------------------|--------------------------------|-------------------------------|---|--------------------------------------|
| Direct services | | | | | | |
| Government cars | (2,075) | 2,917 | 1,452 | 4,369 | (2,294) | 3,486 |
| Discontinued operations | | | | | | |
| Government mail | (1,321) | 1,208 | 111 | 1,319 | 2 | 19 |
| Segmental results | (3,396) | 4,125 | 1,563 | 5,688 | (2,292) | 3,505 |
| Corporate and Support Services | (309) | 1,872 | (1,563) | 309 | - | 85 |
| Total | (3,705) | 5,997 | - | 5,432 | (2,292) | 3,590 |

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 came from the provision of car services to Government Ministers and senior officials, fleet management, workshop services, mail distribution and mail screening (which ceased operations in July 2012), all arising in the UK. These services were split between segments as follows: Government Cars includes provision of cars, fleet management and workshop services; Government Mail includes mail distribution and screening.

Corporate and Support Services income all related to rent and service charges associated with the letting out of the Agency's Ponton Road premises to other government departments. This was netted off the overall premises costs before being apportioned to each of the business areas.

Government Car and Despatch Agency

Report and financial statements as at 30th September 2012

4. Prior year Operating segments as restated

| 2011/12 | Income £'000 | Direct expenditure £'000 | Internal recharges £'000 | Total expenditure £'000 | Operating surplus/ (deficit) £'000 | Share of total assets £'000 |
|--------------------------------|-----------------|--------------------------------|--------------------------------|-------------------------------|---|--------------------------------------|
| Direct services | | | | | | |
| Government cars | (5,019) | 7,775 | 4,739 | 12,514 | (7,495) | 3,225 |
| Discontinued operations | | | | | | |
| Government mail | (6,433) | 6,739 | 138 | 6,877 | (444) | 414 |
| Segmental results | (11,452) | 14,514 | 4,877 | 19,391 | (7,939) | 3,639 |
| Corporate and Support Services | (606) | 5,483 | (4,877) | 606 | - | 95 |
| Total | (12,058) | 19,997 | - | 19,997 | (7,939) | 3,734 |

Government Car and Despatch Agency

Report and financial statements as at 30th September 2012

5. Property, plant and equipment

| | Motor vehicles £'000 | Special- ised vehicles £'000 | Plant and machin- ery £'000 | Furniture, fixtures, equip. £'000 | Buildings non dwelling £'000 | Total £'000 |
|---|----------------------------|---------------------------------------|--------------------------------------|--|---------------------------------------|----------------|
| Valuation | | | | | | |
| At 1 April 2012 | 2,077 | 914 | 128 | 232 | 207 | 3,558 |
| Additions | 385 | - | - | - | - | 385 |
| Donations | - | - | - | - | - | - |
| Disposals | (370) | - | - | - | - | (370) |
| Impairments | - | - | - | - | - | - |
| Reclassification to Discontinued Operations & Assets Held for Sale | (149) | - | - | - | - | (149) |
| Revaluations | - | - | - | - | - | - |
| At 30 September 2012 | <u>1,943</u> | <u>914</u> | <u>128</u> | <u>232</u> | <u>207</u> | <u>3,424</u> |
| Depreciation | | | | | | |
| At 1 April 2012 | (941) | (866) | (124) | (201) | (186) | (2,318) |
| Charged in year | (167) | (6) | (1) | (12) | (5) | (191) |
| Disposals | 242 | - | - | - | - | 242 |
| Impairments | - | - | - | - | - | - |
| Reclassification to Discontinued Operations & Assets Held for Sale | 97 | - | - | - | - | 97 |
| Revaluations | - | - | - | - | - | - |
| At 30 September 2012 | <u>(769)</u> | <u>(872)</u> | <u>(125)</u> | <u>(213)</u> | <u>(191)</u> | <u>(2,170)</u> |
| Net book value at 30 September 2012 | <u>1,174</u> | <u>42</u> | <u>3</u> | <u>19</u> | <u>16</u> | <u>1,254</u> |
| Net book value at 31 March 2012 | <u>1,136</u> | <u>48</u> | <u>4</u> | <u>31</u> | <u>21</u> | <u>1,240</u> |

Government Car and Despatch Agency

Report and financial statements as at 30th September 2012

5. Property, plant and equipment (continued)

| | Motor vehicles £'000 | Special- ised vehicles £'000 | Plant and machin- ery £'000 | Furniture, fixtures and equip. £'000 | Buildings non dwelling £'000 | Total £'000 |
|---|----------------------------|---------------------------------------|---|--|---------------------------------------|----------------|
| Valuation | | | | | | |
| At 1 April 2011 | 3,249 | 1,660 | 263 | 232 | 207 | 5,611 |
| Additions | 302 | - | 3 | - | - | 305 |
| Donations | - | - | - | - | - | - |
| Disposals | (935) | (746) | - | - | - | (1,681) |
| Impairments | - | - | - | - | - | - |
| Reclassification to Discontinued Operations | (539) | - | (138) | - | - | (677) |
| Revaluations | - | - | - | - | - | - |
| At 31 March 2012 | <u>2,077</u> | <u>914</u> | <u>128</u> | <u>232</u> | <u>207</u> | <u>3,558</u> |
| Depreciation | | | | | | |
| At 1 April 2011 | (1,552) | (1,587) | (252) | (176) | (180) | (3,747) |
| Charged in year | (354) | (25) | (8) | (25) | (6) | (418) |
| Disposals | 638 | 746 | - | - | - | 1,384 |
| Impairments | - | - | - | - | - | - |
| Reclassification to Discontinued Operations | 406 | - | 136 | - | - | 542 |
| Revaluations | (79) | - | - | - | - | (79) |
| At 31 March 2011 | <u>(1,552)</u> | <u>(1,587)</u> | <u>(252)</u> | <u>(176)</u> | <u>(180)</u> | <u>(3,747)</u> |
| Charged in year | <u>(941)</u> | <u>(866)</u> | <u>(124)</u> | <u>(201)</u> | <u>(186)</u> | <u>(2,318)</u> |
| Net book value at 31 March 2012 | <u>1,136</u> | <u>48</u> | <u>4</u> | <u>31</u> | <u>21</u> | <u>1,240</u> |
| Net book value at 31 March 2011 | <u>1,697</u> | <u>73</u> | <u>11</u> | <u>56</u> | <u>27</u> | <u>1,864</u> |

The Agency owned all its assets.

As shown in note 8, the Net Book Value of Motor Cars reclassified as Assets Held for Sale is £51k (2011/12: £0).

The revaluation surplus is disclosed in note 14.

Motor vehicles were valued at fair value. The motor vehicles were revalued on the 31st March 2012 by an independent valuer - CAP Motoring Research Limited. The valuation was performed on the basis of market value. The valuer used latest observable market prices to determine fair value.

Government Car and Despatch Agency

Report and financial statements as at 30th September 2012

5. Property, plant and equipment (continued)

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

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

| | 2012/13 £'000 | 2011/12 £'000 |
|-------------------------------------|------------------|------------------|
| PPE Additions (accruals basis) | 385 | 305 |
| Movement in capital accruals | - | - |
| As stated in Statement of Cash Flow | <u>385</u> | <u>305</u> |

6. Intangible assets

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

| | £'000 |
|-----------------------|--------------|
| Valuation | |
| At 1 April 2012 | 637 |
| Additions | - |
| Donations | - |
| Disposals | - |
| Impairments | - |
| Revaluation | - |
| At 30 September 2012 | <u>637</u> |
| Amortisation | |
| At 1 April 2012 | (599) |
| Charged in year | (24) |
| Disposals | - |
| Impairments | - |
| Revaluations | - |
| At 30 September 2012 | <u>(623)</u> |
| Net book value | |
| At 30 September 2012 | <u>14</u> |
| At 31 March 2012 | <u>38</u> |

Government Car and Despatch Agency

Report and financial statements as at 30th September 2012

6. Intangible assets (continued)

| | £'000 |
|-----------------------|----------------|
| Valuation | |
| At 1 April 2011 | 637 |
| Additions | - |
| Donations | - |
| Disposals | - |
| Impairments | - |
| Revaluation | - |
| | <hr/> |
| At 31 March 2012 | 637 |
| Amortisation | |
| At 1 April 2011 | (546) |
| Charged in year | (53) |
| Disposals | - |
| Impairments | - |
| Revaluations | - |
| | <hr/> |
| At 31 March 2012 | (599) |
| Net book value | |
| At 31 March 2012 | <hr/> <hr/> 38 |
| At 31 March 2011 | <hr/> <hr/> 91 |

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

7. Financial instruments

The GCDA's activities were financed mainly by income generated from Government customers and the Agency had no powers to borrow or invest surplus funds and no transactions were in foreign currencies. Management considered the only significant financial risk that the Agency was exposed to was credit risk. The Agency minimised this risk by active management of its trade receivables portfolio.

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.

Government Car and Despatch Agency

Report and financial statements as at 30th September 2012

7. Financial instruments (continued)

Categories of financial instruments

| | 30 Sept 2012 £'000 | 31 March 2012 £'000 |
|------------------------------|--------------------------|---------------------------|
| Financial assets | | |
| Cash and bank balances | 1,032 | 1,206 |
| Loans and receivables | 777 | 512 |
| Financial liabilities | | |
| Other | 1,751 | 2,207 |
| | <u>1,751</u> | <u>2,207</u> |

Fair value of financial instruments

Fair value of financial instruments carried at amortised cost

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

8. Discontinued Operations and Non-current Assets Held for Sale

Discontinued Operations – Current Assets

| | Notes | 30 Sept 2012 £'000 | 31 March 2012 £'000 |
|--------------------------------------|-------|--------------------------|---------------------------|
| Motor Vans (Net Book Value) | | 9 | 133 |
| Plant and Equipment (Net Book Value) | | - | 2 |
| Stock – Diesel | | - | 4 |
| Trade Receivables | | 1 | 228 |
| Accrued Income | | 10 | 40 |
| Prepayments | | - | 7 |
| Staff Debtors | | - | - |
| | | <u>20</u> | <u>414</u> |

Motor Vans and PPE were re-classified as current assets due to Government Mail being accounted for as a discontinued operation.

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8. Discontinued Operations (continued)

Discontinued Operations – Current Liabilities

| | 30 Sept 2012 £'000 | 31 March 2012 £'000 |
|--|-----------------------------------|------------------------------------|
| Accrued Voluntary early severance and redundancy | 250 | 2,091 |
| Trade Payables | - | 96 |
| Accruals | 81 | 158 |
| Revaluations | - | 54 |
| | <u>331</u> | <u>2,399</u> |

Non– Current Assets Held for Sale

| | 30 Sept 2012 £'000 | 31 March 2012 £'000 |
|-----------------------------|-----------------------------------|------------------------------------|
| Motor Cars (Net Book Value) | <u>51</u> | <u>-</u> |

9. Inventories

| | 30 Sept 2012 £'000 | 31 March 2012 £'000 |
|----------------|-----------------------------------|------------------------------------|
| Workshop stock | <u>37</u> | <u>28</u> |

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10. Other financial assets

Trade and other receivables

| | Notes | 30 Sept 2012 £'000 | 31 March 2012 £'000 |
|---|-------|--------------------------|---------------------------|
| Trade receivables | | 771 | 733 |
| Allowance for doubtful debts | | - | - |
| | | <hr/> | <hr/> |
| | | 771 | 733 |
| Other receivables | | 8 | 7 |
| Amounts due from sponsoring department | | - | - |
| Prepayments and accrued income | | 415 | 343 |
| | | <hr/> | <hr/> |
| Total | | 1,194 | 1,083 |
| Discontinued Operations | 8 | (11) | (275) |
| | | <hr/> | <hr/> |
| Total Continued Operations | | 1,183 | 808 |
| | | <hr/> <hr/> | <hr/> <hr/> |

All receivables are amounts falling due within one year.

Trade receivables

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

Total trade receivables (net of allowances) held by the Agency at 30th September 2012 amounted to £771k (2012: £733k). No trade receivables were classified as held for sale (2012 £nil).

The average credit period taken on sales of goods was 56 days (2012: 41 days). No interest was charged on the receivables. As the Agency provided its services exclusively to Governmental bodies it was not necessary to allow for doubtful debts as management was confident that individual amounts outstanding would be recovered. Trade receivables disclosed above include amounts (see below for aged analysis) which are past due at the reporting date. The Agency did not hold any collateral or other credit enhancements over these balances nor did it have a legal right of offset against any amounts owed by the Agency to the counterparty. The average age of these receivables is 61 days (2012: 73 days).

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10. Other financial assets (continued)

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

| | 30 Sept 2012 | 31 March 2012 |
|---------------|-------------------------|--------------------------|
| | £ | £ |
| 31-60 days | 120 | 71 |
| 61-90 days | 61 | 30 |
| 91-120 | 8 | 20 |
| Over 121 days | 12 | 27 |
| | <hr/> | <hr/> |
| Total | 201 | 148 |
| | <hr/> <hr/> | <hr/> <hr/> |

Movement in the allowance for doubtful debts

| | 30 Sept 2012 | 31 March 2012 |
|--|-------------------------|--------------------------|
| | £'000 | £'000 |
| Balance at the beginning of the period | - | 106 |
| Provision for the year | - | (106) |
| | <hr/> | <hr/> |
| Balance at the end of the period | - | - |
| | <hr/> <hr/> | <hr/> <hr/> |

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

The analysis by customer of receivables due within one year is as follows:

Receivables: amounts falling due within one year

| | 30 Sept 2012 | 31 March 2012 |
|---|-------------------------|--------------------------|
| | £'000 | £'000 |
| Balances with other central government bodies | 806 | 785 |
| Balances with sponsoring department | - | - |
| Balances with local authorities | 63 | - |
| Balances with public corporations and trading funds | - | - |
| Balances with bodies external to Government | 325 | 298 |
| | <hr/> | <hr/> |
| | 1,194 | 1,083 |
| | <hr/> <hr/> | <hr/> <hr/> |

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11. Cash and cash equivalents

The Government Banking Service (GBS) provided a current account banking service. The following balances were held at Period End:

| | 2012/13 £'000 | 2011/12 £'000 |
|--|--------------------------------|--------------------------------|
| Balance as at 1 April | 1,206 | 2,940 |
| Net change in cash and cash equivalent balances | (174) | (1,734) |
| Balance as at Period End | <u>1,032</u> | <u>1,206</u> |
| The following balances at Period End were held at: | | |
| Government Banking Service | 1,032 | 1,206 |
| Commercial bank and cash in hand | - | - |
| | <u>1,032</u> | <u>1,206</u> |

12. Other financial liabilities

Trade payables and other liabilities

| | Notes | 30 Sept 2012 £'000 | 31 March 2012 £'000 |
|---|--------------|---|--|
| Amounts falling due within one year: | | | |
| Excess of Parliamentary Grant over actual expenditure | | 1,032 | 1,206 |
| Trade Payables | | 31 | 118 |
| VAT | | 59 | 278 |
| Other Payables | | 68 | 89 |
| Other taxation and Social Security | | 176 | 198 |
| Deferred Income and Accrued Expenditure | | 377 | 313 |
| Staff annual leave accrual | | 89 | 143 |
| Accrued Voluntary early severance and redundancy | | 250 | 2,207 |
| Other | | - | 54 |
| | | <u>2,082</u> | <u>4,606</u> |
| Amounts falling due after more than one year: | | | |
| Deferred Income and Accrued expenditure | | - | - |
| Total | | 2,082 | 4,606 |
| Discontinued Operations | 8 | <u>(331)</u> | <u>(2,399)</u> |
| | | <u>1,751</u> | <u>2,207</u> |

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12. Other financial liabilities (continued)

Intra-Governmental Balances

| | 30 Sept 2012 £'000 | 31 March 2012 £'000 |
|---|-----------------------------------|------------------------------------|
| Balances with other central government bodies | 1,488 | 1,788 |
| Balances with bodies external to government | 594 | 2,818 |
| | <u>2,082</u> | <u>4,606</u> |

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases was 3 days (2012: 4 days). No interest was charged on the trade payables. The Agency had financial risk management policies in place to ensure that all payables were paid within the pre-agreed credit terms. Senior management consider that the carrying amount of trade payables approximates to their fair value.

The amounts shown in the Statement of Cash Flows under decrease in trade and other payables are reconciled to trade payables and other liabilities as follows:

| | 30 Sept 2012 £'000 | 31 March 2012 £'000 |
|---|-----------------------------------|------------------------------------|
| Trade payables and other liabilities | 2,082 | 4,606 |
| Less: excess of Parliamentary grant over actual expenditure | (1,032) | (1,206) |
| Other | - | (54) |
| | <u>1,050</u> | <u>3,346</u> |
| Balance Brought Forward | 3,346 | 1,615 |
| In year change as stated in statement of cash flows | (2,296) | 1,731 |
| Balance Carried Forward | <u>1,050</u> | <u>3,346</u> |

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13. Provision for liabilities and charges

| | Early departure costs £'000 | Dilapidat- ions £'000 | Other £'000 | Total £'000 |
|-------------------------------------|--------------------------------------|-----------------------------|----------------|----------------|
| Balances at 31 March 2011 | 1,453 | 546 | 66 | 2,065 |
| Provided in the year | 1,786 | 62 | - | 1,848 |
| Provisions utilised in the year | (752) | - | (66) | (818) |
| Balance at 31 March 2012 | 2,487 | 608 | - | 3,095 |
| Provided in the year | - | 502 | - | 502 |
| Provisions utilised in the year | (1,240) | - | - | (1,240) |
| Balance at 30 September 2012 | 1,247 | 1,110 | - | 2,357 |

Analysis of expected timing of discounted flows

| | Early departure costs £'000 | Dilapidat- ions £'000 | Other £'000 | Total £'000 |
|--|--------------------------------------|-----------------------------|----------------|----------------|
| In the remainder of the Spending Review period: | | | | |
| Between 2012 and 2015 | 1,152 | - | - | 1,152 |
| Between 2016 and 2020 | 95 | 1,110 | - | 1,205 |
| Balance at 30 September 2012 | 1,247 | 1,110 | - | 2,357 |

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 bore 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 £1,240k (2012: £1,333k). This responsibility transferred to the DfT when agency status ended.

The total pensions' liability up to normal retiring age in respect of each employee is charged to the Statement of Comprehensive Net Expenditure 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.

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13. Provision for liabilities and charges (continued)

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

Dilapidations

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.

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14. Revaluation reserves

| | Motor vehicles £'000 | Special- ised vehicles £'000 | Plant and machin- ery £'000 | Furniture, fixtures and equip. £'000 | Buildings non dwelling £'000 | Total £'000 |
|---|----------------------------|---------------------------------------|--------------------------------------|--|---------------------------------------|----------------|
| Tangible non-current assets | | | | | | |
| Balance at 1 April 2011 | 486 | - | - | - | - | 486 |
| Revaluation increase/(decrease) | 66 | - | - | - | - | 66 |
| Transferred to discontinued operations – Current Liabilities | (54) | - | - | - | - | (54) |
| Transfer between reserves | (206) | - | - | - | - | (206) |
| Balance at 1 April 2012 | 292 | - | - | - | - | 292 |
| Revaluation increase | - | - | - | - | - | - |
| Transferred to discontinued operations – Current Liabilities | - | - | - | - | - | - |
| Transfer between reserves | (55) | - | - | - | - | (55) |
| Balance at 30 September 2012 | 237 | - | - | - | - | 237 |

15. Capital commitments

| Contracted capital commitments at 30 September 2012 not otherwise included in these accounts: | 30 Sept 2012 £'000 | 31 March 2012 £'000 |
|--|--------------------------|---------------------------|
| Property, plant and equipment | 350 | 137 |
| Intangible assets | - | - |
| | <u>350</u> | <u>137</u> |

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16. Commitments under leases

Operating leases

| | 30 Sept 2012 £'000 | 31 March 2012 £'000 |
|--|-----------------------------|------------------------------|
| Minimum lease payments under operating leases recognised as an expense in the period | 443 | 1,100 |

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

| | 30 September 2012 | | 31 March 2012 | |
|--------------------------------------|--------------------|----------------|--------------------|----------------|
| | Buildings £'000 | Other £'000 | Buildings £'000 | Other £'000 |
| Total future minimum lease payments: | | | | |
| - one year | 745 | 8 | 754 | 136 |
| - two to five years | 2,980 | - | 2,980 | 2 |
| - over five years | 1,118 | - | 1,490 | - |
| | <u>4,843</u> | <u>8</u> | <u>5,224</u> | <u>138</u> |

GCDA leased a number of office premises under operating leases and subleased one of the office premises. The total of future minimum sublease payments expected to be received under non-cancellable subleases is £1,646,125 (2012: £1,772,750).

GCDA leases varied in period typically between 3 years and 15 years. Where stipulated in the appropriate lease contracts, periodic rent reviews were undertaken after specific periods to reflect market rentals. Sublease agreements typically ran for a period of up to 15 years and appropriate rent reviews were undertaken at time periods stipulated in the respective agreements.

Finance leases

The Agency had not entered into any finance lease agreements as at 30 September 2012 (31 March 2012; nil).

17. Commitments under PFI contracts

The Agency had not entered into any PFI contract agreements as at 30 September 2012 (31 March 2012; nil).

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18. Other financial commitments

The Agency had not entered into any non-cancellable contracts for services as at 30 September 2012 (31 March 2012: Nil).

19. Contingent liabilities

There were no contingent liabilities as at 30 September 2012.

20. Losses and special payments

The Agency did not make any losses or special payments during the reporting period that require reporting (2011/12: Nil).

21. Related party transactions

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

During the year, GCDA generated income amounting to £3.7m (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 had undertaken any material transactions with GCDA during the reporting period.

22. Financial objectives

The primary financial objective agreed with the Department for Transport was for GCDA to operate within a deficit for 2012/13 not exceeding £3.77m on an accruals basis. For the period ended 30 September 2012, the Agency reported a deficit of expenditure over income of £2.292m. At the end of the reporting period the agency was expecting to meet its primary financial objective.

The position at 30th September 2012 was:

| | 30th Sept 2012 £'000 | 2011/12 £'000 |
|--|--|--------------------------|
| Deficit | 2,292 | 7,939 |
| Deficit as % of income from operating activities | 61.86% | 65.8% |

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23. 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 the 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 had a material impact on this final report and accounts occurred after the reporting period between 30 September 2012 and the point at which these accounts were authorised for issue.



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