



Department of the
Environment
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Driver & Vehicle Agency

Annual Report and Statement of Accounts

for the year ended
31 March 2015

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Chief Executive's Foreword

I am pleased to present the Annual Report and Accounts for the Driver & Vehicle Agency (DVA) for 2014-15. This report reflects much of the good work we have delivered during what has been a challenging 12 months.

The transfer of the vehicle registration and licensing service from Coleraine to the Driver & Vehicle Licensing Agency (DVLA) in Swansea in July 2014 was extremely disruptive and stressful for many of our staff and in particular those whose jobs were transferred. We have worked very hard to ensure that the service provided to NI motorists right up to the day of transfer did not suffer. We also focussed on ensuring colleagues affected found alternative posts and at the time of writing, this was the case for the vast majority. I wish to express my thanks to those who have left the Agency, for their hard work and dedication whilst they were with us, and my continuing appreciation to those who have found other posts in DVA.

We continue to develop our Business Transformation Programme which seeks to ensure that our services to the public are easily accessible, fully integrated and delivered efficiently. It is important to us that we respond to the changing needs of customers and we exploit technology to improve service delivery. We have commenced the development of a new driver licensing system which will improve the customer experience, deliver service efficiencies and introduce online processing and other enhancements to the service. We are reviewing our test centre network to ensure we have the capacity and capability to deliver vehicle and driver testing into the future.

We have always been, and will continue to be, focused on delivering excellent services to the public. I am delighted to report that this has been recognised by our successful retention of the rigorous Customer Service Excellence (CSE) standard, and also by our own customers. A recent customer satisfaction survey, conducted by the Northern Ireland Statistics and Research Agency, found that 97.4% of our customers who were surveyed found the experience of dealing with us to be satisfactory or very satisfactory.

I also acknowledge that we have failed to achieve a number of key performance targets and an explanation for this is provided on page 10.

All in all, I am pleased with how we have performed this year. We could not have achieved this without a team of dedicated and professional staff and I want to thank them all for their continued hard work and commitment. I look forward to working with my colleagues across the Agency to continue to deliver excellent public services and prepare the Agency for the future.



PAUL DUFFY

Chief Executive

22 June 2015

Part 1. Management Commentary

Strategic Report

Introduction

This commentary sets out the Agency's main objectives, comments upon the organisational context within which we operated and provides a detailed report on performance during 2014 -15.

History and Statutory Background

The Driver and Vehicle Agency (DVA) was created under the Review of Public Administration on 1 April 2007 by the merger of Driver and Vehicle Licensing NI (DVLNI) and the Driver & Vehicle Testing Agency (DVTA).

The Chief Executive is the Agency Accounting Officer and reports through the Permanent Secretary to the Minister of the Department of the Environment (DOE).

Vision

The Agency's vision is '**Safer vehicles and safer drivers**'.

Mission Statement

The mission of DVA is "To contribute to road safety, law enforcement and a cleaner environment by promoting compliance of drivers, vehicles and transport operators through testing, licensing, enforcement and education."

Strategic Objectives

The Agency's strategic objectives are to:

- improve compliance with statutory requirements;
- improve the quality, integrity and security of our records;
- deliver quality services to meet the needs of customers and other stakeholders;
- apply appropriate quality standards to all current and new processes;
- improve our efficiency, effectiveness and economy; and
- develop the organisation and our people.

Values

The Agency values describe how we behave and treat each other, and how we treat our customers and stakeholders.

- Integrity – putting the obligations of public service above our own personal interests;
- Honesty – being truthful and open;
- Objectivity – basing advice and decisions on rigorous analysis of the evidence; and
- Impartiality – acting solely according to the merits of the case and serving equally well Ministers of different political persuasions.

What We Do

DVA is responsible for:

- vehicle and driver testing;
- driver licensing – issuing and, where appropriate, withdrawing licences in respect of drivers of cars, motorcycles, lorries, buses, etc.
- driving and riding instructor registration – assessing the suitability of applicants, checking tuition standards, the delivery of Compulsory Basic Training and taking appropriate action when instructors fail to meet required standards;
- road transport licensing – issuing and, where appropriate, withdrawing licences in respect of taxi drivers and operators, road service (bus) operators and public service vehicle (bus and taxi) licensing;
- compliance audits and enforcement of licensing, roadworthiness and other legal requirements for goods and passenger carrying operators and their vehicles;
- other requirements in relation to vehicles including Transports Internationaux Routier checks, collision investigations and checking repair work following defect/prohibition notices;
- technical vehicle and driver standards – ensuring DVA fulfils its legal obligations in respect of the provision of statutory vehicle and driver tests, providing technical advice to Road Safety & Vehicle Regulation Division (RSVRD) to assist in the development of legislation, reviewing legislative changes that may affect the vehicle and driving testing environment, and developing and implementing appropriate standards; and
- vehicle registration and licensing – issuing tax discs, registering new and used vehicles, sale and transfer of registration marks. On 17 July 2014 the Driver and Vehicle Licensing Agency (DVLA) became responsible for this function and DVA ceased delivering the service locally.

Risk

We have a risk management policy in place which sets out our approach to risk management and risk appetite. More detail on Agency risks is outlined in the Governance Statement on page 41.

Sustainability Report

We recognise the importance of having sustainability at the core of our business, not only because of the direct cost savings that can be achieved but as evidence of leading by example.

As we embark on our Business Transformation Programme we will seek to improve the efficiency of our Test Centres, thereby ensuring our energy footprint is as light as possible.

Our Energy Refurbishment plan includes the conversion of heating systems to natural gas (where available) across our test centres. New biomass heating systems have also been installed at 5 of our sites, i.e. Enniskillen, Omagh, Armagh, Lisburn and Downpatrick.

We assessed the feasibility of becoming a participant in the Northern Ireland Renewable Heat Incentive Scheme (NIRHI) during 2014. However whilst initial assessments were positive, we have currently postponed this approach as we progress our Business Transformation Programme. A key element of the Programme will be the identification and implementation of a single sustainable energy approach across our network of test centres.

New contracts that will enable a more diverse range of waste to be diverted from landfill to recycling have been introduced from 1 April 2015.

In addition, we ensure that our fleet (Enforcement and various vehicles used for testing purposes) is fully maintained and legally compliant and that any new vehicles procured comply with best practice guidelines.

1.1 Agency Performance in 2014 -15

Our performance has been measured against the key targets in the 2014 -15 Business Plan. These targets, together with details of how we performed in relation to each, are set out on page 9, with an explanation as to why some key targets were not achieved, detailed on page 10.

Whilst the headline figures state that 7 of the 14 key targets were not achieved, this does not tell the full story. These 14 key targets were made up of 42 objectives, which meant that, in many cases, the achievement of a single key target was dependent upon the successful achievement of all the related objectives.

Of the 42 individual objectives, 27 were achieved, 10 were not achieved and the remaining 5 were unattainable as the enabling legislation was not made. To provide greater clarity on our overall performance, we have included a table on pages 11-14, where more detail is provided on our outturn against each of the individual objectives.

We had some very stretching targets to achieve in 2014 -15, and our ability to meet each of these was impacted by a number of key issues, some of which were outside of the Agency's control.

The transfer of the vehicle registration and licensing functions to the DVLA in Swansea was a major project in itself. It required a significant amount of time and effort to ensure that the transfer went smoothly and to deal with the numerous queries and issues that arose afterwards. However, we felt it was important for the NI motorist and our staff that this was managed effectively, and that resources were allocated to it for as long as necessary.

In spite of some major challenges, our retention of the rigorous Customer Service Excellence (CSE) standard, and a satisfaction rating of over 97% in our customer satisfaction survey respectively demonstrate that our very high levels of customer service did not waiver during this period of significant change. This shows the dedication and customer focus displayed on a daily basis by our staff.

Our performance against the objective to appoint 92% of vehicle tests within 21 days of application (or later if requested) represents a significant achievement for the Agency, particularly in light of an increase in the number of tests applied for this year. A total of 1,009,194 vehicle tests were conducted during the year.

Whilst we continued to deliver an excellent range of services to citizens, we also worked very hard to progress the Business Transformation Programme. This will deliver a number of major improvements and new services to citizens in the next few years, including a Replacement Driver Licensing computer system by April 2016.

1.2 Performance against Key Targets

| Target number | Performance Target 2014 -15 | Result |
|---------------|---|---------------|
| 1 | To achieve 100% of Enforcement performance targets | Not achieved |
| 2 | To achieve 100% of Compliance monitoring targets | Not achieved |
| 3 | To implement the 2014 -15 elements of the Taxi Reform Programme for which legislation has been laid | Achieved |
| 4 | To implement the 2014 -15 elements of the Business Transformation Programme | Not achieved |
| 5 | To retain CSE accreditation by 31 March 2015 | Achieved |
| 6 | To achieve 100% of Driver and Vehicle Testing customer service targets | Not achieved |
| 7 | To achieve 100% of Licensing customer service targets * | Achieved |
| 8 | To conduct a customer satisfaction survey by 31 March 2015 | Achieved |
| 9 | To complete a review of the Agency stakeholder engagement plan twice | Not achieved. |
| 10 | To conduct a review of the effectiveness of stakeholder engagement by 31 March 2015 | Not achieved |
| 11 | To achieve 100% of Agency Finance Targets | Achieved |
| 12 | To meet Trading Fund Financial Targets | Achieved |
| 13 | To retain ISO 9001:2008 accreditation | Achieved |
| 14 | To meet overall target of an average of 7.8 days of sick absence per staff member | Not achieved |

A further breakdown of performance against key targets and associated objectives is provided on pages 11 - 14.

***Monitoring against vehicle licensing elements of the target ceased on 30 June 2014 due to the centralisation of the vehicle licensing services in Swansea.
All Driver Licensing targets were achieved**

1.3 Explanation for Targets not achieved

- Target 1.** 2 of the 8 Enforcement performance targets were not achieved. These related to the number of inspections conducted on HGVs and taxis respectively. In each case we achieved approximately 85% of the target figure set at the start of the year. Resource pressures including time lost through staff training and long term sick absence contributed to the shortfall.
- Target 2.** 2 of the 5 Compliance Monitoring targets in respect of HGV and bus compliance audits were not achieved. This was a new work area introduced for 2014 -15 and in light of operational experience, compounded by resourcing pressures, the target set at the start of the year proved to be too optimistic.
- Target 4.** Due to a re-profiling of the milestones within the Transformation Programme plan, some of the activities listed for completion in 2014 -15 were pushed back to the next financial year.
- Target 6.** This target combined 2 separate objectives. The objective in respect of driving test appointments (92% of applications to be appointed within 28 days or later if requested) was not met due to a combination of factors. For example, there was a significant and unexpected 9% increase in driving test applications, and as a result of dealing with the surplus PTO Driver Vehicle Examiner legacy issues from the Review of TGIs/TGIIIs, the Agency lost some qualified driving test examiners, who opted for voluntary early retirement. It should be noted however, that the objective in respect of vehicle test applications (92% of applications appointed within 21 days or on request at a later date), was achieved.
- Target 9.** Due to resource pressures and a reprioritisation of work, the stakeholder engagement plan was reviewed only once during 2014 -15.
- Target 10.** Since much work on stakeholder engagement will be taken forward by the Business Transformation Programme in 2015 -16, we did not conduct a review of the effectiveness of stakeholder engagement during 2014 -15.
- Target 14.** Achievement of this target is largely outside of the Agency's control. However, we can confirm that the processes around the management of sick absence were implemented effectively within the Agency. The outturn figure for sick absence was an average of 13.9 days.

1.4 Detailed breakdown of performance against Key Targets and associated objectives

| Key Agency Target 2014 -15 (associated objectives are listed below each key target) | Outcome |
|--|---|
| 1. To achieve 100% of Enforcement performance targets | Not Achieved |
| To carry out checks on at least 3,000 HGV units (tractor or trailer) | Not Achieved - 2,534 |
| To achieve a detection rate of at least 50% non compliance on targeted HGV operations | ACHIEVED - 69.97% |
| To carry out checks on at least 600 buses | ACHIEVED - 750 |
| To achieve a detection rate of at least 41% non compliance on targeted bus operations | ACHIEVED - 44% |
| To carry out checks on at least 1,700 taxis | Not Achieved - 1,445 |
| To achieve a detection rate of at least 45% non compliance on targeted taxi operations | ACHIEVED - 55.09% |
| To carry out 15 joint operations with PSNI to assess modified motorcars | ACHIEVED - 15 |
| To carry out a minimum of 8 multi-agency cross border operations | ACHIEVED - 10 |
| | |
| 2. To achieve 100% of Compliance monitoring targets | Not Achieved |
| To achieve a compliance target of 80% for Goods Vehicle Operator Licensing | ACHIEVED - 90.90% |
| To achieve a compliance target of 85% for Taxi Operator Licensing | ACHIEVED - 88.23% |
| To conduct 250 HGV Operator compliance inspections | Not Achieved -112 conducted |
| To conduct 200 Taxi Operator compliance inspections | ACHIEVED - 208 conducted |
| To conduct 60 Bus Operator compliance inspections | Not Achieved - 38 conducted |
| | |
| 3. To implement the 2014 -15 elements of the Taxi Reform Programme for which legislation has been laid. | ACHIEVED |
| To introduce a new Taxi Driver Test | ACHIEVED |
| To introduce a new Taxi Meter Approval Scheme and maximum fares | Not Achieved - Legislation not yet made |

| Key Agency Target 2014 -15 (associated objectives are listed below each key target) | Outcome |
|--|--|
| To introduce new roof sign specifications | Not Achieved - Legislation was prayed against and annulled |
| To introduce a revised procedure for testing of taxis | Not Achieved - Legislation was prayed against and annulled |
| To implement new regulations in respect of Wheelchair Accessible Vehicles | Not achieved - Legislation not yet made |
| To introduce powers of seizure, retention and disposal in respect of non-compliant taxis | Not Achieved - Legislation not yet made |
| 4. To implement the 2014 -15 elements of the Business Transformation Programme | Not Achieved |
| Structure and Funding: <ul style="list-style-type: none"> · Establish Programme Board; · Establish Programme Team; · Secure initial Programme funding; and · Programme monitoring and reporting arrangements agreed and in place. | ACHIEVED |
| To complete the Programme Document Set of: <ul style="list-style-type: none"> · Blueprint; · Outline Business Case; · Risk register; · Governance Framework; · Stakeholder engagement plan; · Employee engagement plan; and · Communication plan. | Not achieved - work on employee/stakeholder engagement to begin in 2015 -16 |
| Agree Project Initiation Documents, Project Plans, Risk Registers, and Business Cases for: <ul style="list-style-type: none"> · Infrastructure Project; · ICT Project; and · People Project | Not achieved - resource to take forward People Project to be appointed in 2015 -16 |

| Key Agency Target 2014 -15 (associated objectives are listed below each key target) | Outcome |
|---|--|
| 5. To retain CSE accreditation | ACHIEVED |
| 6. To achieve 100% of Driver and Vehicle Testing customer service targets | Not Achieved |
| Waiting Times (vehicle tests): 92% of all applications appointed within 21 days or on request at a later date | ACHIEVED - 92% |
| Waiting Times (driving tests): 92% of all applications appointed within 28 days or on request at a later date | Not achieved - 85% |
| 7. To achieve 100% of Licensing customer service targets | ACHIEVED |
| To dispatch 90% of registration documents for newly registered vehicles within 10 working days* | ACHIEVED |
| To dispatch 95% of refunds within 5 working days* | ACHIEVED |
| To dispatch 95% of postal licences within 5 working days* | ACHIEVED |
| To process 95% of change of keeper (V5C) notifications and dispatch new HRCs within 5 working days* | ACHIEVED |
| To meet an average waiting time at local offices of no more than 12 minutes* | ACHIEVED |
| To dispatch 95% of driver licences within 10 working days | ACHIEVED - 96.44% |
| To dispatch 95% of taxi plates within 5 working days from receipt of all documentation | ACHIEVED - 96.15% |
| To dispatch 95% of taxi driver licences within 10 working days from receipt of all documentation | ACHIEVED - 100% |
| 8. To conduct a customer satisfaction survey | ACHIEVED |
| To conduct a customer satisfaction survey, including analysis and report, by 31 March 2015 | Survey completed in October 2014. Report with analysis completed March 2015. |

* Relates to performance from 1 April 2014 to 30 June 2014

| Key Agency Target 2014 -15 | Outcome |
|--|-------------------|
| 9. To complete a review of the Agency stakeholder engagement plan twice during 2014 -15 | Not Achieved |
| 10. To conduct a review of the effectiveness of stakeholder engagement | Not Achieved |
| 11. To achieve 100% of Agency Finance Targets | ACHIEVED |
| To ensure that Licensing and Enforcement sections do not exceed their final current expenditure or capital investment budget in 2014 -15 | ACHIEVED |
| To achieve an unqualified NIAO opinion on the Agency accounts, for 2013 -14 and lay them within prescribed deadlines | ACHIEVED |
| 12. To meet Trading Fund Financial Targets | ACHIEVED |
| Return on capital of 3.5% for testing activity | ACHIEVED - 22.08% |
| Achieve Breakeven target | ACHIEVED |
| 13. To retain ISO 9001:2008 accreditation | ACHIEVED |
| 14. Attendance Levels | Not Achieved |
| To meet an overall target of an average of 7.8 days of sick absence per staff member | 13.9 days average |

1.5 Performance Summary by Business Area

Driver Licensing

During 2014 -15 we issued a total of 227,250 driving licences and 96.44% of those licences were issued within the Customer Services delivery targets.

In addition, we developed new processes to implement parts of the Immigration Act 2014 relating to residency requirements for holders of driving licences. The new processes allow for the revocation of licences where the licence holder has been positively identified by the Home Office as being no longer lawfully resident in the UK. We continue to assist the Home Office in monitoring and improving this scheme.

The Division continued to work closely with colleagues in RSVRD on changes to policy and legislation.

Vehicle Registration and Licensing

Vehicle registration and licensing (motor tax), although an excepted matter not devolved to the NI Assembly, has always been carried out in Northern Ireland by the DVA under a formal agency agreement with the Department for Transport (DfT).

In March 2014 the DfT in London announced its decision to centralise vehicle licensing in DVLA in Swansea and to end the agreement bringing to a close the Agency's responsibility for the delivery of these services. As a result, all DVA motor tax offices closed to the public on 17 July 2014 with a loss of funding for over 300 jobs. All affected staff have either been permanently or temporarily redeployed into other posts, or opted to leave the Service through a Voluntary Exit Scheme.

In spite of the great uncertainty about the future and the stress placed on staff, the Division continued to deliver business as usual services until the services closed on 17 July 2014, meeting all service delivery targets for this period.

Driver Testing

Work continued throughout the year on various strands of the Taxi Reform programme, including the development of new taxi theory and practical tests which were introduced on 31 October 2014. The new tests were specifically developed to help raise standards within the industry, promote road safety, and improve accessibility for older people and people with disabilities.

Vehicle Testing

1,009,194 vehicle tests were conducted during the year, a decrease of 0.07% from 1,009,858 in 2013 -14.

We have revised our vehicle test schemes as a consequence of European and national legislative changes. The final phase of the Individual Vehicle Approval (IVA) scheme was completed in October 2014 with the provision of mandatory tests for Heavy Goods Vehicles (HGVs) built in multiple stages and special purpose vehicles, including trailer caravans. The IVA scheme provides an alternative to European Community Whole Vehicle Type Approval and supports local vehicle manufacturers. The Agency has also introduced a brake efficiency test for motor cycles, using a static brake testing machine, in compliance with the European Roadworthiness Directive. Work is ongoing to provide for the removal of the mandatory display requirements for vehicle test certificates, including the revision of car, bus and goods vehicle certificates.

The Agency continued to support RSVRD on the implementation of the Taxis Act (NI) 2008, and the provision of a new regulatory regime affecting the construction, testing, and licensing of taxis. We have assisted in the development of new taxi vehicle legislation, and related construction and test criteria affecting standard taxis, special occasion taxis and accessible taxis. This legislation will also help to provide disabled people with an enhanced opportunity to access public transport. In addition, we are preparing for the introduction of a taximeter approval and testing scheme, in support of single tier taxi licensing. We also introduced a Vehicle Licensing ID inspection service, carried out on behalf of the DVLA, in support of the cherished transfer scheme and local industry.

Passenger Transport Licensing

Following the plans by the DfT to centralise vehicle registration and licensing services within the DVLA in Swansea, the decision was taken to transfer the Passenger Transport Licensing function to Coleraine. This decision was taken in order to provide some mitigation against the job losses. The Bus Licensing and Regulation Unit transferred to Coleraine on 1 September 2014 with the Taxi Licensing Team relocated with effect from 15 September 2014.

The decision to relocate the function resulted in a loss of expertise. However, the transfer was carefully planned to allow for the handover of skills and knowledge prior to the move and experienced staff provided support and assistance to the new staff for a few weeks after the relocation, to consolidate the training process. Despite initial difficulties, targets were achieved and the Unit continued to monitor, investigate and where necessary, intervene in the conduct of bus operators and taxi drivers and operators.

Compliance and Enforcement

We continued to target our resources against the most non-compliant operators, drivers and vehicles using information received from a wide variety of sources together with profiles developed from compliance and enforcement history captured by the Agency.

We also continued to support the Transport Regulation Unit (TRU) with the delivery of their operator licensing and regulation functions by providing a range of services including operator referrals and briefing material for Public Inquiries. To this end a Statement of Service has been agreed with TRU to provide a framework for service delivery to ensure satisfactory standards are maintained.

The first vehicles were detained and disposed of under the new Goods Vehicle Operator Licensing regime for continuing to operate without the required operator's licence. This ultimate sanction has raised the profile of operator licensing requirements across the goods vehicle industry.

This year also saw the introduction of a compliance audit programme rolled out across both the goods vehicle and bus transport industries respectively. The purpose of a compliance audit is to enable the Agency to assess a full range of transport management systems and controls put in place by the operator such as vehicle maintenance arrangements and the management of drivers' hours requirements.

A critical element of the audit process is to assist the operator to comply with the requirements by providing advice/guidance and recommendations where shortcomings are identified. The intention is to raise compliance standards across the industry by tackling non-compliance at its source.

We also delivered Phase 3 of the Graduated Fixed Penalty and Deposit Scheme which has introduced a financial deposit scheme for foreign drivers (drivers with no verifiable UK address) and the provision to immobilise and ultimately seize vehicles for non payment of related fines. Phase 3 has also allowed for both domestic and foreign vehicles to be immobilised for a wide range of prohibitable offences and has enabled the effective enforcement of HGV Road User Charging, which commenced in November 2014.

Customer Service

During the year, 2 major assessments of our customer service performance were carried out. The first was a customer satisfaction survey, which was conducted by the Central Survey Unit of the Northern Ireland Statistics and Research Agency. This found that over 97% of those surveyed were satisfied or very satisfied with the overall service they received. The previous full survey was conducted in 2011 and also found that over 97% of those surveyed were satisfied or very satisfied with the service they received.

The second assessment in 2014 -15 was against the very demanding CSE standard. Again, DVA was deemed to have successfully met the very stringent criteria and retained the standard.

Complaints and Compliments

During the year from 1 April 2014 -31 March 2015 we dealt with 337 complaints and received 154 compliments. The reduction in numbers received, as compared with previous years, may be attributed, at least in part, to the transfer in July 2014 of vehicle licensing functions to the Driver and Vehicle Licensing Agency in Swansea.

The complaints process is managed by a dedicated team within our Customer Services Unit and our target was to respond to 95% of complaints within 10 working days. Our performance over the past 3 years is illustrated in the table below:

| Year | Complaints | Performance against target |
|----------|------------|----------------------------|
| 2014 -15 | 337 | 99.7% |
| 2013 -14 | 558 | 99.3% |
| 2012 -13 | 536 | 99.3% |

1.6 Financial Review

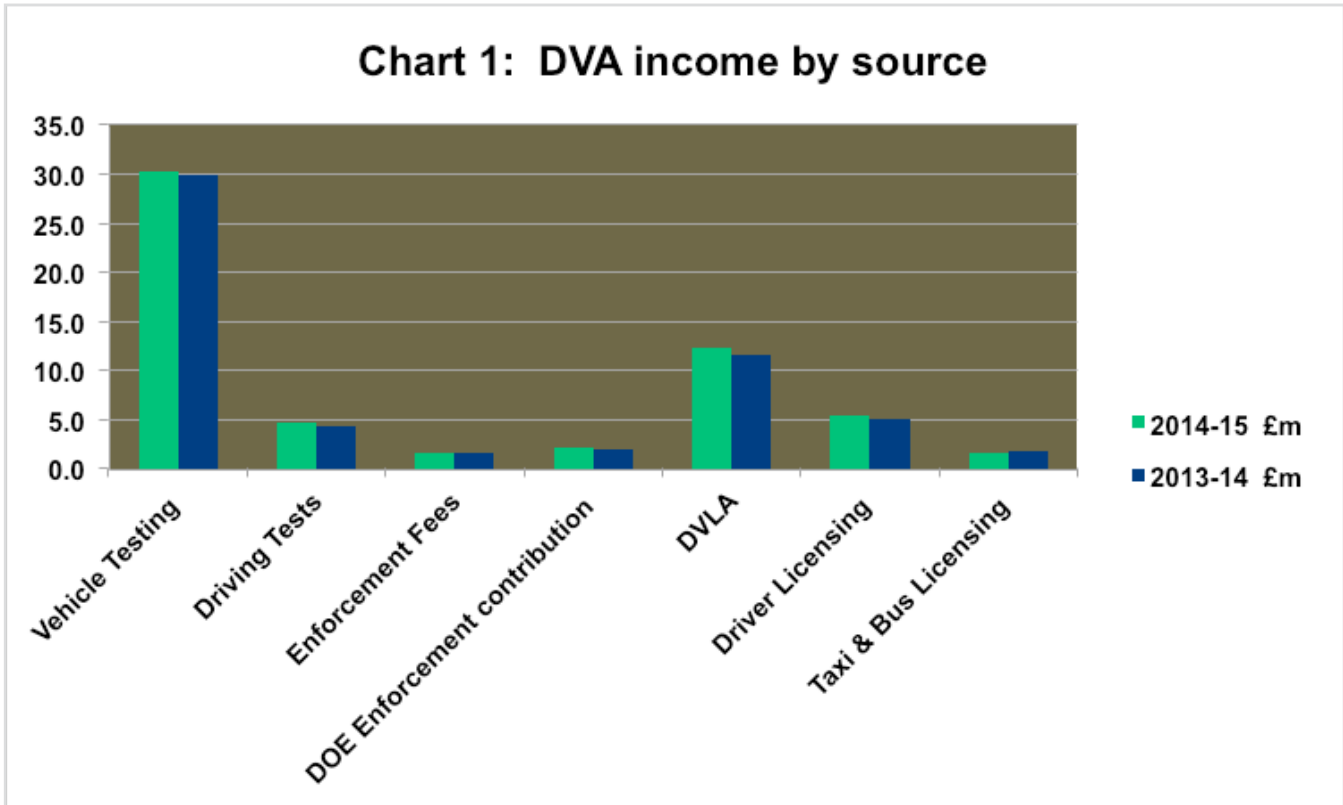
Funding

DVA is funded primarily through income from fees and from monies voted by the Northern Ireland Assembly which contribute towards driver, taxi and operator licensing and roadside enforcement activities. Vehicle registration and licensing was funded by DVLA through an Agency Agreement between DfT and DOE. However, DVA ceased as the agent for Vehicle Excise Duty (VED) from 17 July 2014.

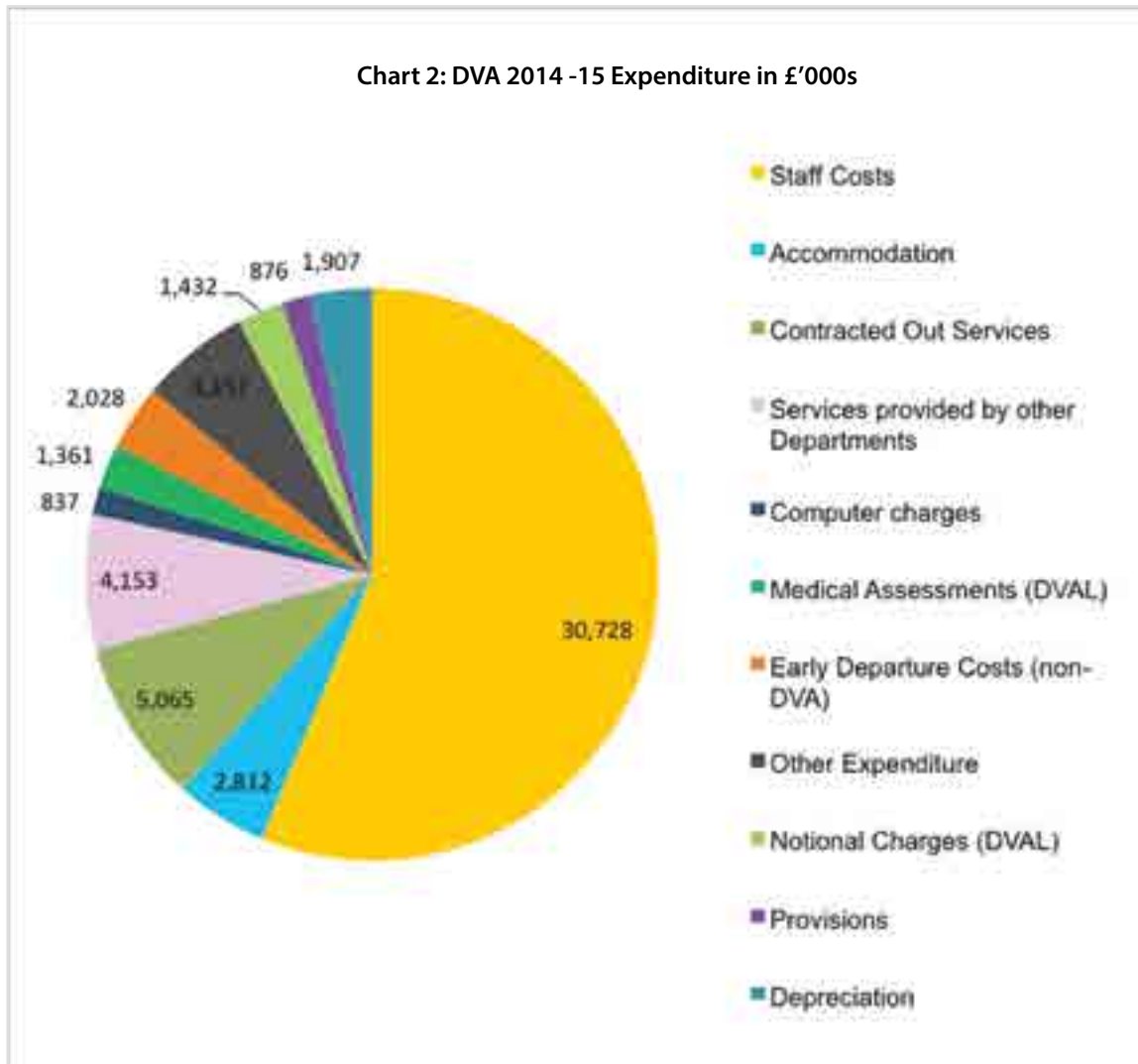
Going forward, DVLA will continue to fund a small team responsible for presentation in court of prosecutions for vehicle excise duty offences, detection of unlicensed vehicles by operating Automatic Number Plate Reader (ANPR) mobile units and the administration of historic vehicle licensing records on DVLA's behalf.

Financial Performance

DVA received income of £57.8m during the year (2013 -14: £55.9m). Our income is compiled of £19.2m (2013 -14: £18.2m) from DVA Licensing detailed on page 52 and £38.6m from DVA Testing (2013 -14: £37.7m) as shown on Page 82. Chart 1 provides a breakdown by income source.



Operating expenditure during the year totalled £54.6m (2013 -14: £53.9m). Expenditure in Licensing for the year amounted to £20.8m (2013 -14: £19.5m) as detailed on page 52 and £33.8m (2013 -14: £34.4m) as shown on page 82. Chart 2 analyses our 2014 -15 operating costs.



Staff costs of £30.7m represent 56% of operating expenditure, which was a slight decrease on the previous year (2013 -14: £31m). The number of staff reduced significantly in DVA Licensing through redeployment and a Voluntary Exit Scheme (VES) following the transfer of Vehicle Licensing Operations to the DVLA in Swansea. The associated decrease in staff costs was offset by expenditure required to fund the VES.

Non-staff operating costs rose by £0.8m to £23.8m (2013 -2014: £23.0m). Whilst expenditure incurred in delivering Vehicle Licensing Operations decreased, this was outweighed by the following one-off costs:

- expenditure to fund the early release of staff from other Departments which created vacancies for surplus DVA staff to transfer to; and
- dilapidation costs associated with buildings vacated after Vehicle Licensing Operations ceased.

The net operating cost for Licensing for the year was £1.6m (2013 -14: £1.3m). The net surplus for Testing, after interest and dividends, was £4.1m (2013 -14: £2.6m).

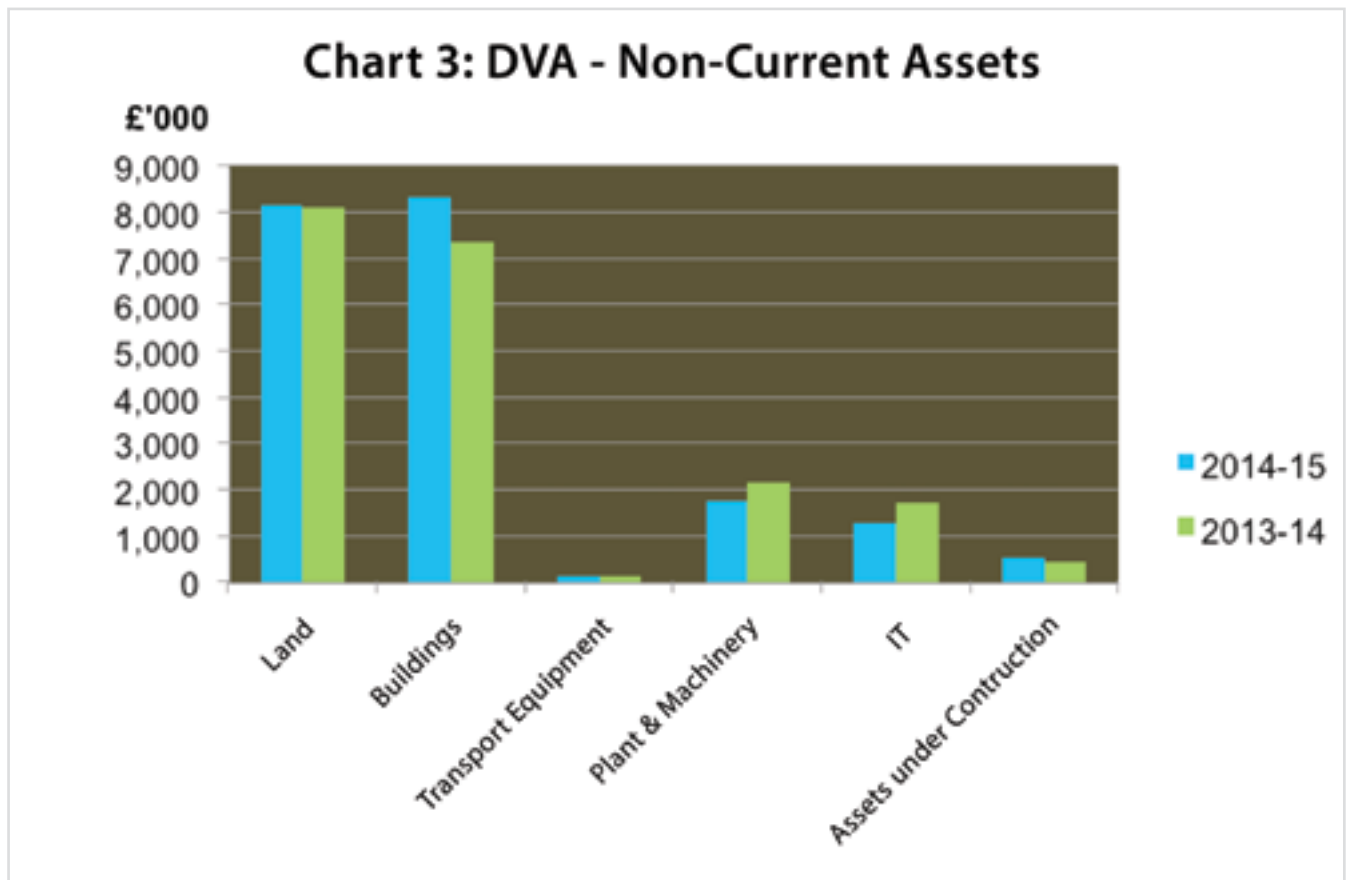
DVLA and Vehicle Excise Duty

DVA acted as the Northern Ireland agent for the collection of revenue from vehicle excise duty until the DfT centralised all vehicle registration and licensing services in Swansea. Our accounts do not incorporate the revenue collected from vehicle excise duty and the sale of marks or the associated refunds and other payments. These are accounted for separately in the VED account prepared by DVLA. VED, which is excluded from the accounts, decreased by £120.6m this year from £174m to £53.4m as DVA ceased collecting VED as of 17 July 2014.

DVLA continued to provide income to fund the costs of the DVA's Vehicle Licensing Division up until the end of December 2014. It also funded the DVA Voluntary Exit Scheme and the dilapidation costs required to return leased buildings back to their pre-occupation condition.

Non- Current Assets

Our combined non-current asset book value is currently £20.2m (2013 -14: £19.9m). This is split into £1.4m (13-14: £1.6m) in DVA Licensing as detailed on Pg 53 and £18.8m (2013 -14: £18.3m) in DVA Testing as shown on page 83. Movements in property, plant and equipment and intangible assets are disclosed in notes 5 and 6 of DVA Licensing's Accounts and notes 7 and 8 of DVA Testing's Accounts. The non-current asset breakdown is shown in Chart 3.



Land and buildings with an open market value for existing use of £4.2m were appropriated by DVA Testing on attainment of Trading Fund status on 1 April 1996. The current book value of land and buildings is £16.5m (2013 -14: £15.5m). Legal title to the land and buildings occupied by DVA Testing is held by various Northern Ireland government departments including DOE.

Key Corporate Financial Targets

DVA Testing has continued as a Trading Fund under the provisions of the Driver & Vehicle Testing Agency Trading Fund (NI) Order 1996. This means that it operated outside the supply process and met all its expenditure requirements from the income it generated through its principal activities. DVA Testing is required to break even after interest and dividends taking one year with another. It was required to achieve a return of 3.5% per year on capital employed, expressed as a percentage of average net assets employed at current values. DVA Testing achieved a return of 22.08% during the year (17.05% for 2013 -14).

Licensing and Enforcement sections achieved their target of not exceeding final current expenditure or capital investment budget in 2014 -15.

Going Concern

The accounts have been prepared on the basis that it will continue as a going concern.

The Stormont House Agreement contains a commitment to reduce the number of NICS departments from 12 to 9 following the Assembly election in May 2016, which will involve functions transferring from some departments to others. The number, names and high level functions of the new departments are currently being considered by Ministers. It is anticipated that staff working in the affected areas will move with the function. The proposed 9-departmental model outlines a machinery of government change where the functions of DVA Licensing will transfer to other departments in May 2016.

Accounting Direction

These financial statements have been prepared in accordance with the 2014 -15 Government Financial Reporting Manual (FReM) issued by the Department of Finance and Personnel (DFP). The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

1.7 Our People

The table below shows the number of staff employed by the Agency, and the gender breakdown, as at 1 April 2015, and for comparison purposes, the equivalent statistics at 1 April 2014.

The significant reduction in the Licensing numbers is largely due to the transfer of the vehicle registration and licensing functions to the DVLA in Swansea, on 17 July 2014.

| | 01/04/2014 | | | | 01/04/2015 | | | |
|--|------------|--------|-------|--------|------------|--------|-------|--------|
| | Male | Female | Total | FTE | Male | Female | Total | FTE |
| Testing | | | | | | | | |
| Permanent | 504 | 126 | 630 | 606.31 | 507 | 124 | 631 | 606.69 |
| Temporary | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 |
| Total (Permanent + Temporary) | 504 | 126 | 630 | 606.31 | 507 | 124 | 631 | 606.59 |
| Reduced hours | 12 | 45 | 57 | 34.31 | 15 | 42 | 57 | 34.05 |
| Licensing | | | | | | | | |
| Permanent | 127 | 271 | 398 | 372.70 | 50 | 117 | 167 | 158.65 |
| Temporary | 4 | 1 | 5 | 4.14 | 0 | 0 | 0 | 0.00 |
| Total (Permanent + Temporary) | 131 | 272 | 403 | 376.84 | 50 | 117 | 167 | 158.65 |
| Reduced Hours | 5 | 62 | 67 | 41.52 | 1 | 22 | 23 | 15.63 |
| DVA Total | 635 | 398 | 1033 | 983.15 | 557 | 241 | 798 | 765.24 |

Partnerships

We continued to build on the working relationships already established with our private sector partners for the delivery of services. These include Maha Ireland Ltd, for the maintenance of vehicle test equipment; Pearson VUE, for delivery of the theory test service; Fujitsu, for the delivery of the driver licensing system; Capita Managed IT Solutions, for the provision of booking systems, including telephone and internet booking services, and IT services in support of vehicle testing; and the Joint Approvals Unit for Periodic Training for the administration, approval and quality assurance of training providers for the Driver Certificate of Professional Competence.

In August 2014 we entered into partnership with MJ McBride Ltd for the replacement of 122 roller shutter doors across all 15 Test Centres, and the provision of maintenance services over a 4 year period. Installation of the new doors was successfully completed in December 2014.

In addition, in January 2015 we entered a partnership arrangement with BT through the NI Direct contract for the provision of the Replacement Driver System.

External Recognition

Aside from the retention of the CSE standard (referred to under 'Customer Service' above) we have also been assessed as fully conformant with ISO 9001:2008 in the Vehicle and Driver Testing business areas respectively.

In addition, the 'DOE Driver Vehicle, Operator and Enforcement Statistics' publication, which covers all of the Agency's key activities, attained National Statistics status – an indication of the quality and breadth of the statistical information which the Agency routinely releases into the public domain.

Official Statistics

Many of the key business volumes reported in the DVA annual report and accounts were sourced from DOE National Statistics published on 4th June 2015, in 'DOE Driver, Vehicle, Operator and Enforcement Statistics 2014 -15'. This is the latest annual reporting of DOE Official Statistics for 2014 -15, which is available from the Department's website at:

http://www.doeni.gov.uk/index/information/asb/statistics/dva_statistics.htm

1.8 Future Developments and Trends

We seek to keep abreast of developments that will affect what we do in the future, and we are currently working to prepare for a number of these. For example, the trend for an increasing number of new cars to be either hybrid or fully electric is something we are aware of and planning for.

The development of new technology and the trend among citizens to use technology to transact with government and service providers is part of our thinking within the Business Transformation Programme. The development of our new Driver Licensing system, due to be introduced in April 2016, will provide some new services to citizens.

These and some other key issues we are working on are mentioned below.

Business Transformation

In August 2014 we embarked on a Programme that will transform our Agency into a dynamic and fully integrated organisation whilst maintaining, and seeking to improve on, the current high standards of service. The Programme will ensure that we continue to deliver excellent services to the public, meet our statutory requirements in a modern, efficient way and support a multi-skilled, well trained workforce.

New Driver Licensing System

As one of the first steps in this Transformation Programme, we have initiated a project for the development of a new driver licensing IT system. This work will be progressed throughout 2015-16 to ensure that the new system is delivered by April 2016. This system will improve the customer experience, deliver service efficiencies and will introduce online processing and other enhancements to the service.

Road Transport Compliance Strategy

In consultation with key stakeholders we will develop a revised Road Transport Compliance Strategy for the goods vehicle, bus and taxi industries that will support the future delivery of enforcement, licensing and regulatory functions across the Department.

Taxi Reform

Work commenced on the development of periodic training for taxi drivers, which will come into effect in September 2015. This will bring the taxi industry into line with other vocational driving sectors and will require taxi drivers to take 35 hours of industry related training every five years. The training must include at least 3.5 hours of disability awareness training and we are working with disability groups to help develop suitable courses

Review of Driver Testing and Training

The driving test in Northern Ireland will be 60 years old in October 2016. Work commenced during the year to assess for the first time the effectiveness of the test. This work will be taken forward in conjunction with stakeholders from the training industry, road safety organisations and citizens. The findings and recommendations of the review will be set out in a public consultation document where views will be sought.

'Learning to Drive' Syllabus and Logbook

Work has commenced to assist the Department with its plans to introduce Graduated Driver Licensing in 2017-18. This work includes the development of a new driver syllabus, programme of training and a logbook. We will seek the views of the industry, road safety organisations and citizens prior to setting them out in a public consultation.



PAUL DUFFY

Chief Executive and Agency Accounting Officer

22 June 2015

Directors' Report

Strategic Management Board (SMB)

Members of our SMB for the period of the accounts were:

| | |
|------------------|--|
| Paul Duffy | Chief Executive and Agency Accounting Officer |
| Pat Delaney | Director of Operations |
| Trevor Evans | Director of Driver, Vehicle and Road Transport Licensing (up to 30 April 2014) |
| James Hutchinson | Director of Compliance and Enforcement |
| Mike Beare | Director of Transformation (from 27 May 2014) |

The SMB met regularly and was responsible for the overall direction and management of the Agency's business. As civil servants, the remuneration of members of the SMB was determined by the normal Northern Ireland Civil Service (NICS) pay arrangements. See the Remuneration Report on page 30.

The DOE Minister for the year was Mark H. Durkan MLA, and the Permanent Secretary of the Department was Leo O'Reilly.

Shannon Caldwell and Mike Brooks are Independent Board Members (IBMs) of the Departmental Management Board of DOE. As IBMs, they provide external advice and expertise, from a perspective of independence, in order to inform the decision-making process, adding value by offering constructive challenge to the operation of the Board. Part of Shannon Caldwell's role includes membership of the DVA Audit Committee and she is required to attend at least 3 out of 4 DVA Audit Committee meetings per year.

Directors' Interests

There were no company directorships or other significant interests held by Board members which conflicted with their management responsibilities.

Scope of Accounts

The Agency's accounts have been prepared under directions issued by the Department of Finance and Personnel (DFP) in accordance with:

- Section 11(2) of the Government Resources and Accounts Act (Northern Ireland) 2001; and
- Article 8(6) of the Financial Provisions (Northern Ireland) Order 1993.

Financial Instruments

In accordance with International Financial Reporting Standard 7, Financial Instruments: Disclosures, details of the impact of financial instruments on the Agency's risk profile are disclosed at Note 11 of the DVA Licensing and Note 23 of the DVA Testing accounts.

Audit

The financial statements were audited by the Comptroller & Auditor General for Northern Ireland (C&AG) in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and the Financial Provisions (Northern Ireland) Order 1993. As head of the Northern Ireland Audit Office, he and his staff were wholly independent of the Agency, and he reported his findings to the Northern Ireland Assembly.

The audit of the financial statements for 2014-15 resulted in a notional audit fee of £11,000 (2013-14: £12,000) for DVA Licensing and a fee of £15,000 (2013-14: £15,500) for DVA Testing. No remuneration was paid to the external auditor for non-audit work.

As far as I am aware, there is no relevant information which has not been made available to the auditor. I have taken all steps necessary to make myself aware of any relevant information and to ensure that the Agency's auditor is aware of that information.

Pension Liabilities

Staff pension liabilities are borne by the Principal Civil Service Pension Scheme (NI) and are therefore not reflected in these accounts. Details of the scheme are included at Note 3 to the DVA Licensing Financial Statements and Note 3 to the DVA Testing Financial Statements.

Payments to Suppliers

The Agency is committed to the prompt payment of bills for goods and services received, in accordance with the Late Payment of Commercial Debts (Interest) Act 1998, the Late Payment of Commercial Debts Regulations 2002 and British Standard 7890 - Achieving Good Payment Performance in Commercial Transactions. Unless otherwise stated in the contract, payment is due within 30 days of the receipt of the goods or services, or on presentation of a valid invoice or similar demand, whichever is the later. In November 2008 the Northern Ireland Executive introduced a proposal that payments be made within 10 days to help local businesses in the current economic climate.

During the year to 31 March 2015, DVA paid 97.1% of the 6,994 invoices (2013-14: 97.5% of 8,562 invoices) received within 30 days and 92.2% (2013-14: 88.1%) within 10 days.

Sick Absence

The Agency target for average days of sick absence per staff member in 2014-15 was 7.8 days. We achieved an overall average of 13.9 days. We acknowledge this as disappointing and are working closely with colleagues in the Department's Human Resources team to reduce the level of absence next year.

Learning and Development

We continued to invest significantly in our people during the year, with some 3,239 days of training and development delivered across the Agency. This included almost 2,000 days of technical training for our Testing teams.

Training and development needs were met by various delivery methods, covered a wide range of business areas and all grades and disciplines.

Employee Engagement

We understand the importance of engaging with staff at all levels, as a means of ensuring that they are kept updated on all relevant and pertinent matters and, where possible, we ensure that important projects and issues take account of staff views and feedback.

For example, team briefs are held monthly to provide updates to all staff and to address issues and concerns raised, and the Agency Chief Executive provides a regular update to all staff on a range of issues. We have also utilised Focus Groups to identify improvements in a variety of areas.

In respect of the Business Transformation Programme, we have engaged our staff throughout the initial information gathering and analysis phases through working groups representing each of the key elements of our business.

We will continue this approach to employee engagement as we move into the design and delivery phases and will supplement it with a communications strategy to ensure all staff are kept informed of progress as we move forward.

The Agency also uses the Whitley process of staff consultation, which provides opportunities for employer and trade union representatives to meet to discuss relevant matters.

Equal Opportunities

As a government employer the Agency follows employment best practice by adhering to the NICS Equal Opportunities Policy that states all eligible persons shall have equal opportunity for employment and advancement on the basis of their ability, qualifications and aptitude for the work. In adhering to its Section 75 responsibilities under the NI Act 1998, the Agency is committed to achieving its aims within the Department's Equality Scheme. In September 2013, the Equality Commission produced a best practice document in which DVA featured as a positive case study citing both the Theory test and Practical Driving test as good equality practice.

Health and Safety

The health and safety of staff and customers remain paramount and therefore the Agency seeks to ensure that the highest standards of health and safety are integrated with improved business performance. The Agency considers Health & Safety legislation as a minimum standard and has established processes in line with the Health and Safety Executive's "Leading Health & Safety at Work" (INDG417) and "Successful Health & Safety Management" (HSG65) to ensure the continual improvement of its Health and Safety Management System. During 2014-15 several existing policies were reviewed, including Driving at Work. Action was taken to address recommendations listed in a Stress Risk Assessment conducted by the HSENI, while there was a decrease in reported accidents at work for the 6th consecutive year.

Corporate Social Responsibility

The Agency continued to support the Northern Ireland Blood Transfusion Service and UK Transplant by including leaflets in our driver licensing reminders, encouraging people to drive safely, to donate blood and to become organ donors. A number of staff also engaged in voluntary and fund-raising work to support the environment and local charities/communities.

Events After The Reporting Period

Since the year end, applications for the Voluntary Exit Scheme have been processed, communicated and conditional offers agreed with staff. This has resulted in an obligation arising on the Department since the balance sheet date. The value of this liability cannot yet be determined. This is a non adjusting event and consequently, the 2014-15 accounts have not been adjusted. Payments to settle this are expected to be made in the 2015-16 financial year.

Personal Data Related Incidents

There were no personal data related incidents during the year.



PAUL DUFFY

Chief Executive and Agency Accounting Officer

22 June 2015

Remuneration Report

Remuneration Policy

The remuneration of senior civil servants is set by the Minister for Finance and Personnel. The Minister approved a restructured SCS pay settlement broadly in line with the Senior Salaries Review Board report which he commissioned in 2010. The commitment to a Pay and Grading Review for SCS was the second phase of the equal pay settlement approved by the Executive.

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. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commissioners can be found at www.nicscommissioners.org

Salary and Pension Entitlements

The following sections provide details of the remuneration and pension interests of the Chief Executive and Board Members of the Agency.

Senior Management Remuneration

This information is subject to audit.

| Officials | 2014 - 2015 | | | | | 2013 - 2014 | | | | |
|--|-----------------------------|----------------------------|--|-----------------------------------|----------------|-----------------------------|----------------------------|--|-----------------------------------|------------------|
| | Salary £'000 | Bonus Payments £'000 | Benefits in kind (to nearest £100) | Pension Benefits * £'000 | Total £'000 | Salary £'000 | Bonus Payments £'000 | Benefits in kind (to nearest £100) | Pension Benefits * £'000 | Total £'000 |
| Mr P Duffy Chief Executive (from 06/05/13) | 65 - 70 | - | - | 21 | 85 - 90 | 55 - 60 65 - 70 (FYE) | - | - | 12 | 70 - 75 |
| Mr S Duncan(b) Former Chief Executive | - | - | - | - | - | 0 - 5 65 - 70 (FYE) | - | - | (18) ^(e) | (10 - 15) |
| Mr T Evans (a)/(d) Group Director (Until 23/04/14) Acting Chief Executive (03/04/13 - 05/05/13) | 5 - 10 60 - 65 (FYE) | - | - | 11 | 15 - 20 | 60 - 65 | - | - | 7 | 70 - 75 |
| Mr P Delaney Group Director | 55 - 60 | - | - | 17 | 70 - 75 | 55 - 60 | - | - | 14 | 65 - 70 |
| Mr J Hutchinson Group Director | 60 - 65 | - | - | 24 | 80 - 85 | 55 - 60 | - | - | 25 | 80 - 85 |
| Mr M Beare(c) Group Director (from 27/05/14) | 45 - 50 55 - 60 (FYE) | - | - | 18 | 60 - 65 | - | - | - | - | - |

Senior Management Remuneration (continued)

FYE - Full year equivalent

* The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases include increases due to inflation and any increase or decrease due to a transfer of pension rights.

- (a) In line with the SCS pay award arrangements for 2013, staff who received less than 1% consolidated increase to their salary received a non-consolidated pensionable payment to bring them up to the equivalent value of 1%. One official received a non-consolidated pensionable payment in the pay band £60,000 - £65,000.
- (b) Stanley Duncan passed away on 2 April 2013. Paul Duffy was appointed as the new Chief Executive with effect from 6 May 2013.
- (c) No comparative figure for 2013-14 as was not a board member for pension benefits. Mike Beare's commenced with DVA on 27 May 2014, he attended his first board meeting on 29 May 2014.
- (d) Trevor Evans ceased attending board meetings on 23 April 2014. He partially retired before retiring completely on 31 December 2014.
- (e) Reasons for a negative value can include:
 - a rise in pension salary that is less than the rate of inflation;
 - a member joins or leaves mid-year;
 - the pension factors for the over 60's decrease the value of the pension that could have been taken at 60; or
 - in classic plus, the lump sum for service up to the 30/9/2002 will always give a negative value.

| | 2014 - 15 £'000 | 2013 - 14 £'000 |
|--|--------------------|--------------------|
| Band of highest paid Director's total remuneration | 65 - 70 | 65 - 70 |
| Median total remuneration | 23,099 | 22,291 |
| Ratio | 2.92 | 3.03 |

The DVA is required to disclose the relationship between the remuneration of the highest paid director in the Agency and the median remuneration of the Agency's workforce.

The banded remuneration of the highest paid director in DVA in the financial year 2014-15 was £65,000 – 70,000 (2013-14: £65,000 - 70,000). This was 2.92 times (2013-14: 3.03) the median remuneration of the workforce, which was £23,099 (2013-14: £22,291).

In 2014-15, nil (2013-14: nil) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £16,000 to £67,000 (2013-14: £16,000 to £66,000).

Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

Salary

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation and any gratia payments.

Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the HM Revenue and Customs as a taxable emolument.

No senior employee received any benefit in kind during the year.

Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2014-15 relate to performance in 2014-15 and the comparative bonuses reported for 2013-14 relate to the performance in 2013-14.

Pensions Entitlements

This information is subject to audit.

| Officials | Accrued pension at age 60 as at 31/03/15 or leaving date if earlier and related lump sum | Real increase/ (decrease) in pension and related lump sum at age 60 | CETV at 31/03/15 or date of leaving if earlier | CETV at 31/03/14 or date of commencement if later** | Real Increase/ (decrease) in CETV | Employer contribution to partnership pension account |
|---|--|---|--|---|-----------------------------------|--|
| | £'000 | £'000 | £'000 | £'000 | £'000 | Nearest £100 |
| Mr P Duffy Chief Executive | 20 - 25 plus 65 - 70 | 0 - 2.5 plus 2.5 - 5 | 345 | 315 | 13 | - |
| Mr T Evans Group Director (Until 23/05/14) | 30 - 35 plus 100 - 105 | 0 - 2.5 plus 2.5 - 5 | 767 | 747 | 20 | - |
| Mr P Delaney Group Director | 15 - 20 plus 45 - 50 | 0 - 2.5 plus 2.5 - 5 | 299 | 271 | 14 | - |
| Mr J Hutchinson Group Director | 10 - 15 plus 40 - 45 | 0 - 2.5 plus 2.5 - 5 | 203 | 178 | 13 | - |
| Mr M Beare Group Director (Appointed 27/05/14) | 20 - 25 plus 60 - 65 | 0 - 2.5 plus 2.5 - 5 | 401 | 369 | 15 | - |

** The GMP has been applied as an annual value for both years.

Northern Ireland Civil Service (NICS) Pension Arrangements

Pension benefits are provided through the Northern Ireland Civil Service pension arrangements which are administered by Civil Service Pensions (CSP). Staff in post prior to 30 July 2007 may be in one of three statutory based 'final salary' defined benefit arrangements (classic, premium, and classic plus). These arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. From April 2011 pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Consumer Prices Index (CPI). Prior to 2011, pensions were increased in line with changes in the Retail Prices Index (RPI). New entrants joining on or after 1 October 2002 and before 30 July 2007 could choose between membership of premium or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account). New entrants joining on or after 30 July 2007 are eligible for membership of the nuvos arrangement or they can opt for a partnership pension account. Nuvos is a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The current rate is 2.3%. CARE pension benefits are increased annually in line with increases in the CPI.

A new pension scheme, alpha, will be introduced for new entrants from 1 April 2015. The majority of existing members of the NICS pension arrangements will move to alpha from that date. Members who on 1 April 2012 were within 10 years of their normal pension age will not move to alpha and those who were within 13.5 years and 10 years of their normal pension age were given a choice between moving to alpha on 1 April 2015 or at a later date determined by their age. Alpha is also a 'Career Average Revalued Earnings' (CARE) arrangement in which members accrue pension benefits at a percentage rate of annual pensionable earnings throughout the period of scheme membership. The rate will be 2.32%. CARE pension benefits are increased annually in line with increases in the CPI.

For 2015, public service pensions will be increased by 1.2% for pensions which began before 6 April 2014. Pensions which began after 6 April 2014 will be increased proportionately.

Employee contribution rates for all members for the period covering 1st April 2015 – 31st March 2016 are as follows:

Scheme Year 1st April 2015 to 31st March 2016

| Payband – assessed each pay period | | Contribution rates – Classic members | Contribution rates –, classic plus, premium, nuvos and alpha |
|------------------------------------|-------------|---|---|
| From | To | From 1 April 2015 to 31 March 2016 | From 1 April 2015 to 31 March 2016 |
| £0 | £15,000.99 | 3% | 4.6% |
| £15,001.00 | £21,000.99 | 4.6% | 4.6% |
| £21,001.00 | £47,000.99 | 5.45% | 5.45% |
| £47,001.00 | £150,000.99 | 7.35% | 7.35% |
| £150,001.00 and above | | 8.05% | 8.05% |

Benefits in classic accrue at the rate of 1/80th of pensionable salary 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 (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

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. 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 at or over pension age. Pension age is 60 for members of **classic**, **premium**, and **classic plus** and 65 for members of **nuvos**. The normal pension age in alpha will be linked to the member's State Pension Age but cannot be before age 65.

Further details about the NICS pension arrangements can be found at the website

www.dfpni.gov.uk/civilservicepensions-ni

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NICS pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

All senior employees are members of PCSPS (NI) classic scheme.

Real Increase in CETV

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

Compensation for Loss of Office

No compensation payments were made or are due to any of the senior management for DVA under Civil Service Compensation Scheme (Northern Ireland) (CSCS (NI)) in the year ending 31 March 2015.



PAUL DUFFY

Chief Executive

22 June 2015

Annual Accounts for the year ended 31 March 2015

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Statement of the Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act (Northern Ireland) 2001 and Article 8(6) of the Financial Provisions (Northern Ireland) Order 1993, DFP has directed the Agency to prepare statements of accounts. These are prepared on an accruals basis and must give a true and fair view of the state of affairs at the year end and of the Agency's income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts the Accounting Officer is required to:

- prepare two sets of accounting information, one for the operations that formerly comprised Driver & Vehicle Licensing Northern Ireland and one for the operations that formerly comprised the Driver and Vehicle Testing Agency;
- observe the accounts direction issued by DFP, 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 (FReM) have been followed, and disclose and explain any material departures in the accounts/financial statements; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Agency will continue in operation.

The Accounting Officer of the DOE has appointed the Chief Executive of the Agency as the Accounting Officer of DVA Licensing. The Accounting Officer of DFP has appointed the Chief Executive of the Agency as the Accounting Officer of the Trading Fund element of DVA. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances, for keeping proper records and for safeguarding the Agency's assets, are set out in the Accounting Officers' Memorandum issued by DFP and published in Managing Public Money Northern Ireland.

Governance Statement

Introduction

Managing Public Money NI (MPMNI) and the Financial Reporting Manual (FReM) require that I, as Accounting Officer, provide a statement on how I have discharged my responsibility for maintaining effective governance and a sound system of internal control that supports the achievement of the DVA's objectives, while safeguarding the public funds and assets for which I am responsible.

This governance statement covers the period 1 April 2014 to 31 March 2015 and explains DVA's governance, risk management and control arrangements. It evaluates the effectiveness of these arrangements and how they operate in practice.

DVA is an executive agency of the Department of the Environment (DOE). The Agency's overall aim is to deliver improved road safety and better regulation of the transport sector. DVA is responsible for driver and vehicle testing, driver licensing and passenger transport licensing, regulation and enforcement in Northern Ireland. It carried out the functions of vehicle licensing on behalf of the Department for Transport (DfT) until July 2014 when this was centralised in DVLA Swansea. This resulted in the closure of all of the Agency's vehicle licensing offices and the redeployment or voluntary exit of staff.

The Agency is embarking on a business transformation programme. The programme's vision is "*to transform the Agency into a more cohesive, modern and responsive organisation, dedicated to road safety, that provides effective regulation and accessible services to the public and transport industry*". The programme is estimated to have a 3-5 year duration and comprises of three main strands:

- ICT Strand: This will include the development of integrated ICT solutions, in line with the NI Executive's Digital First strategy.
- Infrastructure Strand: This will look at the facilities which the Agency has to ensure sufficient testing capacity for the future, help it meet its statutory and regulatory requirements and reduce its carbon footprint. It will consider infrastructure requirements for driver and vehicle testing along with office accommodation requirements, and how best the DVA interacts with its citizens.
- People Strand: This will involve the development of a people strategy which will look at how ways of working can be optimised in line with the changes which the ICT and infrastructure strands of the transformation programme.

Governance Structures

The Agency Framework Document explains how the DVA operates within the Department. It articulates the governance and accountability arrangements and defines how personnel and financial arrangements operate along with appropriate control mechanisms.

The Minister for the Environment, approves the policy framework within which the Agency operates and the scope of its activities. The Minister approves the resources to be made available to the Agency, approves its Corporate & Business Plan, sets key performance targets and will be advised on the Agency's performance.

The Minister is accountable to the Northern Ireland Assembly on all matters concerning the Department and accordingly retains the right to intervene in the operations of the Agency. The Minister does not normally become involved in the day-to-day operation of the Agency but expects to be consulted by the Chief Executive on the handling of operational matters which could give rise to significant public concern.

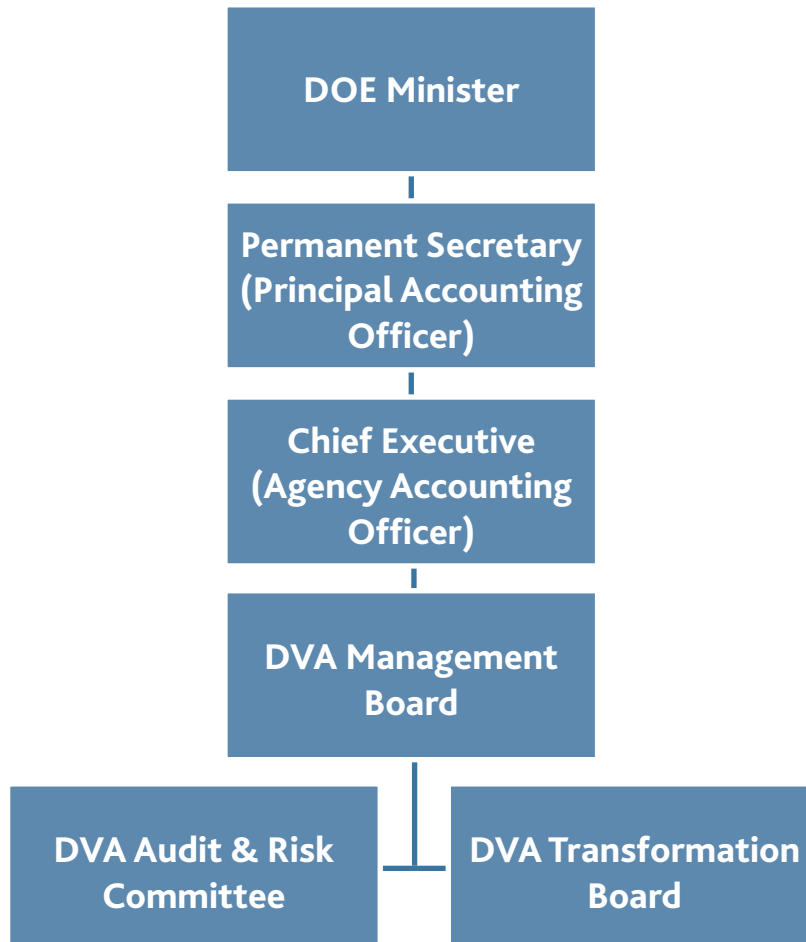
The Department sets the policy, financial, human resource and procurement frameworks within which the Agency operates. The Department is the contracting and procurement authority for all contracts entered into for goods and services purchased to support delivery of services delivered by the agency.

The Permanent Secretary is the Minister's principal advisor on all driver and vehicle policy matters and, as Principal Accounting Officer, must be satisfied that the Agency has adequate financial systems and procedures in place to promote the efficient and economical conduct of its business and to safeguard financial propriety and regularity.

As Chief Executive of the Agency, I am accountable for the financial management of the Agency and for performance against key targets. The Permanent Secretary of DOE has appointed me as Chief Executive and Agency Accounting Officer of DVA. The Treasury Officer of Accounts in the Department of Finance and Personnel has appointed me as Accounting Officer for the Trading Fund element of DVA.

In order to manage the Agency efficiently, I have been supported by a formal governance structure made up of Boards and Committees.

DVA Governance Structure



DVA Strategic Management Board

The Strategic Management Board, which I chair, comprises of three Directors:

- Director of Operations;
- Director of Compliance and Enforcement; and
- Director of Transformation.

The DOE Business Partners for HR & Organisational Change Division and Finance & Business Planning Division also attend to support the Board. The Board provides the collective strategic and operational leadership to the Agency as a whole, takes responsibility for performance and provides me with support and advice to the Minister and Permanent Secretary on the implications and effectiveness of policy proposals. The day-to-day operational matters are the responsibility of the Directors, operating within agreed policy frameworks under my direction and control. The Board reviews the effectiveness of internal controls, progress on the implementation of audit recommendations and the corporate risk register quarterly.

The Board complied with the Department of Finance and Personnel's Corporate Governance in central Government Departments: *Code of Good Practice (NI) 2013*. DVA updated its Corporate Governance Framework in 2015.

The Agency undertook a Board Effectiveness Evaluation, led by the DVA Board Secretary. A Board Effectiveness questionnaire was completed, focusing on roles and responsibilities; working together; making decisions; support; and strategic approach. The findings of the effectiveness evaluation were presented to the Board and a number of improvements to Board arrangements were agreed as a result. Overall, the review found that members of the Board interact well and there is good quality of information flow and support.

Attendance during the year at the Board meetings was as follows:

| Executive Members | Position | Meetings attended out of the meetings eligible to attend |
|---|--|---|
| Paul Duffy | Chief Executive | 11/11 |
| Trevor Evans | Director of Licensing | 1/3* |
| James Hutchinson | Director of Compliance and Enforcement | 10/11 |
| Pat Delaney | Director of Operations | 10/11 |
| Mike Beare | Director of Transformation | 9/10** |
| Attendees | | |
| Finance Business Partner Representation | | 10/11 |
| HR Business Partner Representation | | 9/11 |

* Trevor Evans last working day 31st July 2014

** Mike Beare appointed 27th May 2014

DVA Audit Committee

I am supported by the DVA Audit Committee, which is a sub-committee of the Board with no executive powers. The Audit Committee has formally agreed Terms of Reference which are reviewed on an annual basis. The role of the Audit Committee is to support the Board in its responsibilities for issues of corporate governance and risk management by reviewing the levels of assurances in meeting the Board and Accounting Officer's assurance needs and reviewing the timeliness, reliability and integrity of these assurances. The Audit Committee has three independent members, one of which is also an Independent Board Member of the DOE Board. The Committee is also attended by Internal Audit and the Northern Ireland Audit Office (NIAO). The Audit Committee Chair provides me with an Annual Report on the work of the Audit Committee. The Audit Committee undertook a review of its effectiveness using the National Audit Office's 'The Committee Self Assessment Checklist', facilitated by Internal Audit in 2015. The overall review was positive with some minor actions regarding members training and annual performance review.

Some of the key issues discussed at the Audit Committee meetings during the 2014-15 financial year included, the internal audit strategy; corporate governance issues, including risk management and assurance reporting; and the NIAO report to those charged with governance and audit strategy.

Attendance during the year at the Audit Committee meetings was as follows:

| Audit Committee Members | Position | Meetings attended out of the meetings eligible to attend |
|--------------------------------|---|---|
| Mike Brooks | Chair of Audit Committee (Appointed until 31 December 2015) | 4/4 |
| Shannon Caldwell | Independent Member of Audit Committee (Appointed until 31 March 2017) | 4/4 |
| Stephen Aston | Independent Member of Audit Committee from NIEA (Appointed until 30 June 2016) | 3/4 |
| Attendees | | |
| Paul Duffy | Chief Executive | 4/4 |
| James Hutchinson | Director of Compliance and Enforcement | 4/4 |
| Lucia O'Connor | Finance Business Partner | 4/4 |
| Shirley Archibald | Head of Financial Reporting & Accounting Services | 3/4 |
| Internal Audit Representation | | 4/4 |
| External Audit Representation | | 4/4 |

Transformation Programme Board

The Programme Board is subordinate to the Board and has no executive powers. The Programme Board's role is to ensure the Programme delivers against the Programme Blueprint and associated milestone plan within agreed boundaries for time, cost and benefits. The Transformation Programme Board consists of Paul Duffy (Senior Responsible Owner), Ian Maye (DOE Deputy Secretary)*, Mike Beare (Programme Manager), James Hutchinson (Director of Compliance and Enforcement) and Pat Delaney (Director of Operations).

* Ian Maye has been replaced by Fiona McCandless (DOE Deputy Secretary) in June 2015

Moira Doherty (DRD Director of Strategy and Change) joined the Board in June 2015

Corporate Services

The corporate service functions, including Finance, IT and HR services, are provided to DVA by the DOE under a business partnering arrangement. The costs of these services are charged to the Agency. The responsibility for the governance of these services and line management responsibility is directly to either the DOE Director of Finance and Business Planning or the Director of Human Resources and Organisational Change. I have noted that Internal Audit have assigned a satisfactory assurance rating to the review of HR services across the Department and the review of Financial Management within the DOE and its agencies. This has reassured me in regard to the robustness of the business partner arrangements between HR and Organisational Change Division and Finance and Business Planning Division and DVA.

Conflicts of Interest

The Department introduced a mandatory requirement for all senior staff down to Grade 7 and including Audit Committee Members to complete an annual declaration of interests.

On appointment, Board Members are required to provide a list of all interests which might be thought to give rise to a conflict of interest. At every Board meeting a standing agenda item on declarations of interest is included and brought to the attention of Board Members by the Chair to ensure efficient management of potential conflicts. No conflicts of interest were identified or managed during 2014-15 in line with this agreed procedure.

Risk Management and Control Framework

Approach to Risk

DVA accepts that risk is inherent in all its activities and has developed its risk management strategy to minimise the impact of adverse risks while maximising the benefits to the DVA. This allows the DVA to meet its objectives, use its resources effectively and take advantage of all positive opportunities. The system of risk management identifies the risks associated with the achievement of DVA objectives. DVA's approach is to assign risks to those best placed to manage them whilst maintaining clear accountability. A governance unit acts as a central point for coordinating and monitoring of the Agency Risk Register and lower level risk registers. The Corporate Risk Register contains those risks that could have a significant impact on the Agency. Risks that can be managed at operational level remain with the directorate. This assists with embedding of risk management into the activities of each directorate.

The risk management cycle is a "top-down" and "bottom-up" exercise that allows risks to be identified and managed at Agency and divisional levels and to be escalated as appropriate. Each business area prioritises risk against standardised risk impact/likelihood descriptors to reduce subjectivity in assessing risk. Corporate risks and directorate risks were documented in risk registers and reviewed formally four times during the year. The Board formally discuss the Corporate Risk Register quarterly, concentrating on progress with actions to avoid and mitigate the key risks.

The Agencies risk appetite is set by the Board according to the seven categories of risk:

- Reputation: Averse (preference for safe option with low degree of residual risk)
- Operational: Averse
- Financial: Open (willing to consider all potential delivery options and choose one most likely to result in success)
- Compliance: Averse
- Corporate Governance: Averse
- Change: Open
- Health and Well Being: Averse

This is refreshed at least annually by the Board.

The Corporate Risk Register has eight key risks covering:

- People;
- Finance;
- Fraud;
- Procurement & Contract Management;
- Data Security;
- Strategic Direction;
- Health and Safety; and
- Legislative Compliance and Enforcement.

Controls and Assurance Framework

In preparing the Governance Statement and reviewing the effectiveness of the system of internal control, I seek to place reliance on information and assurances. The approach taken in DOE is similar to the 'Three Lines of Defence' model which illustrates that assurance can come from both within and outside the DVA and can be derived from a variety of sources, with differing levels of objectivity and independence. All assurances contribute to the overall picture on how well the DVA is managing the delivery of its objectives and the risks that could put those objectives in jeopardy. Assurance can be obtained using different sources such as management assurance statements, risk management framework, Audit Committee and Internal Audit.

The DVA shares the services of the Internal Audit Unit with the Department for Regional Development. The Internal Audit Unit operates in compliance with Public Sector Internal Audit Standards. As Accounting Officer, I receive annual and interim reports from the Internal Audit Unit that include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the DVA's systems of internal control, together with recommendations for improvement. Complementary to this, I receive Assurance Statements from all Executive Board members and also benefit from advice from the external auditors in their reports.

Internal Audit provided me with a 'Satisfactory Opinion' regarding the adequacy and effectiveness of the risk management, control and governance process within the Agency.

During 2014/15, the following internal audit assignments were completed:-

| Area of Activity | Report Status | Audit Opinion |
|---------------------------------------|---------------|---------------|
| Corporate Services | Final | Satisfactory |
| Corporate Governance | Final | Substantial |
| Passenger Transport Licensing | Final | Satisfactory |
| Driver & Vehicle Testing - Operations | Draft | Satisfactory |

Testing Quality Unit

The Testing Quality Unit, utilising a range of quality control and quality assurance processes including those associated with ISO accreditation, assists in maintaining and reviewing the effectiveness of the system of internal control. It conducts a programme of reviews at test centres covering the administration, supervision and delivery of the practical driving test and vehicle inspection activities for all classes of vehicle. Results are reported to the Board on a quarterly basis.

Stewardship of Resources

Financial Management

The Agency's expenditure and income is monitored throughout the year and reported on to the monthly Strategic Management Board. This report includes spend to date and estimated outturn, which facilitates the Board in monitoring expenditure for both current expenditure and capital investment.

Data Handling, Security and Information Risk

DVA functions encompass the maintenance of its driver, taxi and operators' registers. It is critically concerned with data security and complies strictly with legislative release provisions, the Data Protection Act and Cabinet Office guidelines.

Training on data security is provided to all new staff and awareness training is provided to senior managers, and relevant information is communicated to all staff on a regular basis. Managers have management of information as a key area of responsibility in personal performance agreements.

Information management is among the range of control issues covered by Board members' assurance statements. The completion of these statements provides assurance that information used for operational purposes is handled appropriately, particularly where it is used by third parties or other parts of government, and that information risks are being managed effectively within the DVA. There were no incidents of data loss during the year.

Fraud Arrangements

The Department's Anti-Fraud and corruption policy sets out the definition of fraud, details the responsibilities regarding the prevention of fraud and highlights the procedures to be followed in the event of a fraud being detected or suspected. The fraud response plan is a procedural guide and provides a checklist of the required actions which must be followed in the event of a fraud, attempted fraud or irregular activity being suspected.

Whistle Blowing Policy

The Department 'Whistleblowing' Policy and Procedures sets out the procedures to encourage and enable individual members of staff and the general public to raise concerns about potential malpractice, abuse or wrong doing in relation to any activity of the Department. The procedures ensure that staff can raise concerns quickly, in confidence and that managers are aware of how to handle such concerns. The arrangements also provide mechanisms for members of the public to raise concerns in relation to any aspect of the Department's work.

Significant Issues

I can confirm that there are no significant weaknesses in DVA's system of internal controls in 2014-15 which affected the achievement of the Agency's objectives. There is however two matters for the forthcoming year worthy of mention.

Stormont House Agreement

The Stormont House Agreement contains a commitment to reduce the number of NICS Departments from 12 to 9 following the NI Assembly elections in May 2016. The functions of DVA will transfer to a new Department for Infrastructure.

Voluntary Exit Scheme

The Voluntary Exit Scheme may have an adverse impact on the services provided by the Agency if significant numbers of staff are released under the Scheme. In most cases, it will be necessary to replace those staff who leave with surplus staff across the NICS. This will ensure service delivery is maintained and still realise the NI Executive's objective of reducing the overall NICS paybill.



PAUL DUFFY

Chief Executive

22 June 2015

DVA LICENSING

The Certificate And Report Of The Comptroller And Auditor General To The Northern Ireland Assembly

I certify that I have audited the financial statements of the Driver and Vehicle Agency Licensing for the year ended 31 March 2015 under the Government Resources and Accounts Act (Northern Ireland) 2001. These comprise the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, 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 Chief Executive 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 (Northern Ireland) 2001. 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 Driver and Vehicle Agency Licensing's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Driver and Vehicle Agency Licensing; 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. 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 the Assembly 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 the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Driver and Vehicle Agency Licensing's affairs as at 31 March 2015 and of the net operating cost, cash flows and changes in taxpayers' equity for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act (Northern Ireland) 2001 and Department of Finance and Personnel directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Department of Finance and Personnel directions made under the Government Resources and Accounts Act (Northern Ireland) 2001; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent in so far as it relates to Driver and Vehicle Agency Licensing activities.

Matters on which I report by exception

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

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; 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 Department of Finance and Personnel's guidance.

Report

I have no observations to make on these financial statements.



KJ Donnelly
Comptroller and Auditor General
Northern Ireland Audit Office
106 University Street
Belfast, BT7 1EU
25 June 2015

Statement of Comprehensive Net Expenditure

for the year ended 31 March 2015

| | Note | 2014-15 £'000 | 2013-14 £'000 |
|---------------------------|------|------------------|------------------|
| Income | | | |
| Operating income | 2 | (19,190) | (18,237) |
| Expenditure | | | |
| Staff costs | 3 | 10,021 | 11,011 |
| Other operating costs | 4 | 10,783 | 8,492 |
| Total Expenditure | | 20,804 | 19,503 |
| Net Operating Cost | | 1,614 | 1,266 |

Other Comprehensive Expenditure

| | Note | 2014-15 £'000 | 2013-14 £'000 |
|--|------|------------------|------------------|
| Net gain on revaluation of intangible assets | 6 | (12) | (38) |
| Total Comprehensive Expenditure for the year ended 31 March | | 1,602 | 1,228 |

Statement of Financial Position

as at 31 March 2015

| | Note | 31 March 2015 £'000 | 31 March 2014 £'000 |
|--|------|---------------------------|---------------------------|
| Non-current assets | | | |
| Property, plant and equipment | 5 | 77 | 103 |
| Intangible assets | 6 | 1,354 | 1,503 |
| Total non-current assets | | 1,431 | 1,606 |
| Current assets | | | |
| Trade and other receivables | 7 | 651 | 340 |
| Cash and cash equivalents | 8 | 3,613 | 2,892 |
| Total current assets | | 4,264 | 3,232 |
| Total assets | | 5,695 | 4,838 |
| Current liabilities | | | |
| Trade and other payables | 9 | (3,395) | (3,205) |
| Provisions for liabilities and charges | 10 | (862) | (16) |
| Total current liabilities | | (4,257) | (3,221) |
| Non-current assets plus/less net current assets/liabilities | | 1,438 | 1,617 |
| Assets less liabilities | | 1,438 | 1,617 |
| Taxpayers' equity | | | |
| General fund | | 1,370 | 1,509 |
| Revaluation reserve | | 68 | 108 |
| Total taxpayers' equity | | 1,438 | 1,617 |



PAUL DUFFY
Accounting Officer
22 June 2015

The notes on pages 56 to 78 form part of these accounts

Statement of Cash Flows

for the year ended 31 March 2015

| | Note | 2014-15 £'000 | 2013-14 £'000 |
|--|------|------------------|------------------|
| Cash flows from operating activities | | | |
| Net operating cost | | (1,614) | (1,266) |
| Adjustments for non-cash transactions | 4 | 3,065 | 2,743 |
| (Increase)/decrease in trade and other receivables | 7 | (311) | 22 |
| Increase in trade payables | 9 | 190 | 1,002 |
| <i>less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure</i> | | | |
| | | | |
| (Increase)/decrease in amounts due to the Consolidated Fund | 9 | 1 | 2 |
| (Increase)/decrease in amounts due in respect of capital accruals | | 51 | (53) |
| Use of provisions | 10 | - | (4) |
| Net cash inflow from operating activities | | 1,382 | 2,446 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | | (23) | (36) |
| Purchase of intangible assets | | (628) | (165) |
| Net cash outflow from investing activities | | (651) | (201) |
| Cash flows from financing activities | | | |
| Payments of amounts due to the Consolidated Fund | | (10) | (6) |
| Net cash outflow from financing activities | | (10) | (6) |
| Net increase in cash and cash equivalents in the year | 8 | 721 | 2,239 |
| Cash and cash equivalents at the beginning of the year | 8 | 2,892 | 653 |
| Cash and cash equivalents at the end of the year | 8 | 3,613 | 2,892 |

The notes on pages 56 to 78 form part of these accounts.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2015

| | Note | General Fund £'000 | Revaluation Reserve £'000 | Total Reserves £'000 |
|---|------|-----------------------|---------------------------------|----------------------------|
| Balance at 1 April 2013 | | 673 | 105 | 778 |
| CFER's payable to the Consolidated Fund | | (4) | - | (4) |
| Comprehensive expenditure for the year | | (1,266) | 38 | (1,228) |
| Non-cash adjustments: | | | | |
| Non-cash charges – auditor's remuneration | 4 | 12 | - | 12 |
| Non-cash charges – notional charges | 4 | 2,059 | - | 2,059 |
| Realisation of revaluation reserve balances | | 35 | (35) | - |
| Balance at 31 March 2014 | | 1,509 | 108 | 1,617 |
| CFER's payable to the Consolidated Fund | | (9) | - | (9) |
| Comprehensive expenditure for the year | | (1,614) | 12 | (1,602) |
| Non-cash adjustments: | | | | |
| Non-cash charges – auditor's remuneration | 4 | 11 | - | 11 |
| Non-cash charges – notional charges | 4 | 1,421 | - | 1,421 |
| Realisation of revaluation reserve balances | | 52 | (52) | - |
| Balance at 31 March 2015 | | 1,370 | 68 | 1,438 |

At 31 March 2015 the revaluation reserve includes a total balance relating to the revaluation of intangible assets of £67k (31 March 2014: £103k)

Notes to the Accounts (DVA Licensing)

1 Statement of accounting policies

These financial statements have been prepared in accordance with the 2014-15 Government Financial Reporting Manual (FReM) issued by the Department of Finance and Personnel (DFP). 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 DVA Licensing for the purpose of giving a true and fair view has been selected. The particular policies adopted by DVA Licensing are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.1 Application of newly issued accounting standards

The following new and amended standards that are effective, for entries applying the FReM, for the first time in 2014-15:

- IFRS 10 (Consolidated Financial Statements), 11 (Joint Arrangements), 12 (Disclosure of Interests in Other Entities), IAS 27 (Separate Financial Statements), IAS 28 (Investments in Associates and Joint Ventures).

Their adoption has not had any significant impact on the amounts reported in these financial statements. Management has reviewed new accounting standards that have been issued but are not effective for entities applying the FReM, nor adopted early for these accounts. Management consider that these are unlikely to have a significant impact on the financial statements in the period of initial application. These standards include:

- IFRS 13 - Fair Value Measurement
- IAS 36 - 'Impairment of Assets' on recoverable amount disclosures (amendment)
- IFRS 14 - Regulatory Deferral Accounts
- IFRS 15 - Revenue from Contracts with Customers
- IFRS 9 - Financial Instruments
- IAS 17 - Leases (replacement)
- IAS 1 - Disclosure Initiative
- IAS 27 - Equity Method in Separate Financial Statements (amendment)
- IAS 16 and IAS 41 - Bearer Plants (amendment)
- IAS 16 and IAS 38 - Clarification of acceptable methods of depreciation and amortisation (amendment)
- IFRS 11 - Accounting for acquisitions of interests in joint operations (amendment)

1.1 Application of newly issued accounting standards (continued)

- IFRS 10 and IAS 28 – Sale or contribution of Assets between an investor and its associates or joint (amendment)
- IFRS 10, IFRS 12, IAS 28 - Investment entities: applying the Consolidation Exception (amendment)

1.2 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.

1.3 Property, plant and equipment

Property, plant and equipment assets comprise of plant and machinery and information technology equipment held by DVA Licensing.

Expenditure on property, plant and equipment of over £1,000 is capitalised, with the exception of computer hardware, which is capitalised if expenditure is over £500. On initial recognition property, plant and equipment are measured at cost including any expenditure, such as installation, directly attributable to bringing them into working condition.

Plant and equipment is carried at fair value. Their values are revised annually through the use of suitable indices compiled by the Office for National Statistics. Upward revaluations of property, plant and equipment are credited to the revaluation reserve unless they reverse previously recognised downward revaluations in which case they are credited to the Statement of Comprehensive Net Expenditure to the extent the downward revaluation has been recognised, with the remainder credited to the revaluation reserve. Downward revaluations of property, plant and equipment are debited to the revaluation reserve to the extent that they reverse previously recognised upward revaluations with any remaining downward valuation recognised in the Statement of Comprehensive Net Expenditure.

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in other operating costs.

DVA Licensing does not own any land or buildings. A charge for accommodation costs is included in the Statement of Comprehensive Net Expenditure.

1.4 Intangible assets

Intangible assets comprise software development and the value of the capitalised licences to operate DVA Licensing systems.

Expenditure on intangible assets of over £1,000 is capitalised. On initial recognition intangible assets are measured at cost including any expenditure directly attributable to bringing them into working condition.

These assets are carried at fair value and their values are revised annually through the use of suitable indices compiled by the Office for National Statistics. Upward revaluations of property, plant and equipment are credited to the revaluation reserve unless they reverse previously recognised downward revaluations in which case they are credited to the Statement of Comprehensive Net Expenditure to the extent the downward revaluation has been recognised, with the remainder credited to the revaluation reserve. Downward revaluations of property, plant and equipment are debited to the revaluation reserve to the extent that they reverse previously recognised upward revaluations with any remaining downward valuation recognised in the Statement of Comprehensive Net Expenditure.

Items classified as 'under construction' are recognised in the Statement of Financial Position to the extent that money has been paid or a liability has been incurred.

The value of the information held on the drivers' and vehicles' databases, including unallocated vehicle registration marks cannot be estimated and is therefore not recognised in the Statement of Financial Position.

1.5 Depreciation and amortisation

Depreciation and amortisation is provided at rates calculated to write down the valuation of property, plant and equipment and intangible assets to their estimated residual value by equal instalments over their estimated useful lives. The estimated useful lives are normally in the following ranges:

| | |
|------------------------|---------------|
| Information technology | 5 to 10 years |
| Plant and machinery | 3 to 10 years |
| Intangible assets | 3 to 10 years |

Assets in the course of construction are not depreciated until they have been brought into use. Asset lives are reviewed regularly and where necessary revised. The estimate useful life of each asset of significant individual value is separately assessed and if appropriate revised.

1.6 Operating income

Operating income is recognised in the Statement of Comprehensive Net Expenditure in the period in which the underlying activity takes place. It principally comprises of fees and charges for services provided on a full-cost basis to external customers, and other government bodies. It includes both income classified as Accruing Resources and income due to the Consolidated Fund, which in accordance with the FReM, is treated as operating income. Operating income is stated net of VAT.

1.7 Employee benefits including pensions

Under the requirements of IAS 19: Employee Benefits, staff costs must be recorded as an expense as soon as the organisation is obliged to pay them. This includes the cost of any untaken leave that has been earned at the year end.

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) (NI). The defined benefit schemes are unfunded and are non-contributory except in respect of dependants' benefits. DVA Licensing 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 (NI) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS (NI). In respect of the defined contribution schemes, DVA Licensing recognises the contributions payable for the year.

1.8 Value Added Tax (VAT)

Most of the activities of DVA Licensing are outside the scope of VAT and VAT is reclaimed centrally by DOE. All items in the Statement of Comprehensive Net Expenditure are exclusive of VAT.

1.9 Notional charges

Notional amounts are charged to the Statement of Comprehensive Net Expenditure in respect of services provided by Government Bodies in order to reflect the full cost of these services.

1.10 Leases

Operating leases and rentals are charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the term of the lease.

1.11 Provisions

DVA Licensing provides for legal or constructive obligations which are of uncertain timing or amount at the reporting date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the real rate set by the Department of Finance and Personnel.

1.12 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, DVA Licensing discloses for Assembly 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 the Assembly in accordance with the requirements of Managing Public Money Northern Ireland.

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 the Assembly separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to the Assembly.

1.13 Financial Instruments

DVA Licensing's financial instruments comprise trade and other receivables, cash and cash equivalents and trade and other payables. Due to the short-term nature of the financial instruments held, carrying value is considered to represent the fair values.

1.14 Going concern

The accounts of DVA Licensing have been prepared on the basis that it will continue as a going concern despite the decision taken by the Department for Transport to centralise all vehicle licensing services in Swansea with effect from 21 July 2014. DVLA continued to provide income to fund the costs of Vehicle Licensing Division up until the end of December 2014.

Income and expenditure for Driver Licensing Division and Road Transport and Licensing Division will continue for the foreseeable future.

The Stormont House Agreement contains a commitment to reduce the number of NICS Departments from 12 to 9 following the Assembly election in May 2016, which will involve functions transferring from some departments to others. The number, names and high level functions of the new departments are currently being considered by Ministers. It is anticipated that staff working in the affected areas will move with the function. The proposed 9-departmental model outlines a machinery of government change where the functions of DVA Licensing will transfer to other departments in May 2016.

2 Income

| | 2014-15 £'000 | 2013-14 £'000 |
|---|------------------|------------------|
| Driver Licensing Fees | 5,253 | 5,018 |
| Vehicle Licensing Division ⁽¹⁾ | 12,277 | 11,555 |
| Taxi Licensing Fees | 1,195 | 1,214 |
| Taxi Operator Fees | 246 | 247 |
| Road Transport Licensing Fees | 210 | 199 |
| Other | 9 | 4 |
| Total Income | 19,190 | 18,237 |

⁽¹⁾The Agency's Vehicle Licensing Division was financed by DVLA under the terms of a formal Agency agreement between the DfT and DOE. Vehicle Licensing operations within Northern Ireland ceased with effect from 17th July 2014 following the Department of Transport's decision to centralise all vehicle licensing services. The income to Vehicle Licensing Division of £12,277k includes:

- £8,337k to cover the total costs of the division up until staff could be redeployed or exit under a location specific voluntary exit scheme (VES);
- £3,482k to cover the costs of the DVA VES; and
- £458k to return premises to their condition prior to occupation by DVA Licensing.

The cost of staff exiting under the DVA VES are £1,454k for DVA Licensing staff as shown in Note 3, page 62 and £2,028k for staff from other agencies and departments (including DVA Testing) as shown in Note 4 on page 64.

During 2013-14, HMRC carried out a review of output VAT in all NI Departments. HMRC concluded that DVA should have charged VAT on the cost of the vehicle licensing service it provides to DVLA. HMRC calculated that the amount of VAT undercharged over the previous 4 years, including interest, was £8,593,916.07. This amount was paid over to HMRC during the year and recouped from DVLA. The VAT paid over to HMRC and the recoupment from DVLA are not shown in these accounts as all items in the Statement of Comprehensive Net Expenditure are exclusive of VAT.

3 Staff numbers and related costs

Staff costs comprise:

| | 2014-15 £'000 | 2014-15 £'000 | 2014-15 £'000 | 2013-14 £'000 |
|-----------------------|---------------------------------------|------------------|------------------|------------------|
| | Permanently Employed Staff | Others | Total | Total |
| Wages and Salaries | 6,513 | 464 | 6,977 | 9,036 |
| Social Security Costs | 406 | - | 406 | 511 |
| Other Pension Costs | 1,184 | - | 1,184 | 1,464 |
| Early Departure Costs | 1,454 | - | 1,454 | - |
| Total Cost | 9,557 | 464 | 10,021 | 11,011 |

The Northern Ireland Civil Service pension arrangements are unfunded multi-employer defined benefit scheme but DVA Licensing is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DFP Superannuation and Other Allowances Resource Accounts as at 31 March 2015.

For 2014-15, employers' contributions of £1,183,388 were payable to the NICS pension arrangements (2013-14 £1,460,675) at one of four rates in the range 18% to 25% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new scheme funding valuation based on data as at 31 March 2012 was completed by the Actuary during 2014-15. This valuation was used to determine employer contribution rates for the introduction of a new career average earning scheme from April 2015. From 2015-16, the new rates will range from 20.8% to 26.3%. The contribution rates are set to meet the cost of the benefits accruing during 2014-15 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £630 (2013-14 £3,682) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% (2013-14 3% to 12.5%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £44, 0.8% (2013-14 £259, 0.8%) of pensionable pay, were payable to the PCSPS (NI) to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the **partnership** pension providers at the reporting period date were £nil (2013-14: £nil). Contributions prepaid at that date were £nil (2013-14: £nil).

Two people (2013-14: 1 person) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £3,298 (2013-14: £2,979).

Average number persons employed

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

| | 2014-15 Number | 2014-15 Number | 2014-15 Number | 2013-14 Number |
|-------------------|--------------------|-------------------|-------------------|-------------------|
| | Permanent Staff | Others | Total | Total |
| Directly Employed | 289 | - | 289 | 384 |
| Other | - | 26 | 26 | 60 |
| Total | 289 | 26 | 315 | 444 |

Average staff numbers have reduced by 129 to 315 staff in 2014/15 (2013/14: 444). The reduction in staff numbers is due to redeployment following the cessation of Vehicle Licensing Operations on the 17th July 2014.

Reporting of compensation and exit packages for all staff 2014-15

| Exit package cost band | Number of compulsory redundancies | Number of other departures agreed | Total number of exit packages by cost band | Total number of exit packages by cost band |
|-------------------------------|---|--------------------------------------|--|--|
| | 2014-15 | 2014-15 | 2014-15 | 2013-14 |
| < £10,000 | - | 2 | 2 | (1) |
| £10,000 - £25,000 | - | 27 | 27 | - |
| £25,000 - £50,000 | - | 25 | 25 | - |
| £50,000 - £100,000 | - | 1 | 1 | - |
| £100,000 - £150,000 | - | - | - | - |
| £150,000 - £200,000 | - | - | - | - |
| Total number of exit packages | - | 55 | 55 | (1) |
| Total resource cost £'000 | - | 1,463 | 1,463* | (1) |

*£1,463k includes £9k for departure through inefficiency

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

The amount paid during 2013-14 relates to revision made to one previous exit package.

4 Other Operating Costs

| | Note | 2014-15 £'000 | 2013-14 £'000 |
|---|------|------------------|------------------|
| Computer costs | | 707 | 819 |
| Accommodation | | 959 | 886 |
| Contracted-out services | | 584 | 681 |
| Stationery and printing | | 216 | 271 |
| Postage | | 224 | 350 |
| Other administrative expenditure | | 776 | 922 |
| Rentals under operating leases | | 40 | 77 |
| Medical assessments | | 1,361 | 1,225 |
| Legal | | 34 | 2 |
| DFP - IT Assist Service Charge | | 255 | - |
| Corporate services provided by DOE | | 534 | 516 |
| DVA VES – non DVA Licensing staff* | | 2,028 | - |
| Non-cash items: | | | |
| <i>Depreciation and amortisation:</i> | | | |
| Property, plant and equipment | 5 | 59 | 51 |
| Intangible assets | 6 | 725 | 619 |
| Loss on disposal of property, plant and equipment | 5 | 3 | - |
| <i>Notional charges:</i> | | | |
| Services provided by DOE | | 871 | 947 |
| Services provided by DRD | | 37 | 46 |
| Services provided by DFP | | 513 | 1,066 |
| NIAO auditor's remuneration** | | 11 | 12 |
| <i>Other non – cash items:</i> | | | |
| Provisions provided for in year | 10 | 854 | 3 |
| Provisions not required written back | 10 | (8) | (1) |
| Total Operating Costs | | 10,783 | 8,492 |

* Vacancies created by staff from other organisations who left under the DVA location specific VES were filled by the transfer of DVA surplus staff.

**Auditor's remuneration relates to the audit fee. No remuneration was paid to the external auditor for non audit work.

5 Property, plant and equipment

| | Information Technology | Plant & Machinery | Total |
|--|---------------------------|----------------------|------------|
| | £'000 | £'000 | £'000 |
| Cost or valuation | | | |
| At 1 April 2014 | 776 | 275 | 1,051 |
| Additions | 18 | 18 | 36 |
| Disposals | (154) | (240) | (394) |
| At 31 March 2015 | 640 | 53 | 693 |
| Depreciation | | | |
| At 1 April 2014 | 679 | 269 | 948 |
| Charged in year | 57 | 2 | 59 |
| Disposals | (154) | (237) | (391) |
| At 31 March 2015 | 582 | 34 | 616 |
| Net book value at 31 March 2015 | | | |
| | 58 | 19 | 77 |
| Net book value at 31 March 2014 | 97 | 6 | 103 |
| Asset financing: | | | |
| Owned | 58 | 19 | 77 |
| Net book value at 31 March 2015 | 58 | 19 | 77 |

5 Property, plant and equipment (continued)

| | Information Technology | Plant & Machinery | Total |
|--|---------------------------|----------------------|--------------|
| | £'000 | £'000 | £'000 |
| Cost or valuation | | | |
| At 1 April 2013 | 822 | 275 | 1,097 |
| Additions | 36 | - | 36 |
| Disposals | (79) | - | (79) |
| Revaluation | (3) | - | (3) |
| At 31 March 2014 | 776 | 275 | 1,051 |
| Depreciation | | | |
| At 1 April 2013 | 714 | 265 | 979 |
| Charged in year | 47 | 4 | 51 |
| Disposals | (79) | - | (79) |
| Revaluation | (3) | - | (3) |
| At 31 March 2014 | 679 | 269 | 948 |
| Net book value at 31 March 2014 | | | |
| Net book value at 31 March 2013 | 108 | 10 | 118 |
| Asset financing: | | | |
| Owned | 97 | 6 | 103 |
| Net book value at 31 March 2014 | 97 | 6 | 103 |

6 Intangible assets

| | Software Licences | Information Technology | Payments on Account & Assets under Construction | Total |
|--|----------------------|---------------------------|--|--------------|
| | £'000 | £'000 | £'000 | £'000 |
| Cost or valuation | | | | |
| At 1 April 2014 | 121 | 6,340 | 177 | 6,638 |
| Additions | 28 | - | 536 | 564 |
| Reclassifications | - | 177 | (177) | - |
| Disposals | - | (860) | - | (860) |
| Revaluation | 2 | 90 | - | 92 |
| At 31 March 2015 | 151 | 5,747 | 536 | 6,434 |
| Amortisation | | | | |
| At 1 April 2014 | 82 | 5,053 | - | 5,135 |
| Charged in year | 17 | 708 | - | 725 |
| Disposals | - | (860) | - | (860) |
| Revaluation | 2 | 78 | - | 80 |
| At 31 March 2015 | 101 | 4,979 | - | 5,080 |
| Net Book Value at 31 March 2015 | 50 | 768 | 536 | 1,354 |
| Net Book Value at 31 March 2014 | 39 | 1,287 | 177 | 1,503 |
| Asset financing: | | | | |
| Owned | 50 | 768 | 536 | 1,354 |
| Net book value at 31 March 2015 | 50 | 768 | 536 | 1,354 |

6 Intangible assets (continued)

| | v | Information Technology £'000 | Payments on Account & Assets under Construction £'000 | Total £'000 |
|--|------------|------------------------------------|---|----------------|
| Cost or valuation | | | | |
| At 1 April 2013 | 109 | 6,164 | - | 6,273 |
| Additions | 9 | 35 | 174 | 218 |
| Revaluation | 3 | 141 | 3 | 147 |
| At 31 March 2014 | 121 | 6,340 | 177 | 6,638 |
| Amortisation | | | | |
| At 1 April 2013 | 68 | 4,339 | - | 4,407 |
| Charged in year | 12 | 607 | - | 619 |
| Revaluation | 2 | 107 | - | 109 |
| At 31 March 2014 | 82 | 5,053 | - | 5,135 |
| Net Book Value at 31 March 2014 | 39 | 1,287 | 177 | 1,503 |
| Net Book Value at 31 March 2013 | 41 | 1,825 | - | 1,866 |
| Asset financing: | | | | |
| Owned | 39 | 1,287 | 177 | 1,503 |
| Net book value at 31 March 2014 | 39 | 1,287 | 177 | 1,503 |

7 Trade and other receivables

| | 31 March 2015 £'000 | 31 March 2014 £'000 |
|---|------------------------|------------------------|
| Amounts falling due within one year: | | |
| Trade receivables | 80 | 81 |
| Other receivables | 108 | 79 |
| Amount due from DVLA | 430 | - |
| Prepayments and accrued income | 24 | 46 |
| VAT | 9 | 134 |
| Balance at 31 March | 651 | 340 |

Intra-government balances

| | Amounts falling due within one year | |
|---|-------------------------------------|------------------------|
| | 31 March 2015 £'000 | 31 March 2014 £'000 |
| Balances with other central government bodies | 475 | 155 |
| Balances with public corporations and trading funds | 148 | 126 |
| Intra-governmental balances | 623 | 281 |
| Balances with bodies external to government | 28 | 59 |
| Total trade and other receivables | 651 | 340 |

8 Cash and cash equivalents

| | 31 March 2015 £'000 | 31 March 2014 £'000 |
|---|------------------------|------------------------|
| Balance as 1 April | 2,892 | 653 |
| Net change in cash and cash equivalent balances | 721 | 2,239 |
| Balance at 31 March | 3,613 | 2,892 |

The following balances at 31 March were held at:

| | | |
|-----------------------------------|--------------|--------------|
| Commercial banks and cash in hand | 3,613 | 2,892 |
| Balance at 31 March | 3,613 | 2,892 |

9 Trade and other payables

| | 31 March 2015 £'000 | 31 March 2014 £'000 |
|---|------------------------|------------------------|
| Amounts falling due within one year: | | |
| Deferred income | 558 | 680 |
| Trade payables | 77 | 1,108 |
| Other payables | 61 | 2 |
| Accruals | 2,697 | 1,014 |
| Amount due to DVLA | - | 398 |
| Amount due to the Consolidated Fund | 2 | 3 |
| Balance at 31 March | 3,395 | 3,205 |

Intra-government balances

| | Amounts falling due within one year | |
|---|-------------------------------------|------------------------|
| | 31 March 2015 £'000 | 31 March 2014 £'000 |
| Balances with other central government bodies | 2,123 | 1,651 |
| Balances with public corporations and trading funds | - | - |
| Intra-governmental balances | 2,123 | 1,651 |
| Balances with bodies external to government | 1,272 | 1,554 |
| Total trade and other payables | 3,395 | 3,205 |

10 Provisions for liabilities and charges

| 2014-15 | Employee Liability | Accommodation Costs | Dilapidation Costs | Early Departure Costs | Equal Pay | Total |
|--------------------------------------|--------------------|---------------------|--------------------|-----------------------|-----------|------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Balance at 1 April 2014 | 3 | - | - | - | 13 | 16 |
| Provided in the year | - | 353 | 458 | 43 | - | 854 |
| Provisions not required written back | - | - | - | - | (8) | (8) |
| Provisions utilised in the year | - | - | - | - | - | - |
| Balance at 31 March 2015 | 3 | 353 | 458 | 43 | 5 | 862 |

Analysis of expected timing of provisions:

| | Employee Liability | Accommodation Costs | Dilapidation Costs | Early Departure Costs | Equal Pay | Total |
|---|--------------------|---------------------|--------------------|-----------------------|-----------|------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Not later than one year | 3 | 212 | 458 | 43 | 5 | 721 |
| Later than one year and not later than five years | - | 141 | - | - | - | 141 |
| Balance at 31 March 2015 | 3 | 353 | 458 | 43 | 5 | 862 |

10 Provisions for liabilities and charges (continued)

| 2013-14 | Employee Liability | Early Departure Costs | Equal Pay | Total |
|--------------------------------------|--------------------|-----------------------|-----------|-----------|
| | £'000 | £'000 | £'000 | £'000 |
| Balance at 1 April 2013 | - | - | 18 | 18 |
| Provided in the year | 3 | - | - | 3 |
| Provisions not required written back | - | - | (1) | (1) |
| Provisions utilised in the year | - | - | (4) | (4) |
| Balance at 31 March 2014 | 3 | - | 13 | 16 |

Analysis of expected timing of provisions:

| | Employee Liability | Early Departure Costs | Equal Pay | Total |
|--|--------------------|-----------------------|-----------|-----------|
| | £'000 | £'000 | £'000 | £'000 |
| Not later than one year | 3 | - | 13 | 16 |
| Later than one year and not later than five year | - | - | - | - |
| Balance at 31 March 2014 | 3 | - | 13 | 16 |

Accommodation Costs

This provision represents the costs DVA must pay for rent of vacated premises up to a maximum of 2 years. DFP will release DVA from the commitment if the site is reused or disposed of before that date. DOE has provided the necessary funding.

Dilapidation Costs

DVA is required to meet the cost of returning premises it vacated back to their condition prior to DVA's occupation. A number of buildings were vacated during the year following the cessation of Vehicle Licensing Operations and DFP have provided the dilapidation costs for these buildings. Funding has been provided by DVLA as per note 2 on page 61.

10 Provisions for liabilities and charges (continued)

Early Departure Costs

The Early Departure costs relate to amounts which will become due in respect of staff who will leave in 15/16 under the DVA Voluntary Exit Scheme.

Equal Pay

This provision represents DVA Licensing's outstanding share of the settlement payment to be made to staff at AA, AO, EOII and analogous grades in the NICS as the result of an agreement with NIPSA in respect of Equal Pay.

A small number of equal pay claims were still outstanding at the 2014-15 financial year end.

Other Provisions

Other provisions include legal costs which may become payable in respect of on-going judicial reviews and unsettled employer liability cases.

11 Financial instruments

As the cash requirements of DVA Licensing are met through the Estimate process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with DVA Licensing's expected purchase and usage requirements and cash balances held at a commercial bank. DVA Licensing is therefore exposed to little credit, liquidity or market risk.

12 Capital commitments

DVA Licensing had £3,504,710 (2013-14: £10,500) capital commitments which were contracted for at the financial year end. These relate to the replacement drivers system and budgetary cover of £3.5m has been secured from DFP to cover this.

13 Commitments under leases

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

| | 2014-15 £'000 | 2013-14 £'000 |
|---|------------------|------------------|
| Obligations under operating leases comprise: | | |
| Land and buildings | | |
| Not later than one year | - | 23 |
| Later than one year and not later than five years | - | - |
| At 31 March | - | 23 |
| Other | | |
| Not later than one year | 5 | 7 |
| Later than one year and not later than five years | - | 2 |
| At 31 March | 5 | 9 |
| Total obligations under operating leases | 5 | 32 |

14 Other financial commitments

DVA Licensing has entered into contracts (which are not leases), for the maintenance of IT systems. At the financial year end these were cancellable with an agreed period of notice without a financial penalty.

15 Financial targets

DVA Licensing has no key corporate financial targets.

16 Related - party transactions

The DOE is regarded as a related party as it is the Agency's parent Department. During the year, DVA Licensing has had various material transactions with the Department. In addition, DVA Licensing has had various material transactions with DVLA, an Executive Agency of the DfT.

None of the Board members, members of the key management staff or other related parties have undertaken any material transactions with DVA Licensing during the year.

17 Contingent liabilities disclosed under IAS 37

At the financial year end, DVA Licensing had a contingent liability of £5,500 in relation to public liability cases (2014: £5,500)

DVA Licensing has entered into the following unquantifiable contingent liabilities:

Voluntary Exit Scheme (VES)

The Northern Ireland Civil Service launched a Voluntary Exit Scheme (VES) across all departments on 2 March 2015. The closing date for applications was 27 March 2015. At the balance sheet date, there is a possible obligation on the department which may give rise to a liability should any of DVA Licensing's staff apply and be successful. It is not possible, at the balance sheet date, to quantify what this potential liability may be.

18 Losses and special payments

| | 2014-15 | | 2013-14 | |
|------------------|-----------------|-------|-----------------|-------|
| | Number of cases | £'000 | Number of cases | £'000 |
| Losses | - | - | - | - |
| Special payments | 22 | 1 | 41 | 1 |

19 Business activities attracting fees and charges

| 2014-15 | Income | Cost | Annual Surplus/ (Deficit) | Objective |
|--|---------------|---------------|---------------------------|--------------------|
| | £'000 | £'000 | £'000 | |
| Driver Licensing Fees | 5,253 | 5,833 | (580) | * |
| Vehicle Licensing Division | 12,277 | 12,277 | - | Full cost recovery |
| Taxi Licensing Fees | 1,441 | 1,610 | (169) | Full cost recovery |
| Road Freight Licensing Fees | 210 | 159 | 51 | Full cost recovery |
| | 19,181 | 19,879 | (698) | |
| Other activities not attracting fees and charges | 9 | 925 | (916) | ** |
| | 19,190 | 20,804 | (1,614) | |

19 Business activities attracting fees and charges (continued)

| 2013-14 | Income | Cost | Annual Surplus/ (Deficit) | Objective |
|--|---------------|---------------|---------------------------|--------------------|
| | £'000 | £'000 | £'000 | |
| Driver Licensing Fees | 5,018 | 5,503 | (485) | * |
| Vehicle Licensing Division | 11,555 | 11,555 | - | Full cost recovery |
| Taxi Licensing Fees | 1,461 | 1,726 | (265) | Full cost recovery |
| Road Freight Licensing Fees | 199 | 193 | 6 | Full cost recovery |
| | 18,233 | 18,977 | (744) | |
| Other activities not attracting fees and charges | 4 | 526 | (522) | ** |
| | 18,237 | 19,503 | (1,266) | |

* Driver licensing fees are set at less than full cost recovery as agreed by the Minister.

** The increase in Annual Deficit for other activities not attracting fees and charges from £(522)k to £(916)k is due to the one off accommodation cost provision which is funded by DOE.

This note is to meet DFP requirements on fees and charges and not for the purposes of IFRS 8.

20 Segmental reporting

In 2014/15 DVA Licensing had two main operating segments which were determined by their funding source. These are as follows:

- Vehicle Licensing - responsible for vehicle registration and licensing in Northern Ireland. This segment is funded by DVLA.
- Driver and Public Transport Licensing (previously known as Road Transport Licensing) - responsible for the issue and where appropriate, the withdrawal of licences in respect of drivers including taxis, road freight and operator licences, which is the responsibility of DOE.

| | Vehicle Licensing Division | Driver and Road Transport Licensing Division | Total | Vehicle Licensing Division | Driver and Road Transport Licensing Division | Total |
|------------------------|----------------------------------|--|------------------|----------------------------------|--|------------------|
| | 2014-15 £'000 | 2014-15 £'000 | 2014-15 £'000 | 2013-14 £'000 | 2013-14 £'000 | 2013-14 £'000 |
| Gross Expenditure | 11,860 | 7,512 | 19,372 | 10,545 | 6,887 | 17,432 |
| Income | (12,277) | (6,913) | (19,190) | (11,555) | (6,682) | (18,237) |
| Net Expenditure | (417) | 599 | 182 | (1,010) | 205 | (805) |

21 Reconciliation between Operating Segments and SoCNE

| | Vehicle Licensing Division | Driver and Road Transport Licensing Division | Total | Vehicle Licensing Division | Driver and Road Transport Licensing Division | Total |
|--|----------------------------------|--|------------------|----------------------------------|--|------------------|
| | 2014-15 £'000 | 2014-15 £'000 | 2014-15 £'000 | 2013-14 £'000 | 2013-14 £'000 | 2013-14 £'000 |
| Total net expenditure by operating segment | (417) | 599 | 182 | (1,010) | 205 | (805) |
| Notional Costs | 417 | 1,015 | 1,432 | 1,010 | 1,061 | 2,071 |
| Total net expenditure per SoCNE | - | 1,614 | 1,614 | - | 1,266 | 1,266 |

Note: An analysis of assets and liabilities by segment is not regularly provided to the chief operating decision maker and therefore DVA Licensing is not reporting this information in accordance with IFRS 8.

22 Going concern

The Stormont House Agreement contains a commitment to reduce the number of NICS Departments from 12 to 9 following the Assembly election in May 2016, which will involve functions transferring from some departments to others. The number, names and high level functions of the new departments are currently being considered by Ministers. It is anticipated that staff working in the affected areas will move with the function. The proposed 9-departmental model outlines a machinery of government change where the functions of DVA Licensing will transfer to other departments in May 2016.

Income and expenditure from Driver Licensing and Public Transport Licensing Division will continue for the foreseeable future.

23 Events after the Reporting Period

Since 31 March 2015, applications for the Voluntary Exit Scheme have been processed, communicated and agreed with staff. This has resulted in an obligation arising on the department, since the balance sheet date. The value of this liability cannot yet be determined. This is a non-adjusting event and consequently, the 2014/15 accounts have not been adjusted. It is expected that payments to settle this liability will be made during the 2015/16 financial year.

24 Date authorised for issue

The Accounting Officer authorised these financial statements for issue on 25 June 2015.

DVA TESTING

The Certificate And Report Of The Comptroller And Auditor General To The Northern Ireland Assembly

I certify that I have audited the financial statements of the Driver and Vehicle Agency Testing for the year ended 31 March 2015 under the Financial Provisions (Northern Ireland) Order 1993. These comprise the Statements of Comprehensive Income, Financial Position, Cash Flows, 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 Chief Executive 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 Financial Provisions (Northern Ireland) Order 1993. 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 Driver and Vehicle Agency Testing's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Driver and Vehicle Agency Testing; 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. 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 the Assembly 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 the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Driver and Vehicle Agency Testing's affairs as at 31 March 2015 and of its surplus, cash flows and changes in taxpayers' equity for the year then ended; and
- the financial statements have been properly prepared in accordance with the Financial Provisions (Northern Ireland) Order 1993 and Department of Finance and Personnel directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Department of Finance and Personnel directions made under the Financial Provisions (Northern Ireland) Order 1993; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent in so far as it relates to Driver and Vehicle Agency Testing activities.

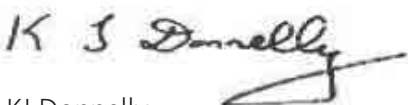
Matters on which I report by exception

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

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; 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 Department of Finance and Personnel's guidance.

Report

I have no observations to make on these financial statements.



KJ Donnelly
 Comptroller and Auditor General
 Northern Ireland Audit Office
 106 University Street
 Belfast, BT7 1EU
 25 June 2015

Statement of Comprehensive Income for the year ended 31 March 2015

| | Note | 2014-15 £'000 | 2013-14 £'000 |
|---|------|------------------|------------------|
| Income | | | |
| Operating income | 2 | (38,560) | (37,743) |
| Expenditure | | | |
| Staff costs | 3 | 20,707 | 19,947 |
| Other operating costs | 4 | 13,045 | 14,478 |
| Total operating expenditure | | 33,752 | 34,425 |
| Operating surplus before finance costs | | (4,808) | (3,318) |
| Finance income | | (37) | (26) |
| Finance costs | 5 | - | 58 |
| Net finance costs | | (37) | 32 |
| Operating surplus after finance costs | | (4,845) | (3,286) |
| Dividends | 6 | 768 | 668 |
| Retained surplus for the year | | (4,077) | (2,618) |

Other Comprehensive Income

| | Note | 2014-15 £'000 | 2013-14 £'000 |
|---|------|------------------|------------------|
| Net gain on revaluation of property, plant and equipment | 7 | (760) | (146) |
| Net gain on revaluation of intangibles assets | 8 | (2) | (5) |
| Total comprehensive (income)/expenditure for the year ended 31 March | | (4,839) | (2,769) |

Statement of Financial Position

as at 31 March 2015

| | Note | 31 March 2015 £'000 | 31 March 2014 £'000 |
|--|------|---------------------------|---------------------------|
| Non-current assets | | | |
| Property, plant and equipment | 7 | 18,494 | 18,004 |
| Intangible assets | 8 | 291 | 317 |
| Total non-current assets | | 18,785 | 18,321 |
| Current assets | | | |
| Inventories | 9 | 22 | 37 |
| Trade and other receivables | 10 | 806 | 498 |
| Cash and cash equivalents | 11 | 16,576 | 12,198 |
| Total current assets | | 17,404 | 12,733 |
| Total assets | | 36,189 | 31,054 |
| Current liabilities | | | |
| Trade and other payables | 12 | (7,148) | (6,310) |
| Provisions for liabilities and charges | 13 | (434) | (1,047) |
| Total current liabilities | | (7,582) | (7,357) |
| Non-current assets plus/less net current assets/liabilities | | 28,607 | 23,697 |
| Non-current liabilities | | | |
| Provisions for liabilities and charges | 13 | (932) | (861) |
| Total non-current liabilities | | (932) | (861) |
| Assets less liabilities | | 27,675 | 22,836 |
| Taxpayers' equity | | | |
| Public dividend capital | | 2,100 | 2,100 |
| Revaluation reserve | | 6,646 | 5,924 |
| Retained earnings | | 18,929 | 14,812 |
| Total taxpayers' equity | | 27,675 | 22,836 |



PAUL DUFFY
Accounting Officer
22 June 2015

Statement of Cash Flows

for the year ended 31 March 2015

| | Note | 2014-15 £'000 | 2013-14 £'000 |
|--|------|------------------|------------------|
| Cash flows from operating activities | | | |
| Retained surplus for the year | | 4,077 | 2,618 |
| Adjustments for non-cash transactions | | 1,152 | 2,859 |
| <i>Adjust for items not relating to operations</i> | | | |
| Finance income | | (37) | (26) |
| Finance costs | 5 | - | 58 |
| Dividends | 6 | 768 | 668 |
| Proceeds on disposal of property, plant and equipment | | - | 731 |
| | | | (14) |
| | | 686 | |
| (Increase)/decrease in trade and other receivables | 10 | (308) | 484 |
| Decrease/(increase) in inventories | 9 | 15 | (6) |
| Increase/(decrease) in trade payables | 12 | 838 | (7,171) |
| <i>Less movements in payables relating to items not passing through the SoCI</i> | | | |
| Increase in capital accrual | | (80) | (68) |
| Increase in dividend accrual | 12 | (52) | (28) |
| Increase in interest receivable | | 1 | - |
| Increase in current part of PFI | | - | (131) |
| | | 6,269 | 6,173 |
| Use of provisions | 13 | (572) | (112) |
| Net cash inflow from operating activities | | 5,802 | 5,531 |

Statement of Cash Flows (continued)

for the year ended 31 March 2015

| | Note | 2014-15 £'000 | 2013-14 £'000 |
|---|-----------|------------------|------------------|
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | | (641) | (877) |
| Purchase of intangible assets | | (103) | (124) |
| Proceeds on disposal of property, plant and equipment | | - | 14 |
| Interest received | | 36 | 26 |
| Net cash outflow from investing activities | | (708) | (961) |
| Cash flows from financing activities | | | |
| Payment of PFI capital liability | 17 | - | (6,269) |
| Dividends paid | | (716) | (641) |
| Interest paid | | - | (58) |
| Net cash outflow from financing activities | | (716) | (6,968) |
| Net increase/(decrease) in cash and cash equivalents in the year | 11 | 4,378 | (2,398) |
| Cash and cash equivalents at the beginning of the year | 11 | 12,198 | 14,596 |
| Cash and cash equivalents at the end of the year | 11 | 16,576 | 12,198 |

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2015

| | Note | Retained Earnings | Revaluation Reserve | Public Dividend Capital | Total Reserves |
|--|------|----------------------|------------------------|-------------------------------|-------------------|
| | | £'000 | £'000 | £'000 | £'000 |
| Balance as at 1 April 2013 | | 12,166 | 5,801 | 2,100 | 20,067 |
| Net loss on revaluation of property, plant and equipment | | - | 146 | - | 146 |
| Net gain on revaluation of intangible assets | | - | 5 | - | 5 |
| Transfer on realised depreciation to general fund | | 28 | (28) | - | - |
| Retained surplus for the year | | 2,618 | - | - | 2,618 |
| Balance as at 31 March 2014 | | 14,812 | 5,924 | 2,100 | 22,836 |
| Net gain on revaluation of property, plant and equipment | 7 | - | 760 | - | 760 |
| Net gain on revaluation of intangible assets | 8 | - | 2 | - | 2 |
| Transfer on realised depreciation to general fund | | 40 | (40) | - | - |
| Retained surplus for the year | | 4,077 | - | - | 4,077 |
| Balance as at 31 March 2015 | | 18,929 | 6,646 | 2,100 | 27,675 |

At 31 March 2015 the revaluation reserve includes a total balance relating to the revaluation of intangible assets of £8k (31 March 2014: £12k).

The Financial Provisions (Northern Ireland) Order 1993 permits the Trading Fund the power to establish and maintain reserves under Article 8(2), exercisable only with concurrence of DFP. Reserves are held to finance current operating requirements and future capital investment.

Notes to the Accounts (DVA Testing)

1 Statement of accounting policies

These financial statements have been prepared in accordance with the 2014-15 Government Financial Reporting Manual (FReM) issued by the Department of Finance and Personnel (DFP). The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

DVA Testing operates as a Trading Fund under the provisions of the Driver & Vehicle Testing Agency Trading Fund (Northern Ireland) Order 1996.

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

1.1 Application of newly issued accounting standards

The following new and amended standards that are effective, for entries applying the FReM, for the first time in 2014-15:

- IFRS 10 (Consolidated Financial Statements), 11 (Joint Arrangements), 12 (Disclosure of Interests in Other Entities), IAS 27 (Separate Financial Statements), IAS 28 (Investments in Associates and Joint Ventures).

Their adoption has not had any significant impact on the amounts reported in these financial statements. Management has reviewed new accounting standards that have been issued but are not effective for entities applying the FReM, nor adopted early for these accounts. Management consider that these are unlikely to have a significant impact on the financial statements in the period of initial application. These standards include:

- IFRS 13 - Fair Value Measurement
- IAS 36 - 'Impairment of Assets' on recoverable amount disclosures (amendment)
- IFRS 14 - Regulatory Deferral Accounts
- IFRS 15 - Revenue from Contracts with Customers

1.1 Application of newly issued accounting standards (continued)

- IFRS 9 - Financial Instruments
- IAS 17 - Leases (replacement)
- IAS 1 - Disclosure Initiative
- IAS 27 - Equity Method in Separate Financial Statements (amendment)
- IAS 16 and IAS 41 - Bearer Plants (amendment)
- IAS 16 and IAS 38 - Clarification of acceptable methods of depreciation and amortisation (amendment)
- IFRS 11 - Accounting for acquisitions of interests in joint operations (amendment)
- IFRS 10 and IAS 28 – Sale or contribution of Assets between an investor and its associates or joint (amendment)
- IFRS 10, IFRS 12, IAS 28 - Investment entities: applying the Consolidation Exception (amendment)

1.2 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets and inventories.

1.3 Property, plant and equipment

Property, plant and equipment assets comprise the land, buildings (excluding dwellings), plant and machinery, transport equipment and information technology held by DVA Testing.

Expenditure on property, plant and equipment of over £1,000 is capitalised, with the exception of computer hardware, which is capitalised if expenditure is over £500. On initial recognition property, plant and equipment are measured at cost including any expenditure, such as installation, directly attributable to bringing them into working condition.

Freehold and long leasehold land and buildings are carried at valuation in existing use and are revalued annually by Land and Property Services (LPS) in accordance with FReM. Weighbridges are valued annually by LPS on a depreciated replacement cost basis.

Plant and machinery and information technology are carried at fair value. Their values are revised annually through the use of suitable indices compiled by the Office for National Statistics. Upward revaluations of property, plant and equipment are credited to the revaluation reserve unless they reverse previously recognised downward revaluations in which case they are credited to the Statement of Comprehensive Income to the extent the downward revaluation has been recognised, with the remainder credited to the revaluation reserve. Downward revaluations of property, plant and equipment are debited to the revaluation reserve to the extent that they reverse previously recognised upward revaluations with any remaining downward valuation recognised in the Statement of Comprehensive Income.

1.3 Property, plant and equipment (continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in other operating costs.

1.4 Intangible assets

Intangible assets comprise software development and Third Generation Theory Test.

Expenditure on intangible assets of over £1,000 is capitalised. On initial recognition intangible assets are measured at cost including any expenditure directly attributable to bringing them into working condition.

These assets are carried at fair value and their values are revised annually through the use of suitable indices compiled by the Office for National Statistics. Upward revaluations of intangible assets are credited to the revaluation reserve unless they reverse previously recognised downward revaluations in which case they are credited to the Statement of Comprehensive Income to the extent the downward revaluation has been recognised, with the remainder credited to the revaluation reserve. Downward revaluations of intangible assets are debited to the revaluation reserve to the extent that they reverse previously recognised upward revaluations with any remaining downward valuation recognised in the Statement of Comprehensive Income.

Items classified as 'under construction' are recognised in the Statement of Financial Position to the extent that money has been paid or a liability has been incurred.

1.5 Depreciation and amortisation

Freehold and long leasehold land are not depreciated.

Depreciation and amortisation is provided at rates calculated to write down the valuation of property, plant and equipment and intangible assets to the estimated residual value by equal instalments over their estimated useful lives. The estimated useful economic lives are normally in the following ranges:

| | |
|---------------------|----------------|
| Buildings | 10 to 54 years |
| Plant and Machinery | 5 to 15 years |
| Transport Equipment | 3 to 13 years |
| IT | 3 to 10 years |
| Software Licences | 3 to 8 years |

Assets in the course of construction are not depreciated until they have been brought into use. Asset lives are reviewed regularly and where necessary revised. The estimate useful life of each asset of significant individual value is separately assessed and if appropriate revised.

1.6 Operating income

Income represents the revenue received for services provided by DVA Testing and is stated net of refunds and exclusive of VAT. For all driver and vehicle testing activities, income is recognised at the time a test is performed. Fees received in advance for which tests have yet to be performed are shown as deferred income within current liabilities. Income is also recognised from DOE in relation to the costs of Enforcement activities carried out on behalf of DOE, and is recognised in line with the costs incurred in delivering these activities.

1.7 Employee benefits including pensions

Under the requirements of IAS 19: Employee Benefits, staff costs must be recorded as an expense as soon as the organisation is obliged to pay them. This includes the cost of any untaken leave that has been earned at the year end.

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) (NI). The defined benefit schemes are unfunded and are non-contributory except in respect of dependants' benefits. DVA Testing 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 (NI) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS (NI). In respect of the defined contribution schemes, DVA Testing recognises the contributions payable for the year.

1.8 Value added tax (VAT)

Most of the activities of DVA Testing are outside the scope of VAT and VAT is reclaimed centrally by DOE. All items in the Statement of Comprehensive Income are therefore exclusive of VAT.

1.9 Leases

Operating leases and rentals are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the lease. Lease costs within PFI contracts are separately disclosed in accordance with IAS 17.

1.10 Provisions

DVA Testing provides for legal and constructive obligations which are of uncertain timing or amount at the reporting date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the real rate set by the Department of Finance and Personnel.

1.11 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, DVA Testing discloses for Northern Ireland Assembly 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 the Assembly in accordance with the requirements of Managing Public Money Northern Ireland.

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 the Assembly separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to the Assembly.

1.12 Financial instruments

DVA Testing's financial instruments comprise trade and other receivables, cash and cash equivalents and trade and other payables. Due to the short-term nature of the financial instruments held, carrying value is considered to represent the fair values.

1.13 Inventories

Inventories consist of oil and bio fuels which are valued at the lower of purchase cost and net realisable value which is the amount that an asset can be disposed of, less any direct selling costs.

1.14 Private Finance Initiative (PFI) transactions

On 26 March 2001 DVA Testing entered into a 17-year service concession agreement with a contractor. On 2 May 2013 this contract was terminated. More information on the termination and on the impact on these financial statements is given in Note 17.

The PFI contract was still in existence for part of 2013-14 and the accounting treatment is as set out below.

PFI transactions have been accounted for in accordance with IAS 17 Leases, IFRIC 4 Determining Whether An Arrangement Contains A Lease and IFRIC 12 Service Concession Arrangements. DVA Testing has capitalised assets and recognised finance lease liabilities in relation to assets acquired under an implied finance lease within the MOT2 contract, including IT Equipment, Vehicle Testing Equipment and additions to buildings. All such assets are depreciated in line with DVA Testing's depreciation policy. The title for these assets rests with the contractor under the terms of the contract. MOT2 PFI Contract is for the provision and maintenance of vehicle test equipment, IT equipment, refurbishment of test centres, replacement doors and cleaning. DVA Testing is invoiced for this contract on a monthly basis and contractual payments relating to revenue expenditure are recorded as service charges in the Statement of Comprehensive Income. The implied finance lease liabilities are released in line with the Useful Capital Economic Lives of the associated assets. The interest element of the unitary charge relating to the assets capitalised has been calculated using the actuarial method as described in FReM.

1.15 Return on capital employed

A charge, reflecting a return on investment to the sponsoring department, DOE, is payable by DVA Testing. The charge is calculated at the real rate set by HM Treasury on the average carrying amount of assets less liabilities (see Note 6).

1.16 Finance income and finance costs

Finance income comprises interest on monies deposited with the Northern Ireland Consolidated Fund. Interest income is recognised on a receivable basis in the Statement of Comprehensive Income.

Finance costs comprise interest expense on borrowing. Borrowing costs are recognised as an expense using the effective interest method.

1.17 Notional charges

Notional amounts are charged to the Statement of Comprehensive Income in respect of services provided by Government bodies in order to reflect the full cost of these services. These apply to the Enforcement Operation only.

1.18 Public dividend capital

Under Article 5(2) of the Driver & Vehicle Agency Trading Fund Order (Northern Ireland) 1996, Public Dividend Capital of £2,100,000 was created in order to facilitate commencement of operations of the Driver & Vehicle Testing Agency.

2 Income

| | 2014-15 £'000 | 2013-14 £'000 |
|-----------------------------------|------------------|------------------|
| Operating income | | |
| Vehicle test fees | 30,230 | 30,013 |
| Practical driving test fees | 2,659 | 2,446 |
| Driving theory test fees | 1,922 | 1,817 |
| Other fees and licences | 207 | 130 |
| Enforcement fees | 1,486 | 1,452 |
| Enforcement contribution from DOE | 2,056 | 1,885 |
| Total income | 38,560 | 37,743 |

3 Staff numbers and related costs

| | 2014-15 £'000 | 2014-15 £'000 | 2014-15 £'000 | 2013-14 £'000 |
|-----------------------|--------------------|------------------|------------------|------------------|
| | Permanent Staff | Others | Total | Total |
| Wages and salaries | 16,455 | 88 | 16,543 | 15,949 |
| Social security costs | 1,133 | - | 1,133 | 1,110 |
| Other pension costs | 3,031 | - | 3,031 | 2,888 |
| Total Cost | 20,619 | 88 | 20,707 | 19,947 |

The Northern Ireland Civil Service pension arrangements are unfunded multi-employer defined benefit scheme but DVA Testing is unable to identify its share of the underlying assets and liabilities. The most up to date actuarial valuation was carried out as at 31 March 2012. This valuation is then reviewed by the Scheme Actuary and updated to reflect current conditions and rolled forward to the reporting date of the DFP Superannuation and Other Allowances Resource Accounts as at 31 March 2015.

For 2014-15, employers' contributions of £2,988,495 were payable to the NICS pension arrangements (2013-14 £2,882,612) at one of four rates in the range 18% to 25% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. A new scheme funding valuation based on data as at 31 March 2012 was completed by the Actuary during 2014-15. This valuation was used to determine employer contribution rates for the introduction of a new career average earning scheme from April 2015. From 2015-16, the new rates will range from 20.8% to 26.3%. The contribution rates are set to meet the cost of the benefits accruing during 2014-15 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £2,876 (2013-14 £2,778) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% (2013-14 3% to 12.5%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £190, 0.8% (2013-14 £188, 0.8%) of pensionable pay, were payable to the PCSPS (NI) to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the reporting date were £nil. Contributions prepaid at that date were £nil.

Two people (2013-14: no-one) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £5,132 (2013-14: £Nil).

3 Staff numbers and related costs (continued)

Average number of persons employed

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

| | 2014-15 Number | 2014-15 Number | 2014-15 Number | 2013-14 Number |
|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Permanent Staff | Others | Total | Total |
| Directly employed | 632 | - | 632 | 630 |
| Other | - | 5 | 5 | 11 |
| Total | 632 | 5 | 637 | 641 |

Reporting of Civil Service and other compensation schemes - exit packages

| Exit package cost band | Number of compulsory redundancies | Number of other departures agreed | Total number of exit packages by cost band | Total number of exit packages by cost band |
|---------------------------------------|---|--|--|--|
| | 2014-15 | 2014-15 | 2014-15 | 2013-14 |
| <£10,000 | - | 2 | 2 | (1) |
| £10,000 - £25,000 | - | - | - | - |
| £25,000 - £50,000 | - | 1 | 1 | - |
| £50,000 - £100,000 | - | - | - | - |
| £100,000 - £150,000 | - | - | - | - |
| £150,000 - £200,000 | - | - | - | - |
| Total number of exit packages by type | - | 3 | 3 | (1) |
| Total resource cost £'000 | - | 44 | 44 | (9) |

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme (Northern Ireland), a statutory scheme made under the Superannuation (Northern Ireland) Order 1972. Exit costs are accounted for in full in the year of departure. Where DVA Testing has agreed early retirements, the additional costs are met by DVA Testing 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.

4 Other operating costs

| | 2014-15 £'000 | 2013-14 £'000 |
|--|------------------|------------------|
| Travel and subsistence | 343 | 327 |
| Training | 182 | 148 |
| Rates | 485 | 468 |
| Accommodation costs | 1,367 | 1,497 |
| Telecommunications | 82 | 72 |
| Computer charges | 130 | 122 |
| Office services | 594 | 592 |
| Contracted out services: | | |
| - Driving theory test | 1,131 | 1,202 |
| - Vehicle testing MOT service charge | 1,564 | 1,829 |
| - Balance on settlement of MOT2 PFI Contract (see Note 17) | - | (557) |
| - Booking system service charge | 1,478 | 1,541 |
| - Security and cleaning | 307 | 281 |
| Consultancy costs | - | 141 |
| Plant, equipment and vehicle costs | 177 | 211 |
| Bank and credit card charges | 360 | 273 |
| Auditor's remuneration* | 15 | 16 |
| Other expenditure | 314 | 313 |
| Services provided by DOE | 2,567 | 2,373 |
| Services provided by DFP and DRD | 1,294 | 1,280 |
| Non-cash items: | | |
| Depreciation and amortisation: | | |
| - Property, plant and equipment | 910 | 878 |
| - Intangible assets | 131 | 108 |
| Impairment | 72 | 187 |
| (Profit)/Loss on disposal of property, plant and equipment | 9 | (13) |
| Provisions: | | |
| - Provided in year | 386 | 1,712 |
| - Provisions written back | (356) | (28) |
| Notional charges deducted: | | |
| Enforcement costs** | (497) | (495) |
| Total other operating costs | 13,045 | 14,478 |

4 Other operating costs (continued)

* Auditor's remuneration relates to the audit fee. No remuneration was paid to the external auditor for non audit work.

** Some of the costs included in Services provided by DOE, DFP and DRD are notional costs in respect of services provided to Enforcement operations. These are included to show the full cost of services provided to DVAT and are deducted as only hard charges can be included in accounts of the Trading Fund.

5 Finance costs - interest and similar charges

| | 2014-15 £'000 | 2013-14 £'000 |
|----------------------------|------------------|------------------|
| MOT 2 interest | - | 58 |
| Total finance costs | - | 58 |

6 Dividends

| | 2014-15 £'000 | 2013-14 £'000 |
|------------------------|------------------|------------------|
| Interim dividend paid | 368 | 320 |
| Final dividend payable | 400 | 348 |
| Total dividends | 768 | 668 |

Dividends are payable to the Northern Ireland Consolidated Fund. The dividend due is the balance of the 3.5% per annum return on the total assets employed less the current liabilities.

7 Property, plant and equipment

| | Land | Buildings | Plant & Machinery | Transport Equipment | IT | POA & AUC | Total |
|--|--------------|--------------|-------------------|---------------------|------------|-----------|---------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Cost or valuation | | | | | | | |
| At 1 April 2014 | 8,110 | 7,382 | 6,516 | 459 | 575 | 118 | 23,160 |
| Additions | - | 680 | 4 | 30 | 7 | - | 721 |
| Disposals | - | (6) | (13) | - | (29) | - | (48) |
| Revaluation | 45 | 505 | 162 | - | - | - | 712 |
| Impairment | - | (217) | 8 | (1) | - | - | (210) |
| Reclassifications | - | - | - | - | 118 | (118) | - |
| At 31 March 2015 | 8,155 | 8,344 | 6,677 | 488 | 671 | - | 24,335 |
| Depreciation | | | | | | | |
| At 1 April 2014 | - | - | 4,370 | 312 | 474 | - | 5,156 |
| Charged in year | - | 269 | 484 | 51 | 106 | - | 910 |
| Disposals | - | (1) | (9) | - | (29) | - | (39) |
| Revaluation | - | (127) | 79 | - | - | - | (48) |
| Impairment | - | (141) | 3 | - | - | - | (138) |
| At 31 March 2015 | - | - | 4,927 | 363 | 551 | - | 5,841 |
| Net book value at 31 March 2015 | | | | | | | |
| | 8,155 | 8,344 | 1,750 | 125 | 120 | - | 18,494 |
| Net book value at 31 March 2014 | 8,110 | 7,382 | 2,146 | 147 | 101 | 118 | 18,004 |
| Asset financing: | | | | | | | |
| Owned | 8,115 | 8,344 | 1,750 | 125 | 120 | - | 18,494 |
| Net book value at 31 March 2015 | 8,155 | 8,344 | 1,750 | 125 | 120 | - | 18,494 |

7 Property, plant and equipment (continued)

| | Land | Buildings | Plant & Machinery | Transport Equipment | IT | POA & AUC | Total |
|--|--------------|--------------|-------------------|---------------------|------------|------------|---------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Cost or valuation | | | | | | | |
| At 1 April 2013 | 8,105 | 6,977 | 6,465 | 464 | 564 | - | 22,575 |
| Additions | - | 712 | 35 | 64 | 16 | 118 | 945 |
| Disposals | - | - | - | (69) | (3) | - | (72) |
| Revaluation | 5 | 37 | 11 | - | - | - | 53 |
| Impairment | - | (344) | 5 | - | (2) | - | (341) |
| At 31 March 2014 | 8,110 | 7,382 | 6,516 | 459 | 575 | 118 | 23,160 |
| Depreciation | | | | | | | |
| At 1 April 2013 | - | - | 3,862 | 336 | 398 | - | 4,596 |
| Charged in year | - | 252 | 501 | 45 | 80 | - | 878 |
| Disposals | - | - | - | (69) | (2) | - | (71) |
| Revaluation | - | (98) | 5 | - | - | - | (93) |
| Impairment | - | (154) | 2 | - | (2) | - | (154) |
| At 31 March 2014 | - | - | 4,370 | 312 | 474 | - | 5,156 |
| Net book value at 31 March 2014 | | | | | | | |
| | 8,110 | 7,382 | 2,146 | 147 | 101 | 118 | 18,004 |
| Net book value at 31 March 2013 | 8,105 | 6,977 | 2,603 | 128 | 166 | - | 17,979 |
| Asset financing: | | | | | | | |
| Owned | 8,110 | 7,382 | 2,146 | 147 | 101 | 118 | 18,004 |
| Net book value at 31 March 2014 | 8,110 | 7,382 | 2,146 | 147 | 101 | 118 | 18,004 |

7 Property, plant and equipment (continued)

Property valuation

Property valuations are carried out by Land and Property Services (LPS) in accordance with HM Treasury guidance, International Valuation Standards and the requirements of the Royal Institution of Chartered Surveyors (RICS) Valuation Standards-Global and UK 7th Edition.

DVA Testing's properties funded within the trading fund were revalued by Land and Property Services (LPS) on 29 March 2015 at £13,490,000 (2014 £12,775,000) on an existing use basis. This valuation includes freehold land not depreciated of £4,420,000 (2014 £4,375,000) and long leasehold land not depreciated of £2,420,000 (2014 £2,420,000).

DVA Testing's properties associated with the enforcement activity (including the weighbridges) were valued by LPS on 29 March 2015 at £2,581,946 (2014 £2,319,202) on a depreciated replacement cost basis. This valuation includes weighbridge land not depreciated of £1,315,000 (2014 £1,315,000).

LPS is a related party to DVA Testing as it is itself a Government Agency

8 Intangible assets

| | Information Technology | Software Licences | POA & AUC | Total |
|--|---------------------------|-------------------|--------------|------------|
| | £'000 | £'000 | £'000 | £'000 |
| Cost or valuation | | | | |
| At 1 April 2015 | 424 | 125 | 120 | 669 |
| Additions | 103 | - | - | 103 |
| Revaluation | 6 | - | - | 6 |
| Reclassifications | 120 | - | (120) | - |
| At 31 March 2015 | 653 | 125 | - | 778 |
| Amortisation | | | | |
| At 1 April 2014 | 242 | 110 | - | 352 |
| Charge in year | 123 | 8 | - | 131 |
| Revaluation | 4 | - | - | 4 |
| At 31 March 2015 | 369 | 118 | - | 487 |
| Net Book Value at 31 March 2015 | 284 | 7 | - | 291 |
| Net Book Value at 31 March 2014 | 182 | 15 | 120 | 317 |
| Asset financing: | | | | |
| Owned | 284 | 7 | - | 291 |
| Net Book Value at 31 March 2015 | 284 | 7 | - | 291 |

8 Intangible assets (continued)

| | Information Technology | Software Licences | POA & AUC | Total |
|--|---------------------------|-------------------|--------------|------------|
| | £'000 | £'000 | £'000 | £'000 |
| Cost or valuation | | | | |
| At 1 April 2013 | 413 | 120 | - | 533 |
| Additions | - | 4 | 120 | 124 |
| Revaluation | 11 | 1 | - | 12 |
| At 31 March 2014 | 424 | 125 | 120 | 669 |
| Amortisation | | | | |
| At 1 April 2013 | 136 | 101 | - | 237 |
| Charge in year | 99 | 9 | - | 108 |
| Revaluation | 7 | - | - | 7 |
| At 31 March 2014 | 242 | 110 | - | 352 |
| Net Book Value at 31 March 2014 | | | | |
| | 182 | 15 | 120 | 317 |
| Net Book Value at 31 March 2013 | 277 | 19 | - | 296 |
| Asset financing: | | | | |
| Owned | 182 | 15 | 120 | 317 |
| Net Book Value at 31 March 2014 | 182 | 15 | 120 | 317 |

9 Inventories

| | 31 March 2015 £'000 | 31 March 2014 £'000 |
|--------------------------|---------------------------|---------------------------|
| Fuel stock | 22 | 37 |
| Total inventories | 22 | 37 |

10 Trade and other receivables

| | 31 March 2015 £'000 | 31 March 2014 £'000 |
|-------------------------------------|---------------------------|---------------------------|
| Amounts due within one year: | | |
| Trade receivables | - | 1 |
| Other receivables | 210 | 27 |
| Prepayments and accrued income | 346 | 79 |
| VAT | 250 | 391 |
| Total receivables | 806 | 498 |

Intra-government balances

| | Amounts falling due within one year | |
|---|-------------------------------------|---------------------------|
| | 31 March 2015 £'000 | 31 March 2014 £'000 |
| Balances with other central government bodies | 603 | 409 |
| Balances with local authorities | 2 | 2 |
| Balances with public corporations and trading funds | 1 | 2 |
| Intra-government balances | 606 | 413 |
| Balances with bodies external to government | 200 | 85 |
| Total receivables | 806 | 498 |

11 Cash and cash equivalents

| | 31 March 2015 £'000 | 31 March 2014 £'000 |
|---|---------------------------|---------------------------|
| Balance as 1 April | 12,198 | 14,596 |
| Net change in cash and cash equivalent balances | 4,378 | (2,398) |
| Balance at 31 March | 16,576 | 12,198 |

The following balances at 31 March were held at:

| | | |
|-----------------------------------|---------------|---------------|
| Commercial banks and cash in hand | 752 | 693 |
| Short term investments | 15,824 | 11,505 |
| Balance at 31 March | 16,576 | 12,198 |

12 Trade and other payables

| | 31 March 2015 £'000 | 31 March 2014 £'000 |
|---|---------------------------|---------------------------|
| Amounts falling due within one year: | | |
| Trade payables | 103 | 434 |
| Other payables | 211 | 126 |
| Deferred income | 2,620 | 2,104 |
| Accruals | 3,814 | 3,298 |
| Final dividend payable | 400 | 348 |
| Balance at 31 March | 7,148 | 6,310 |

Intra-government balances

| | Amounts falling due within one year | |
|---|-------------------------------------|---------------------------|
| | 31 March 2015 £'000 | 31 March 2014 £'000 |
| Balances with other central government bodies | 1,583 | 1,507 |
| Balances with public corporations and trading funds | 164 | 90 |
| Intra-government balances | 1,747 | 1,597 |
| Balances with bodies external to government | 5,401 | 4,713 |
| Total | 7,148 | 6,310 |

13 Provisions for liabilities and charges

| 2014-15 | Employee Liability | Public Liability | Early Departure | Equal Pay | Injury Pension | Total |
|--------------------------------------|--------------------|------------------|-----------------|-----------|----------------|--------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Balance at 1 April 2014 | 176 | 49 | 1,594 | 8 | 81 | 1,908 |
| Provided in the year | 132 | 5 | - | - | 249 | 386 |
| Provisions not required written back | (74) | - | (282) | - | - | (356) |
| Provisions utilised in the year | (21) | - | (519) | - | (32) | (572) |
| Balance at 31 March 2015 | 213 | 54 | 793 | 8 | 298 | 1,366 |

Analysis of expected timing of provisions:

| | Employee Liability | Public Liability | Early Departure | Equal Pay | Injury Pension | Total |
|---|--------------------|------------------|-----------------|-----------|----------------|--------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Not later than one year | 213 | 54 | 143 | 8 | 16 | 434 |
| Later than one year and not later than five years | - | - | 472 | - | 67 | 539 |
| Later than five years | - | - | 178 | - | 215 | 393 |
| Balance at 31 March 2015 | 213 | 54 | 793 | 8 | 298 | 1,366 |

13 Provisions for liabilities and charges (continued)

| 2013-14 | Employee Liability | Public Liability | Other Legal | Early Departure | Equal Pay | Injury Pension | Total |
|--------------------------------------|--------------------|------------------|-------------|-----------------|-----------|----------------|--------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Balance at 1 April 2013 | 116 | 55 | 70 | 1 | 11 | 83 | 336 |
| Provided in the year | 109 | 2 | - | 1,594 | - | 7 | 1,712 |
| Provisions not required written back | (21) | (4) | - | - | (3) | - | (28) |
| Provisions utilised in the year | (28) | (4) | (70) | (1) | - | (9) | (112) |
| Balance at 31 March 2014 | 176 | 49 | - | 1,594 | 8 | 81 | 1,908 |

Analysis of expected timing of provisions:

| | Employee Liability | Public Liability | Other Legal | Early Departure | Equal Pay | Injury Pension | Total |
|---|--------------------|------------------|-------------|-----------------|-----------|----------------|--------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Not later than one year | 176 | 49 | - | 806 | 8 | 8 | 1,047 |
| Later than one year and not later than five years | - | - | - | 566 | - | 31 | 597 |
| Later than five years | - | - | - | 222 | - | 42 | 264 |
| Balance at 31 March 2014 | 176 | 49 | - | 1,594 | 8 | 81 | 1,908 |

Employee/Public Liability

Provision has been made for compensation claims and associated legal costs made by the public and employees. It reflects known claims where legal advice indicates that it is probable the claims will be successful and amount of the claim can be reasonably estimated.

Other Legal

This provision related to legal costs which were payable in respect of a judicial review.

13 Provisions for liabilities and charges (continued)

Early Departure Costs

During 2013-14 a Voluntary Early Retirement Scheme for staff at the Professional & Technical Officer (PTO) grade was announced. Under this scheme 16 staff retired during 2014-15. DVA Testing is required to meet the cost of paying the pensions of employees who retire early, from the date of their retirement until they reach normal pensionable age. DVA Testing provides in full for the cost of meeting pensions up to normal retirement age in respect of early retirement programmes announced in the current or previous years by establishing a provision for the estimated payments.

Equal Pay

This provision represents DVA Testing's expected share of the settlement payment to be made to staff at AA, AO, EOII and analogous grades in the NICS as the result of an agreement with NIPSA in respect of Equal Pay. A small number of equal pay claims were still outstanding at the financial year end.

Injury Pensions

Provision has been included for former employees who were medically retired and awarded an additional pension sum in relation to injury which is payable until death.

14 Contingent liabilities disclosed under IAS 37

DVA Testing is disputing liability in Employer's and Public Liability cases amounting to £nil (2014: £253,000).

DVA has entered into the following unquantifiable contingent liabilities:

Voluntary Exit Scheme (VES)

The Northern Ireland Civil Service launched a Voluntary Exit Scheme (VES) across all departments on 2 March 2015. The closing date for applications was 27 March 2015. At the balance sheet date, there is a possible obligation on the department which may give rise to a liability should any of DVA's staff apply and be successful. It is not possible, at the balance sheet date, to quantify what this potential liability may be.

15 Capital commitments

Future capital expenditure authorised at the financial year end but not yet contracted for, amounted to £Nil (2014 £677,000) and £Nil related to contracts at 31 March 2015 (2014 £141,897).

16 Commitments under leases

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

| Other | 31 March 2015 £'000 | 31 March 2014 £'000 |
|---|---------------------------|---------------------------|
| Not later than one year | 971 | 979 |
| Later than one year and not later than five years | - | 971 |
| Balance at 31 March | 971 | 1,950 |

17 Commitments under Public Finance Initiative (PFI)

PFI Contract is for the provision of a Vehicle Testing Service from a contractor through a concession agreement which was due to expire on 30 September 2018. Under this contract DVA Testing has the right to receive a range of services to facilitate the delivery of vehicle testing, for example, provision of testing equipment and maintenance of the same. At the end of the concession period certain assets acquired by the contractor are assigned to the Agency, the remainder can be nominated to be assigned to the Agency. Under IFRIC 12 assets acquired by the contractor are treated as assets of DVA Testing.

On 2 May 2013 an early exit was secured from the PFI contract through an agreed Settlement Agreement with all parties. This Agreement provided for a final payment of £5,634K in full and final settlement of all matters arising under the concession agreement excluding payments due in relation to services received up to 2 May 2013. The outstanding obligation under the contract at 2 May 2013 of £6,191K, as set out below, was settled in full and ownership of the assets acquired by the contractor transferred to DVA. As the liabilities settled under the Agreement exceeded the amount paid the Agency benefited from a one-off credit on settlement of the PFI contract of £557K. New contractual arrangements are in place to ensure continuity in service delivery.

17 Commitments under Public Finance Initiative (PFI) (continued)

Total obligations under on-balance sheet (SoFP) PFI contracts for the following periods comprise:

| MOT2 | 31 March 2015 £'000 | 31 March 2014 £'000 |
|---|------------------------|------------------------|
| Not later than one year | - | - |
| Later than one year and not later than five years | - | - |
| Later than five years | - | - |
| | <hr/> | <hr/> |
| Less interest element | - | - |
| Present value of obligations | <hr/> | <hr/> |

Present value of obligations under on-balance sheet (SoFP) PFI contracts for the following periods comprise:

| MOT2 | 31 March 2015 £'000 | 31 March 2014 £'000 |
|---|------------------------|------------------------|
| Not later than one year | - | - |
| Later than one year and not later than five years | - | - |
| Later than five years | - | - |
| | <hr/> | <hr/> |
| Present value of obligations | <hr/> | <hr/> |

Movements on on-balance sheet (SoFP) PFI contracts during the following periods comprise:

| MOT2 | 31 March 2015 £'000 | 31 March 2014 £'000 |
|--|------------------------|------------------------|
| Balance at 1 April | - | 6,269 |
| Additions | - | - |
| Capital repayment (1 Apr – 2 May 2014) | - | (78) |
| Capital repayment (Settlement Agreement) | - | (6,191) |
| | <hr/> | <hr/> |
| Balance at 31 March | <hr/> | <hr/> |

18 Other financial commitments

DVA Testing had no other non-cancellable financial commitments at the financial year end.

19 Corporate financial target

| | 2015 Actual | 2015 Target | 2014 Actual | 2014 Target |
|------------------------------------|----------------|----------------|----------------|----------------|
| Return on average capital employed | 22.08% | 3.5% | 17.05% | 3.5% |

The return on average capital employed has been calculated in line with trading fund guidance from DFP. The return is the surplus on ordinary activities measured before interest (both receivable and payable) and dividends payable. Capital employed is the capital (public dividend capital and loan capital) and reserves.

20 Related-party transactions

DOE is regarded as a related party as it is DVA Testing's parent department. During the year, the Agency has had a number of material transactions with the Department. In addition, DVA Testing has had a number of material transactions with other Government Departments and Central Government bodies. Most of these transactions have been with DFP. Land and Property Services valued the land and buildings used by DVA Testing.

During the year neither the Chief Executive nor members of the Management Board nor any other related party has undertaken any material transaction with the Agency.

21 Business activities attracting fees and charges

| | | | 2015 | | | 2014 |
|---|-----------------|---------------|---------------------------------|-----------------|---------------|---------------------------------|
| | Income | Cost | Annual (Surplus)/ Deficit | Income | Cost | Annual (Surplus)/ Deficit |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Vehicle testing | (30,230) | 26,545 | (3,685) | (30,013) | 27,534 | (2,479) |
| Driver testing | (4,581) | 4,100 | (481) | (4,263) | 3,945 | (318) |
| Enforcements | (3,542) | 3,474 | (68) | (3,337) | 3,243 | (94) |
| Other activities | (207) | 643 | 436 | (130) | 623 | 493 |
| | (38,560) | 34,762 | (3,798) | (37,743) | 35,345 | (2,398) |
| Adjustment for notional insurance premium | - | (279) | (279) | - | (220) | (220) |
| | (38,560) | 34,483 | (4,077) | (37,743) | 35,125 | (2,618) |

*Enforcement income includes direct funding from DOE plus categories of vehicle testing and taxi fees which are used to fund work that is compliance in nature.

DVA Testing's financial objective, as a trading fund, is to ensure that revenues of the fund are sufficient, taking one year with another, to break-even after interest and dividends. The financial objective in relation to vehicle and driver testing is to recover the full cost of services provided.

This note is to meet DFP requirements on fees and charges and not for the purposes of IFRS 8.

22 Segmental reporting

DVA Testing has two main operating segments, the testing trading fund and enforcement operations which is partly funded by the Department.

The management board review financial information at this level for decision making purposes. Reportable segments have been identified on this basis. There have been no changes to the methods used to identify reportable segments in the prior year.

| | Testing Division | Enforcement Division | Total | Testing Division | Enforcement Division | Total |
|--|---------------------|-------------------------|------------------|---------------------|-------------------------|------------------|
| | 2014-15 £'000 | 2014-15 £'000 | 2014-15 £'000 | 2013-14 £'000 | 2013-14 £'000 | 2013-14 £'000 |
| Gross Expenditure | 31,009 | 3,474 | 34,483 | 31,882 | 3,243 | 35,125 |
| Income | (35,018) | (3,542) | (38,560) | (34,406) | (3,337) | (37,743) |
| Total retained surplus per SoCI | (4,009) | (68) | (4,077) | (2,524) | (94) | (2,618) |

Note: An analysis of assets and liabilities by segment is not regularly provided to the chief operating decision maker and therefore DVA Testing is not reporting this information in accordance with IFRS 8

23 Financial instruments

As a trading fund, the cash requirements of DVA Testing are met through fees and financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with DVA Testing's expected purchase and usage requirements and cash balances held at a commercial bank. DVA Testing is therefore exposed to little credit, liquidity or market risk.

24 Losses and special payments

| | 2015 Number of Cases | 2015 £'000 | 2014 Number of Cases | 2014 £'000 |
|------------------|----------------------------|---------------|----------------------------|---------------|
| Losses | 7 | - | 12 | - |
| Special payments | 1,062 | 43 | 614 | 44 |

Special payments include refund of test fees, replacement appointments and compensation paid to customers as a result of the Agency's failure to carry out tests.

25 Going concern

The Stormont House Agreement contains a commitment to reduce the number of NICS Departments from 12 to 9 following the Assembly election in May 2016, which will involve functions transferring from some departments to others. The number, names and high level functions of the new departments are currently being considered by Ministers. It is anticipated that staff working in the affected areas will move with the function. The proposed 9-departmental model outlines a machinery of government change where the functions of DVA Testing will transfer to other departments in May 2016.

26 Events after the reporting period

Since 31 March 2015, applications for the Voluntary Exit Scheme have been processed, communicated and agreed with staff. This has resulted in an obligation arising on the department, since the balance sheet date. The value of this liability cannot yet be determined. This is a non-adjusting event and consequently, the 2014/15 accounts have not been adjusted. It is expected that payments to settle this liability will be made during the 2015/16 financial year.

27 Date authorised for issue

The Accounting Officer authorised these financial statements for issue on 25 June 2015.





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