

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012
FOR
THE ENERGY SAVING TRUST LIMITED**

THURSDAY



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THE ENERGY SAVING TRUST LIMITED

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

	Page
Company Information	1
Report of the Directors	2
Independent Auditor's Report	8
Profit and Loss Account	10
Balance Sheet	11
Cash Flow Statement	12
Notes to the Cash Flow Statement	13
Notes to the Financial Statements	14

THE ENERGY SAVING TRUST LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2012

DIRECTORS: Edward Forrest Brown (Chairman)
Philip Sellwood (Chief Executive)
Sir John Harman
Michael Fairey
Judith Hackitt CBE
Dr David King
Andrea Cook OBE
Sir Hayden Philips

REGISTERED OFFICE: 21 Dartmouth Street
London
SW1H 9BP

REGISTERED NUMBER: 02622374 (England and Wales)

AUDITOR: Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants
25 Moorgate
London
EC2R 6AY

BANKERS: HSBC
Corporate Banking Centre
2nd Floor
70 Pall Mall
London
SW1 5EZ

THE ENERGY SAVING TRUST LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2012

The directors present their annual report on the affairs of the Energy Saving Trust Limited ("EST") together with the financial statements and auditors report for the period from 1 April 2011 to 31 March 2012

PRINCIPAL ACTIVITY

The Energy Saving Trust Limited ("EST") is one of the UK's leading independent bodies working with households, communities and businesses to help save energy and reduce carbon emissions to address the damaging effects of climate change

During 2011/12 EST become a single member Company and is now wholly controlled by the Charity, the Energy Saving Trust Foundation. The Parent objects are "To promote and to advance the education of the public, in the conservation, protection and improvement of the physical and natural environment so as to further the protection of the world's climate systems, including by reducing and making sustainable the use of energy and water and ensuring the prudent use of non-renewable resources for public benefit". EST's Principal activity is to support the Charity in achieving its objects by delivering impartial, authoritative and evidence based advice on how to reduce carbon emissions

EST focuses on delivering practical solutions for households, communities, businesses and the road transport sector - solutions which reduce carbon emissions and can save money. It works with a wide range of partners: government, energy suppliers, manufacturers, retailers, local authorities, installers and converters, energy advisers, non-governmental organisations ("NGOs"), trade associations and the EU.

REVIEW OF BUSINESS

DECC

Advice Centres exceed target by 10% despite but Customer Satisfaction missed its target. EST won DECC Advice Line tender and it's now live.

Phase 1 RHPP completed which developed substantive targets with much commercial learning. Now will run RHPP 2 from May 2012.

LEAF. Active £10m Community Programme on behalf of DECC. All expedited despite the timescales being tight.

DfT

Key deliverables exceeded GFRs beat target by 20%. Fleets averaging 600 vehicles. Motovate programme now 190 members, great vehicle for best practice (100,000 vehicles).

Scotland

We remain the Scottish Government's partner of choice and the ESTAC's are a key part of the Scottish Government's low carbon delivery infrastructure. Loans portfolio continued to expand throughout the year and SME's particular highlight at above £4m.

EST remains central to Scottish Government's programmes of domestic retrofit and has been commissioned to do further work with local authorities.

Wales

During the year we, along with our commercial partners, delivered the first year of the Welsh Government's flagship project NEST. Although not without "teething" problems during the winter months these have now been resolved.

THE ENERGY SAVING TRUST LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2012

Other key programmes delivered during 2011 were the Support Scheme for small scale renewable installers and local support for 22 Local Authorities

Disappointedly, despite very good results Ministerial changes have led to the cessation of support for Consumers / Fleets in the Transport arena

Northern Ireland

Despite efforts to secure ongoing support, Northern Ireland Ministers announced a refocusing of funding for 2012/13 which resulted in the closure of our office there with subsequent redundancies of staff

Local Delivery

The Local Delivery team have continued to support local authority, registered housing provider and community group action to cut emissions. Projects of note have included support and training for all local authorities across the West Midlands on finance and funding for retrofit and renewables projects, work for Liverpool City Region on district heating and CHP and for the GLA and the London Boroughs. We have also administered the LEAF communities fund on behalf of DECC and are part of the team delivering facilitation support to the Big Lottery funded Communities Living Sustainably programme

The teams is also working with the Local Government Association to provide the framework for their new Climate Local support pack and are providing data to a number of Local Authority and supply chain clients to aid targeting of home improvement schemes

Assurance

The creation of a wider Assurance team has enabled the business to maximise the strategic and operational linkages between Technology, Certification and Data management. Key successes have included both the Energy Saving Trust Recommended product certification scheme and the Endorsed Advice Service becoming accredited by the United Kingdom Accreditation Service (UKAS), winning and successfully delivering early drafts of the Green Deal advisor standard and the contract to author the PAS 2030 Green Deal installer standard for BSI. Our collaborative bid to create a Green Freight Europe programme was a significant contract win for the Transport certification team and now includes a working group of 40+ organisations

Technology Partnerships

The Technology Partnerships team has had another successful year, diversifying its technical offer into Grid modelling using EST's unrivalled home analytic & consumer insight to win the National Grid EDAM (Electricity Demand Archetype Model) project and submit a since successful tender response to participate in a District Network Operators Low Carbon Network Fund bid. The team has continued to successfully build upon its reputation for delivering independent and impartial field trials and has also developed and delivered phase 1 of a PV export study that has now lead onto a wider piece of industry funded research, bringing in cutting edge technology providers such as AMEE, to develop housing monitoring database functionality

Data

THE ENERGY SAVING TRUST LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2012

The Data team continue to provide the underpinning data, insight and knowledge that are core to EST's operations, EST verified statistics, data and savings remain fundamental to the delivery of trusted consumer content in the domestic energy saving space. The team also delivered ground-breaking research this year, with the Elephant in the Room publication and event, as well as playing a key role in DECC / Defra's Home Electricity Study

DIVIDENDS

The Trust is incorporated as a company limited by guarantee and has no power to pay dividends. Members have the right to vote at annual general meetings of the Trust and the obligation to contribute a maximum of £1 on a winding-up should there be a call on the guarantee they provide.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2011 to the date of this report.

Philip Sellwood (Chief Executive)
Michael Fairey
Judith Hackitt CBE
Sir Hayden Philips

Other changes in directors holding office are as follows:

Edward Forrest Brown (Chairman) - appointed 23 January 2012
Sir John Harman - resigned 31 March 2012
Sir Ian McAllister - resigned 12 July 2011
Gearoid Lane - resigned 12 October 2011
David Green OBE - resigned 12 October 2011
Dr David King - resigned 31 March 2012
Andrea Cook OBE - resigned 31 March 2012
David Topping - resigned 12 October 2011
Edward Hyams (Chairman) - resigned 23 January 2012

At 31 March 2012, in addition to the Chairman and Chief Executive, there were three independent non executive Directors.

MEMBERSHIP

Following a general meeting of the Company held on 13 July 2011, the members agreed to a number of changes to the Articles of Association that had the effect of moving the Company to a single member organisation. On 3 October 2011 following the grant of charitable status (ref, 1144106), The Energy Saving Trust Foundation became the sole member of the Company and has continued as the sole member up to the date of the signing of these financial statements.

THE ENERGY SAVING TRUST LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2012

STATEMENT OF COMPLIANCE WITH THE COMBINED CODE ON CORPORATE GOVERNANCE

Whilst the company is not a listed company, it has complied to the extent relevant throughout the last financial year with the provisions of the Combined Code on Corporate Governance (May 2010)

The Company applies the relevant Supporting Principles as set out in Section A of the Code Provisions

The Company is led by the Board of Directors which meets regularly and for which there is a schedule of matters specifically reserved for its decision

There is a clear division of responsibilities between the Chairman and the Chief Executive

There is a good balance amongst the Board members. There is one Executive Director (the Chief Executive), an average of three Member Representatives and an average of eight Independent Directors (including the Chair) contributing a wide range of experience from industry and other organisations

The Board considers that the Independent Directors who do not represent members or government departments are independent of the Energy Saving Trust

The Senior Independent Director is Sir John Harman

New directors are offered induction on joining the Board

AUDIT COMMITTEE

The committee is made up of three members chaired by Mike Fairey. Ray MacFarlane and Tom Flood (Energy Saving Trust Foundation Trustees) were appointed following the resignation of Sir John Harman and Dr David King on 31 March 2012

The main responsibilities of the Audit Committee are to oversee the effectiveness of the system of internal control and risk management including the top level risk register, and the accuracy of reporting, making recommendations to the Board as appropriate. The Audit Committee meets at least three times each year

MAINTENANCE OF A SOUND SYSTEM OF INTERNAL CONTROL

The Board is responsible for the Energy Saving Trust's system of internal control and for reviewing its effectiveness. The system is designed to manage risk to a reasonable limit rather than to eliminate all risk of failure to achieve the Trust's policies, aims and objectives. The Audit Committee assists the Board in discharging these responsibilities. The Audit Committee Chair reports the outcome of Audit Committee meetings to the Board

The Board, supported by the Audit Committee, has reviewed the effectiveness of the Energy Saving Trust's systems of internal control for the financial year 2011/12 and up to the date of approval of the Annual Report and Accounts

The main features of the Energy Saving Trust's risk and control framework are set out below

" A control environment is in place for all aspects of the business defined in a framework of policies, procedures and organisational structures

" Information security risks are subject to the same risk management arrangements which are overseen by the Senior Information Risk Officer and Audit Committee

" Risks to achieving strategic objectives are articulated in the top level risk register which is considered by the Board on a quarterly basis

" The Internal Audit function reviews a number of internal control and risk management areas each year

" Performance management through the use of a Balanced Scorecard. There were 11 KPI's covering Achievement of Targets, Client Satisfaction, Financial Stability and People used to review the business during the year

" The continuing ISO 9001 and ISO 14001 accreditations for the Energy Saving Trust's quality and environmental management systems

" Annual review and testing of the business continuity plan

THE ENERGY SAVING TRUST LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2012

REMUNERATION COMMITTEE

The Board has delegated responsibility for determining and agreeing the framework or broad policy for the remuneration of the Chief Executive, the Chairman and other members of the executive management to the Remuneration Committee. This Committee meets regularly and reports to the Board of Directors. Membership during the year consisted of Judith Hackitt (Chair) and David King.

EQUAL OPPORTUNITIES

The EST is an equal opportunity employer, committed to ensuring that our workplace and employment practices are free from discrimination, harassment or victimisation on the grounds of colour, race, nationality, ethnic or national origin, sex (including gender reassignment), marital status, sexual orientation, disability, religion or religious beliefs, political beliefs and age. Recruitment and employment decisions are always made on the basis of fair and objective criteria.

The requirements of job applicants and existing members of staff who have or have had a disability are reviewed to ensure that reasonable adjustments that can be made to enable them to enter into or remain in employment with us, including training and career development.

EMPLOYEE CONSULTATION

The EST places great value on the involvement of its staff, and continues to keep them informed on matters affecting them as employees and on the performance and work of the Trust as a whole using the balanced scorecard. This is achieved through both formal and informal meetings and an annual staff satisfaction survey.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditor is unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

THE ENERGY SAVING TRUST LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2012

AUDITOR

The auditor, Nexia Smith & Williamson, will be proposed for re-appointment at the forthcoming Annual General Meeting

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'Phg. Sellwood', written in a cursive style.

Philip Sellwood (Chief Executive) - Director

Date 12/7/12 .

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ENERGY SAVING TRUST LIMITED

We have audited the financial statements of The Energy Saving Trust Limited for the year ended 31 March 2012 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes on pages 10 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditor and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed. This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE ENERGY SAVING TRUST LIMITED**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by me, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Nexia Smith & Williamson

Andrew Bond (Senior Statutory Auditor)
for and on behalf of Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants
25 Moorgate
London
EC2R 6AY

Date *12 / 7 / 12*

THE ENERGY SAVING TRUST LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2012**

	Notes	31 3 12 £'000	31 3 11 £'000
TURNOVER	2	58,163	122,638
Cost of sales		<u>54,065</u>	<u>111,290</u>
GROSS PROFIT		4,098	11,348
Administrative expenses		<u>5,021</u>	<u>11,700</u>
OPERATING LOSS	4	(923)	(352)
Interest payable and similar charges	5	<u>11</u>	<u>1</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(934)	(353)
Tax on loss on ordinary activities	6	<u>-</u>	<u>(9)</u>
LOSS FOR THE FINANCIAL YEAR		<u>(934)</u>	<u>(344)</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the losses for the current year or previous year

The notes form part of these financial statements

THE ENERGY SAVING TRUST LIMITED

**BALANCE SHEET
31 MARCH 2012**

	Notes	31 3 12 £'000	£'000	31 3 11 £'000	£'000
FIXED ASSETS					
Tangible assets	7		372		391
CURRENT ASSETS					
Debtors	8	30,499		15,336	
Cash at bank	9	<u>11,806</u>		<u>15,942</u>	
		42,305		31,278	
CREDITORS					
Amounts falling due within one year	10	<u>16,021</u>		<u>13,035</u>	
NET CURRENT ASSETS			<u>26,284</u>		<u>18,243</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			26,656		18,634
CREDITORS					
Amounts falling due after more than one year	11		(22,661)		(13,930)
PROVISIONS FOR LIABILITIES	13		<u>(1,025)</u>		<u>(800)</u>
NET ASSETS			<u>2,970</u>		<u>3,904</u>
CAPITAL AND RESERVES					
Capital contributions	14		3,703		3,703
Profit and loss account	14		<u>(733)</u>		<u>201</u>
	17		<u>2,970</u>		<u>3,904</u>

The financial statements were approved by the Board of Directors on
were signed on its behalf by

12th July 2012 and



Philip Sellwood (Chief Executive) - Director



Michael Fahey - Director

The notes form part of these financial statements

THE ENERGY SAVING TRUST LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012**

	Notes	31 3 12 £'000	31 3 11 £'000
Net cash outflow from operating activities	1	(3,868)	(11,092)
Returns on investments and servicing of finance	2	(11)	(1)
Taxation		-	(52)
Capital expenditure	2	<u>(257)</u>	<u>(183)</u>
Decrease in cash in the period		<u>(4,136)</u>	<u>(11,328)</u>
<hr/>			
Reconciliation of net cash flow to movement in net funds	3		
Decrease in cash in the period		<u>(4,136)</u>	<u>(11,328)</u>
Change in net funds resulting from cash flows		<u>(4,136)</u>	<u>(11,328)</u>
Movement in net funds in the period		(4,136)	(11,328)
Net funds at 1 April		<u>15,942</u>	<u>27,270</u>
Net funds at 31 March		<u>11,806</u>	<u>15,942</u>

The notes form part of these financial statements

THE ENERGY SAVING TRUST LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012**

1 RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	31 3 12	31 3 11
	£'000	£'000
Operating loss	(923)	(352)
Depreciation charges	276	466
Increase in debtors	(15,163)	(5,340)
Increase/(decrease) in creditors	<u>11,942</u>	<u>(5,866)</u>
Net cash outflow from operating activities	<u>(3,868)</u>	<u>(11,092)</u>

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31 3 12	31 3 11
	£'000	£'000
Returns on investments and servicing of finance		
Interest paid	<u>(11)</u>	<u>(1)</u>
Net cash outflow for returns on investments and servicing of finance	<u>(11)</u>	<u>(1)</u>
 Capital expenditure		
Purchase of tangible fixed assets	<u>(257)</u>	<u>(183)</u>
Net cash outflow for capital expenditure	<u>(257)</u>	<u>(183)</u>

3 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 4 11	Cash flow	At
	£'000	£'000	31 3 12
			£'000
Net cash			
Cash at bank	<u>15,942</u>	<u>(4,136)</u>	<u>11,806</u>
	<u>15,942</u>	<u>(4,136)</u>	<u>11,806</u>
 Total	<u>15,942</u>	<u>(4,136)</u>	<u>11,806</u>

The notes form part of these financial statements

THE ENERGY SAVING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention on a going concern basis and are in accordance with applicable accounting standards

Turnover

Turnover is recognised when the Trust has entitlement to the revenues, there is reasonable certainty of receipt and the amount can be measured reliably. Turnover represents all grant income, including that received from government sources, invoiced services and fees receivable in the period net of value added tax. The Trust is entitled to grant revenue when it has made the related expenditure and any amounts received in advance of this point are treated as deferred income.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Leasehold improvements	- in accordance with the property lease
Fixtures and fittings	- 20% on cost
Computer equipment	- 50% on cost

Deferred tax

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The Trust makes contributions directly to the providers of employees' personal pension schemes. Contributions are charged in the income and expenditure account when payable. The Trust contributes a defined sum to pension schemes for the benefit of employees.

THE ENERGY SAVING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2012

1 ACCOUNTING POLICIES - continued

Expenditure

Cost of sales includes grants payable and direct grant related expenditure for which conditional terms have been met, as defined by the funder. Grants are paid at the point at which installation has occurred and supporting paperwork has been submitted and verified. Distribution costs relate to direct marketing activities. All other expenditure relates to indirectly provided services, administration costs and support costs and is included within administrative expenses. Expenditure is recognised in the accounts as incurred.

Certain property costs, depreciation, insurance and other similar costs are apportioned to costs of sales, distribution costs and administrative expenses on the basis of the total direct costs associated with each area of expenditure each year.

Scottish Government Loans Schemes

The Scottish Government has assigned responsibility for administering the Energy Saving Scotland Small Business Loans Scheme and Energy Saving Scotland Home Loans Scheme to the Trust.

The Trust recognises revenue grants to fund the administration of the schemes as income in accordance with the accounting policy for turnover on page 12.

Under the schemes, funding has been provided to enable the Trust to make loans available to small businesses and home owners in Scotland. On receipt of funding, cash is recognised by the Trust together with a matching creditor. As new loans are advanced to businesses and individuals a debtor is recognised in the accounts of the Trust. Loan repayments are utilised to reduce the scheme debtors. The Trust understands that whilst the lending risk is, in the first instance, borne by the Trust the Scottish Government recognises that any losses can be funded from the un-utilised cash loan pool and following appropriate authorisation releases the Trust from any obligation to return or transfer the relevant matching funding.

Accordingly, where a bad debt is incurred the Trust will recognise this as an expense which is matched, following appropriate authorisation, by a release from the creditor held for the overall loan pool for the scheme held by the Trust, up to the level of funding held for the scheme. Interest earned on loan pool funds held by the Trust are credited directly to the loan pools for making future loans and are therefore not recognised as income by the Trust.

Pay As You Save ("PAYS") Loan Scheme

The Department for Energy and Climate Change ("DECC") has assigned responsibility for administering the PAYS loan scheme to the trust. This scheme provides interest free loans to householders to install energy saving measures in their homes. The loans are repayable over a period of 25 years. The Trust recognises revenue grants to fund the administration of the schemes as income in accordance with the accounting policy for turnover on page 12.

The administration of this scheme is outsourced to third party service providers who partner with the Trust to administer the loans to householders and collect the loan repayments. All repayments collected by our partners are paid back to the Trust on an annual basis. Following receipt, the Trust has an obligation to repay to DECC these amounts less any agreed administration fees owing.

The Trust accounts for cash, debtors and creditors arising under the scheme on a gross basis, reflecting the amounts due from householders as debtors and amounts ultimately repayable to DECC as a creditor on its balance sheet.

THE ENERGY SAVING TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2012**

2 TURNOVER

The turnover and loss before taxation are attributable to the one principal activity of the company

An analysis of turnover by geographical market is given below

	31 3 12	31 3 11
	£'000	£'000
Revenues derived from UK	58,005	122,367
Revenues derived from EU	<u>158</u>	<u>271</u>
	<u><u>58,163</u></u>	<u><u>122,638</u></u>

3 STAFF COSTS

	31 3 12	31 3 11
	£'000	£'000
Wages and salaries	7,776	10,852
Social security costs	859	1,109
Other pension costs	<u>573</u>	<u>698</u>
	<u><u>9,208</u></u>	<u><u>12,659</u></u>

The average monthly number of employees during the year was as follows

	31 3 12	31 3 11
Administration	23	70
Distribution	12	35
Operations	<u>211</u>	<u>192</u>
	<u><u>246</u></u>	<u><u>297</u></u>

As at the 31st March 2012 there were £51,705 employer pension contributions due in respect of the current reporting period (2011 £73,699)

4 OPERATING LOSS

The operating loss is stated after charging

	31 3 12	31 3 11
	£'000	£'000
Property rentals paid under operating leases	841	1,013
Depreciation - owned assets	276	466
Auditors' remuneration	33	56
Non-audit services-Tax	9	4
Non-audit services-Other	<u>18</u>	<u>41</u>

THE ENERGY SAVING TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2012**

4 OPERATING LOSS - continued

	31.3.12	31.3.11
	£	£
Directors' remuneration	299,136	308,375
Directors' pension contributions to money purchase schemes	<u>18,626</u>	<u>18,534</u>

The number of directors to whom retirement benefits were accruing was as follows

	<u>1</u>	<u>1</u>
Money purchase schemes		

Information regarding the highest paid director is as follows

	31.3.12	31.3.11
	£	£
Emoluments etc	170,969	175,042
Pension contributions to money purchase schemes	<u>18,626</u>	<u>18,534</u>

5 INTEREST PAYABLE AND SIMILAR CHARGES

	31.3.12	31.3.11
	£'000	£'000
Bank interest	<u>11</u>	<u>1</u>

6 TAXATION

Analysis of the tax credit

The tax credit on the loss on ordinary activities for the year was as follows

	31.3.12	31.3.11
	£'000	£'000
Current tax		
UK corporation tax	-	(9)
Tax on loss on ordinary activities	<u>-</u>	<u>(9)</u>

UK corporation tax was charged at 21% in 2011.

THE ENERGY SAVING TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2012**

6 TAXATION - continued

Factors affecting the tax credit

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below

	31 3 12 £'000	31 3 11 £'000
Loss on ordinary activities before tax	<u>(934)</u>	<u>(353)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2011 - 21%)	(187)	(74)
Effects of Expenses not deductible for tax purposes in excess of depreciation difference	187	74
Overprovision prior year	<u>-</u>	<u>(9)</u>
Current tax credit	<u>-</u>	<u>(9)</u>

A potential deferred tax asset of £149k (2011 £149k) arising primarily on differences between the timing of depreciation in the accounts and capital allowances for tax purposes has not been recognised in these accounts

7 TANGIBLE FIXED ASSETS

	Leasehold improvements £'000	Fixtures and fittings £'000	Computer equipment £'000	Totals £'000
COST				
At 1 April 2011	16	797	1,901	2,714
Additions	<u>40</u>	<u>50</u>	<u>167</u>	<u>257</u>
At 31 March 2012	<u>56</u>	<u>847</u>	<u>2,068</u>	<u>2,971</u>
DEPRECIATION				
At 1 April 2011	10	556	1,757	2,323
Charge for year	<u>9</u>	<u>104</u>	<u>163</u>	<u>276</u>
At 31 March 2012	<u>19</u>	<u>660</u>	<u>1,920</u>	<u>2,599</u>
NET BOOK VALUE				
At 31 March 2012	<u>37</u>	<u>187</u>	<u>148</u>	<u>372</u>
At 31 March 2011	<u>6</u>	<u>241</u>	<u>144</u>	<u>391</u>

THE ENERGY SAVING TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2012**

8 DEBTORS

	31 3 12	31 3 11
	£'000	£'000
Amounts falling due within one year		
Trade debtors	11,060	3,989
Loan Fund Debtors	2,073	1,384
Prepayments and accrued income	<u>1,535</u>	<u>1,149</u>
	<u>14,668</u>	<u>6,522</u>
 Amounts falling due after more than one year		
Loan Fund Debtors	<u>15,831</u>	<u>8,814</u>
 Aggregate amounts	<u>30,499</u>	<u>15,336</u>

The Loans Schemes Loan Fund Debtors balance includes loans falling due after more than one year totalling £15,831k (2011 £8,814k)

9 CASH AT BANK

The cash balance includes the following fund balances

£4,189k (2011 £2,831k) which relates to the Scottish Government Loans Schemes This amount is restricted for this purpose and can only be used to make loans in Scotland

£nil (2011 £901k) Funding for the PAYS (Pay As You Save Scheme)

£768k (2011 £1,514k) Funding for the Boiler Scrappage Scheme

£1,309k (2011 nil) Funding received to be applied to the Renewable Heat Premium Payment Scheme on behalf of DECC

£964k (2011 nil) Funding received to be applied to the Local Energy Assessment Scheme on behalf of DECC

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 3 12	31 3 11
	£'000	£'000
Trade creditors	3,827	7,782
Social security and other taxes	108	515
Other creditors	-	960
Accruals and deferred income	<u>12,086</u>	<u>3,778</u>
	<u>16,021</u>	<u>13,035</u>

THE ENERGY SAVING TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2012**

11 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 3 12	31 3 11
	£'000	£'000
Loan Funds	<u>22,661</u>	<u>13,930</u>

Loan fund creditor balances of £22,661k (2011- £13,930k) consists of £19,689k (2011-£10,963k) to fund the Scottish Government Loans Schemes in Scotland and £2,404k (2011-£2,967k) for the PAYS Pilot Scheme (Pay As You Save) in England

12 OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year

	Land and buildings		Other operating leases	
	31 3 12	31 3 11	31 3 12	31 3 11
	£'000	£'000	£'000	£'000
Expiring				
Within one year	37	37	-	42
Between one and five years	801	240	18	10
In more than five years	<u>-</u>	<u>561</u>	<u>-</u>	<u>-</u>
	<u>838</u>	<u>838</u>	<u>18</u>	<u>52</u>

13 PROVISIONS FOR LIABILITIES

	Legal	Onerous Lease	Dilapidations	Total
	£'000	£'000	£'000	£'000
At 1 April 2011	15	458	327	800
Onerous lease provision increase	<u>-</u>	<u>225</u>	<u>-</u>	<u>225</u>
At 31 March 2012	<u>15</u>	<u>683</u>	<u>327</u>	<u>1025</u>

During the year the Onerous lease provision in respect of the Dartmouth street offices has been increased as a result of a continued deterioration in the market for subletting lease property

THE ENERGY SAVING TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2012**

14 CAPITAL AND RESERVES

	Profit and loss account £'000	Capital contributions £'000	Totals £'000
At 1 April 2011	201	3,703	3,904
Deficit for the year	<u>(934)</u>	<u>-</u>	<u>(934)</u>
At 31 March 2012	<u>(733)</u>	<u>3,703</u>	<u>2,970</u>

Capital contributions represent contributions from members to fund the long term working capital requirements of the Trust. The sums were paid in the early years following the establishment of the Trust and the directors are aware of no ongoing rights or obligations arising from the receipt of these funds. However, the directors consider it appropriate to maintain the contributions as a separate reserve in recognition of the original intention behind the contributions and the ongoing necessity for the Trust to retain sufficient funding to support its working capital and risk management requirements.

15 TRANSACTIONS WITH DIRECTORS

The following loan to directors subsisted during the years ended 31 March 2012 and 31 March 2011

	31 3 12 £'000	31 3 11 £'000
Philip Sellwood (Chief Executive)		
Balance outstanding at start of year	3	3
Amounts advanced	3	3
Amounts repaid	(3)	(3)
Balance outstanding at end of year	<u>3</u>	<u>3</u>

The loan to Philip Sellwood is interest free and is in respect of the purchase of travel season tickets

THE ENERGY SAVING TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2012

16 RELATED PARTY DISCLOSURES

	Value of	Balance as at	Value of	Balance as at
	services	31 March	services	31 March
	£'000	£'000	£'000	£'000
EDF Energy plc	-	-	44	-
RWE Npower PLC	-	-	25	-
NIE Energy	-	-	126	-
E ON	-	-	25	-
Scottish Power plc	3	3	-	-
Scottish & Southern Energy plc	-	-	5	-
Worcester Bosch	-	-	12	-
Baxi Group	-	-	8	2

The Trust has taken advantage of the exemption in FRS 8 regarding disclosure of the relationship and transactions with governmental departments and bodies

During the year the Trust made a charitable donation to the controlling member, The Energy Saving Trust Foundation of £10,000

17. ULTIMATE CONTROLLING PARTY

The controlling party is The Energy Saving Trust Foundation

17 RECONCILIATION OF MOVEMENTS IN RESERVES

	31 3 12	31 3 11
	£'000	£'000
Loss for the financial year	<u>(934)</u>	<u>(344)</u>
Net reduction of reserves	(934)	(344)
Opening reserves	<u>3,904</u>	<u>4,248</u>
Closing reserves	<u>2,970</u>	<u>3,904</u>