

**THE ENERGY SAVING TRUST LIMITED**  
**Registered Number 2622374**

**DIRECTORS' REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2010**

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## **The Energy Saving Trust Limited**

### **Directors' Report for the Year Ended 31 March 2010**

The directors present their annual report on the affairs of the Energy Saving Trust ("EST") together with the financial statements and auditors report for the period from 1 April 2009 to 31 March 2010

#### **Principal Activity**

The Energy Saving Trust ("EST") is one of the UK's leading independent bodies working to help people save energy and reduce their personal carbon emissions to address the damaging effects of climate change. EST's mission is to lead 60 million people to act on climate change – simple changes in the way we use energy in our homes and our travel can make a major contribution to reducing carbon emissions and tackling climate change. These changes also contribute to developing sustainable energy and help people manage the rising cost of fuel.

EST focuses on delivering practical solutions for households, small firms 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") and trade associations. EST's primary audience is consumers.

#### **Membership**

Members at 31 March 2010 were

##### Members with voting rights and subscribing to the Articles of Association

The Secretary of State for Energy and Climate Change

The Secretary of State for Transport

The First Minister for Scotland

The Secretary of State for Northern Ireland

The First Minister for Welsh Assembly Government

BP plc (membership ceased effective 1/4/10)

Centrica plc

EDF Energy plc

Firmus Energy

RWE Npower PLC

National Grid Transco plc

NIE Energy

Phoenix Natural Gas

E.ON

ScottishPower plc

Scottish and Southern Energy plc

##### Other Members

Worcester Bosch

Baxi

## **The Energy Saving Trust Limited**

### **Directors' Report for the Year Ended 31 March 2010 (continued)**

#### **Corporate Governance Report**

At 31 March 2010, in addition to the Chairman and Chief Executive, there were three Directors elected by Members (one each from Centrica, BP and E.ON) one further elected Director (Energy Retail Association) and six Independent Directors

The Directors who have served during the 2009/10 year are as follows

Edward Hyams (Chairman)  
Philip Sellwood (Chief Executive)  
Sir John Harman  
Sir Ian McAllister  
Dame Helena Shovelton (left 30 April 2009)  
Peter Hofman (left 30 April 2009)  
Peter Mather (left 31 March 2010)  
Catherine Meredith MBE (left 30 April 2009)  
Lesley Mason (left 30 April 2009)  
Gearoid Lane  
William MacDiarmid (left 30 April 2009)  
Michael Fairey  
Sir Simon Milton (left 28 February 2010)  
Dr Garry Felgate  
Judith Hackitt CBE  
Dr David King  
Andrea Cook OBE  
David Topping

#### **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 (June 2006)

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 four 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

## **The Energy Saving Trust Limited**

### **Directors' Report for the Year Ended 31 March 2010 (continued)**

#### **Audit Committee**

At the year end, there were four members on this committee, namely Mike Fairey (Chair), Sir John Harman, David King and David Topping

The main responsibilities of the Audit Committee are to oversee the effectiveness of the system of internal control and risk management, 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 2009/10 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
- The Internal Audit function which reviews a number of internal control and risk management areas each year
- Performance management through the use of a Balanced Scorecard. There were 15 KPI's covering Key Outcomes, Customer Programmes, Stakeholders and Internal Processes 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

During 2009/10, risk management activities included:

- A comprehensive review of the corporate risk register which is subject to regular review by the Executive Management Group, Audit Committee and Board
- Approval of the business continuity plan

## **The Energy Saving Trust Limited**

### **Directors' Report for the Year Ended 31 March 2010 (continued)**

#### **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 Peter Mather (Chair), Edward Hyams, Gearoid Lane, Judith Hackitt and Dame Helena Shovelton (during April 2009).

#### **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.

## **The Energy Saving Trust Limited**

### **Directors' Report for the Year Ended 31 March 2010 (continued)**

#### **Finance Directors' Report**

EST's income of £92.2m for the year ended 31 March 2010 (2009: £63m) is analysed in the Income and Expenditure Account.

Financially, EST has had another very successful year in 2009/10, with turnover at £92.2 million up £28.8 million, or 46%, from 2008/09 levels. This was largely due to securing an additional £10 million of funding from Scottish Government primarily to deliver their Home Insulation Scheme and Energy Assistance Package programmes, together with additional funding of £12 million from DECC to deliver the boiler scrappage scheme and Pay as You Save pilots. These programmes have all been very successful and will all continue into 2010/11.

The total income received in the year included £19.2 million for the payment of grants and other monies paid to consumers. This was £9.5 million, or 98% higher than last year due to monies paid out on the boiler scrappage scheme and the two Scottish schemes mentioned above. The remaining net income received was £73 million which was used for EST's added-value activities in delivering programmes of work. This was £19.7 million or 36% higher than 2008/09 (net income £53.3 million). The operational outcomes generated from these funds are described in detail within EST's Annual Review.

The majority of EST's income continues to be in the form of grants from government departments, although we continue to seek to diversify our income and generate matched funds where opportunities arise that match with our strategic and operational goals. For example, EST has also received funding from regional development agencies, the European Commission, and various industry organisations and energy companies.

Although EST's cost of sales has increased by 53% since 2008/9 to £81.5 million (this figure includes grants paid to consumers), our distribution costs have increased by only 8% and our administrative expenses at £8 million are 0.3% lower than prior year. We have proactively taken measures to increase the efficiency and effectiveness of our support activities, which means an increased percentage of our resource is therefore being channelled to direct activities.

Overall for the year, EST made a small surplus on its activities of £168k. As a not-for-profit organisation, this will be held in reserves and re-invested in delivering our primary objectives in future years.

The principal risks managed by EST relate to government policy and its work with households, small firms and the transport sector to save energy and reduce carbon emissions.

**The Energy Saving Trust Limited**

**Directors' Report for the Year Ended 31 March 2010 (continued)**

**Finance Directors' Report (continued)**

As EST is largely funded by grant income from government departments, it has limited liquidity and cash flow risk. Credit and fraud risks relating to its main suppliers are managed using credit checking and contract management procedures, those risks for the energy saving loans scheme are actively managed using formal credit checking procedures, and loan payment following certified completion of the work. Price risk on the income derived from Energy Efficiency accreditation, and bad debts are minimal.

**Auditors**

In the case of each of the persons who are directors of the company at the date when this report was approved

- So far as each of the directors is aware, there is no relevant audit information of which the company's auditors are unaware, and
- each of the directors has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

By Order of the Board



Judith Abbott FCMA  
**Company Secretary**

Date 13/7/10  
Registered Office  
21 Dartmouth Street  
London  
SW1H 9BP



## **The Energy Saving Trust Limited**

### **Statement of Directors' Responsibilities in respect of the Accounts**

Company law requires the directors to prepare accounts for each financial year which 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 those accounts, the directors are required to

- Select suitable accounting policies and then apply them consistently,
- Make judgements and estimates that are reasonable and prudent,
- State whether applicable accounting standards have been followed, subject to any material departure disclosed and explained in the accounts,
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position for the company and to enable them to ensure that the accounts 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.

# Nexia Smith & Williamson

## 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 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 18. 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 an auditors' 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 7, 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 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/UKNP](http://www.frc.org.uk/apb/scope/UKNP)

### 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 2010 and of its surplus 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### 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 our audit have not been received from branches not visited by us, 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

*Andrew Bond*

Andrew Bond  
Senior Statutory Auditor, for and on behalf of  
**Nexia Smith & Williamson**  
Statutory Auditor  
Chartered Accountants

*13 / 7 / 10*

25 Moorgate  
London  
EC2R 6AY

# **The Energy Saving Trust Limited**

## **Income and Expenditure Account for the Year Ended 31 March 2010**

	<b>Note</b>	<b>2010</b> <b>£'000s</b>	<b>2009</b> <b>£'000s</b>
Turnover	2	92,157	63,332
Cost of sales		(81,526)	(53,370)
Gross surplus		10,631	9,962
Distribution costs		(2,278)	(2,102)
Administrative expenses		(8,056)	(8,080)
Operating surplus / (deficit)		296	(220)
Profit / (Loss) on disposal of fixed assets		(64)	1
Other interest receivable and similar income		-	117
Interest payable and similar charges		(2)	(9)
Surplus / (deficit) on ordinary activities before taxation	5	229	(112)
Tax on Surplus / (Deficit) on ordinary activities	6	(62)	(38)
Surplus / (Deficit) on ordinary activities after taxation		168	(150)

The company has no recognised gains and losses other than those included above, and therefore no separate statement of total recognised gains and losses has been presented

All amounts relate to continuing activities and are rounded to the nearest thousand

The notes on pages 12 - 22 form part of these financial statements

**The Energy Saving Trust Limited**  
**Company no: 2622374**

**Balance Sheet as at 31 March 2010**

	Note	2010 £'000s	2009 £'000s
<b>Tangible Fixed Assets</b>	7	674	882
<b>Current Assets</b>			
Debtors – due within one year	8	7,815	5,094
– due after one year	8	2,181	1,771
Short term investment – Cash term deposit	9	0	2,000
Cash at bank and in hand		27,271	9,942
		<u>37,266</u>	<u>18,807</u>
<b>Current Liabilities</b>			
<b>Creditors:</b> Amounts falling due within one year	10	(24,438)	(9,211)
		<u>12,828</u>	<u>9,596</u>
<b>Net Current Assets</b>			
		13,502	10,478
<b>Total Assets Less Current Liabilities</b>			
<b>Creditors:</b> Amounts falling due after more than one year	10	(8,919)	(6,217)
Provisions for liabilities and charges	11	(335)	(182)
		<u>4,248</u>	<u>4,079</u>
<b>Net Assets</b>			
<b>Capital &amp; Reserves</b>			
Capital	12	3,703	3,703
Income & Expenditure Account	13	544	376
		<u>4,248</u>	<u>4,079</u>
<b>Reserves</b>	14		

Approved by the Board and signed on its behalf by

Edward Hyams

Philip Sellwood

Director

Director

Date

Date

The notes on pages 12 - 22 form part of these financial statements

**The Energy Saving Trust Limited**

**Cash flow Statement for the Year Ended 31 March 2010**

	<b>Note</b>	<b>2010 £'000s</b>	<b>2009 £'000s</b>
<b>Net Cash Inflow from Operating Activities</b>	17(1)	<u>17,700</u>	<u>10,787</u>
<b>Returns on Investments and Servicing of Finance</b>			
Interest received		-	117
Interest paid		-	(9)
<b>Net cash inflow from returns on investment and servicing of finance</b>		<u>-</u>	<u>108</u>
<b>Taxation</b>			
Corporation tax		<u>(44)</u>	<u>(38)</u>
<b>Capital Expenditure</b>			
Payments to acquire tangible fixed assets		(327)	(843)
<b>Net cash outflow from capital expenditure</b>		<u>(327)</u>	<u>(843)</u>
<b>Increase in net cash</b>		<u>17,329</u>	<u>10,014</u>

**Reconciliation of net cash flow to Movement in Net Funds**

Increase in net cash	17(2)	17,329	10,014
<b>Net Funds at 1 April</b>		9,942	(72)
<b>Net Funds at 31 March</b>	17(2)	<u>27,271</u>	<u>9,942</u>

## **The Energy Saving Trust Limited**

### **Notes to the Financial Statements – 31 March 2010**

#### **1. Accounting Policies**

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards. The following accounting policies have been applied consistently during both the current and the previous years.

The Trust has adopted the standard profit and loss and balance sheet formats as prescribed by the Companies Act and has applied these to the current and comparative results on the basis that this best reflects the nature of the Trust's activities. This differs from the treatment adopted in the financial statements for the year ended 31 March 2009 whereby the Trust availed itself of Paragraph 3 (3) of Schedule 4 of the Companies Act and adapted the Companies Act formats to reflect the special nature of the Trust's activities.

#### ***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.

#### ***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.

#### ***Fixed Assets***

Fixed assets are shown in the financial statements at cost less attributable depreciation. The rates of depreciation applied are estimated to reduce the cost of the asset to its residual value over its useful economic life and are as follows:

Leasehold Improvement	-	Minimum Lease Term
Computer Equipment	-	40% per annum straight line
Fixtures and Fittings	-	20% per annum straight line
Motor Vehicles	-	25% per annum straight line

## **The Energy Saving Trust Limited**

### **Notes to the Financial Statements - 31 March 2010 (continued)**

#### ***Foreign Currency***

Transactions during the year are translated at rates ruling on the date of the transaction. Balances at the year-end are translated at rates ruling at the year-end date. Any resulting foreign exchange profit or loss is dealt with through the income and expenditure account.

#### ***Deferred Taxation***

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.

#### ***Pensions***

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.

#### ***Operating Leases***

Amounts payable in respect of operating leases are charged in the income and expenditure account on a straight line basis over the term of the lease.

#### ***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 Income on page 12.

Under the schemes, funding has been provided to enable the Trust to make loans available to small businesses and residential homes 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. During the year there have been no bad debts incurred by the Trust.

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.



## **The Energy Saving Trust Limited**

### **Notes to the Financial Statements - 31 March 2010 (continued)**

#### **2. Revenue**

Revenue by Funder location	2010 £'000s	2009 £'000s
Revenues attributable to UK organisations	91,757	63,206
Revenues attributable to organisations in the EU	401	126
Total Revenue	<u>92,157</u>	<u>63,332</u>

All activities of EST are carried out in the United Kingdom

#### **3. Staff Costs**

	2010 £'000s	2009 £'000s
Wages and Salaries	10,399	9,682
Social Security costs	1,048	888
Pension costs	660	569
Training and Recruitment costs	545	582
Total Cost	<u>12,652</u>	<u>11,721</u>

#### **Breakdown of staff numbers by department**

	2010	2009
Administration	63	66
Distribution	34	33
Operations	191	153
Total	<u>288</u>	<u>252</u>

As at the 31<sup>st</sup> March 2010 there were no pension contributions due in respect of the current reporting period (2009 £50,252)

# **The Energy Saving Trust Limited**

## **Notes to the Financial Statements - 31 March 2010 (continued)**

### **4. Directors' Emoluments**

	2010 £'000s	2009 £'000s
Aggregate Emoluments	386	324
Company contributions to money purchase pension schemes	20	18
<b>Total</b>	<b>406</b>	<b>342</b>

The highest paid director received aggregate emoluments of £175,070 (2009 £181,795) and retirement benefits of £20,425 (2009 £18,095) under a money purchase pension scheme

The number of directors to whom retirement benefits are accruing under money purchase pension schemes is 1 (2009 1) The company gives interest-free loans for season tickets to employees Philip Sellwood was loaned £3,092 for this purpose of which £2,834 was outstanding at the year-end

The Chair of the board received emoluments of £40k with other independent directors receiving an aggregate of £171k Those Directors representing members receive no emoluments as Directors

### **5. Surplus / (Deficit) on Ordinary Activities before Taxation**

This is stated after charging the following

	2010 £'000s	2009 £'000s
Depreciation	454	323
Property rentals payable under operating leases	863	707
Fees payable to the company's auditors for the audit of the company's annual accounts	29	36
<b>Total audit fees</b>	<b>29</b>	<b>36</b>
Other non-audit services		
- Tax services	6	-
- Other services	-	123
<b>Total non-audit fees</b>	<b>6</b>	<b>123</b>

The other services of £123k in 2009 represent monies paid to Deloitte & Touche LLP the former auditors for non-audit services relating to consultancy on project management and a capability review

**The Energy Saving Trust Limited**

**Notes to the Financial Statements – 31 March 2010 (continued)**

**6. Tax charge on ordinary activities**

	2010 £'000s	2009 £'000s
(a) UK corporation tax at 21% (2009 21%)		
Current	62	50
Deferred	-	-
Over provision in respect of prior years	-	(12)
	<u>62</u>	<u>38</u>
(b) Factors affecting tax charge for period		
(Deficit)/Surplus on ordinary activities before tax	<u>229</u>	<u>(112)</u>
(Deficit)/Surplus on ordinary activities multiplied by standard rate of corporation tax in the UK 21% (2009 21%)	48	(24)
Effects of		
Expenses not deductible for tax purposes	12	31
Capital allowances for period in excess of depreciation	25	48
Other short term timing difference	(23)	(5)
Prior year adjustment	1	(12)
Current tax charge for period	<u>62</u>	<u>38</u>

A potential deferred tax asset of £149k (2009 £148k) arising primarily on differences between the timing of depreciation in the accounts and capital allowances for tax purposes has not been recognised as an asset in these accounts

# **The Energy Saving Trust Limited**

## **Notes to the Financial Statements – 31 March 2010 (continued)**

### **7. Tangible Fixed Assets**

	Leasehold Improvements £'000s	Computer Equipment £'000s	Fixtures And Fittings £'000s	Motor Vehicles £'000s	Total £'000s
<b>Cost</b>					
At 1 April 2009	162	1,642	744	11	2,559
Additions	16	233	79	-	327
Disposals	(162)	(158)	(21)	(11)	(341)
At 31 March 2010	16	1,717	802	-	2,545
<b>Depreciation</b>					
At 1 April 2009	162	1,128	376	11	1,677
Charge for year	4	350	100	-	454
Disposals	(162)	(86)	(11)	(11)	(259)
At 31 March 2010	4	1,392	465	-	1,872
<b>Net Book Amount</b>					
At 31 March 2010	12	325	337	-	673
At 31 March 2009	-	514	368	-	882

### **8. Debtors**

	2010 £'000s	2009 £'000s
Loan Fund Debtors	3,461	2,589
Trade debtors	5,663	3,313
Value Added Tax	21	6
Other debtors and prepayments	851	957
	9,996	6,865

The Scottish Government Loans Schemes Loan Fund Debtors balance includes loans falling due after more than one year totalling £2,181k (2009 £1,771k) Trade debtors include an invoice to Scottish Government of £1m which is the final tranche of funding for the domestic loan scheme

## **The Energy Saving Trust Limited**

### **Notes to the Financial Statements - 31 March 2010 (continued)**

#### **9. Cash and short term investments**

Short term deposits were realised during the year (2009 £2,000k) no similar instruments were held as at 31<sup>st</sup> march 2010

The cash balance includes the following fund balances

£3,026k (2009 £3,189k) 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

£1,432k (2009 £nil) Funding for the PAYS (pay as you save loan scheme)

£2,044k (2009 £nil) Funding for the Boiler scrappage scheme

£9,755k (2009 nil) Funding for the HIS program in Scotland

#### **10. Creditors**

	2010 £'000s	2009 £'000s
<b>Amounts falling due within one year</b>		
Trade creditors	12,372	6,448
Accruals and deferred income	11,974	2,763
Sundry creditors	92	1
	<hr/> 24,438	<hr/> 9,212
<b>Amounts falling due after one year</b>		
Loan Funds	8,919	6,217
	<hr/> 8,919	<hr/> 6,217

Trade creditors include £1,170k of boiler scrappage grant payments. Loan fund creditor balances of £8,900k consists of £7,500k to fund the Scottish Government Loans Schemes in Scotland and £1,432k for the PAYS pilot scheme (pay as you save) in England

## The Energy Saving Trust Limited

### Notes to the Financial Statements – 31 March 2010 (continued)

#### 11. Provisions for liabilities and charges

	Corporation Tax £'000s	Other £'000s	Total £'000s
At 1 April 2009	50	132	182
Charged to Income and Expense account	61	228	228
Released Unused		(78)	(78)
Utilised in year	(50)	(8)	(58)
At 31 March 2010	<u>61</u>	<u>274</u>	<u>335</u>

Other includes £259k for dilapidations and a £15k legal fees provision

#### 12. Capital

	£'000s
Balance at 1 April 2009 & 31 March 2010	<u>3,703</u>

Capital represent capital 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.

#### 13. Movement in I&E Reserve

	2010 £000's	2009 £000's
Retained surplus b/f	376	526
Surplus / (deficit) for the year	168	(150)
Surplus C/F	<u>544</u>	<u>376</u>

## The Energy Saving Trust Limited

### Notes to the Financial Statements – 31 March 2010 (continued)

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Member	Transaction Value in 2009-10 £'000s	Balance outstanding at 31 03 2010 £'000s
EDF Energy	13	-
E.ON	60	3
ScottishPower	25	25
Scottish & Southern	50	-
Northern Ireland Electricity	126	102
Bosch Thermotechnology Ltd	10	-

There were no transactions with independent directors.

#### 16. Financial Commitments

	2010 £'000s	2009 £'000s
Annual commitments in respect of operating leases on office premises which expire		
Current	10	23
Between two and five years	-	-
Over 5 years	801	738
	<u>811</u>	<u>761</u>
Annual commitments in respect of operating leases on Motor Vehicles which expire		
	2010	2009
	£'000s	£'000s
Current	27	27
Between two and five years	30	26
Over 5 years	-	-
	<u>57</u>	<u>53</u>

**The Energy Saving Trust Limited**

**Notes to the Financial Statements - 31 March 2010 (continued)**

**17. Notes to the Cash Flow Statement**

**1) Reconciliation of operating surplus / (deficit) to net cash inflow from operating activities**

	2010 £'000s	2009 £'000s
Operating surplus / (deficit)	296	(220)
Depreciation	454	323
(Increase) / Decrease in debtors	(1,131)	309
Increase / (Decrease) in creditors	18,082	10,375
Net cash inflow from operating activities	<u>17,700</u>	<u>10,787</u>

**2) Analysis of Change in Net Funds**

	At 1st April 2009 £'000s	Cash flow £'000s	At 31st March 2010 £'000s
Cash in hand, and at bank	<u>9,942</u>	<u>17,329</u>	<u>27,271</u>

**18. Movements in Reserves**

	2010 £'000s	2009 £'000s
Surplus / (Deficit) or the year	168	(150)
Net Addition / (Reduction) to Reserves	<u>168</u>	<u>(150)</u>
Opening Reserves	4,079	4,229
Closing Reserves	<u>4,248</u>	<u>4,079</u>



**The Energy Saving Trust Limited**

**Cash flow Statement for the Year Ended 31 March 2010**

	<b>Note</b>	<b>2010 £'000s</b>	<b>2009 £'000s</b>
<b>Net Cash Inflow from Operating Activities</b>	17(1)	<u>17,700</u>	<u>10,787</u>
<b>Returns on Investments and Servicing of Finance</b>			
Interest received		-	117
Interest paid		-	(9)
<b>Net cash inflow from returns on investment and servicing of finance</b>		<u>-</u>	<u>108</u>
<b>Taxation</b>			
Corporation tax		<u>(44)</u>	<u>(38)</u>
<b>Capital Expenditure</b>			
Payments to acquire tangible fixed assets		(327)	(843)
<b>Net cash outflow from capital expenditure</b>		<u>(327)</u>	<u>(843)</u>
<b>Increase in net cash</b>		<u>17,329</u>	<u>10,014</u>

**Reconciliation of net cash flow to Movement in Net Funds**

Increase in net cash	17(2)	17,329	10,014
<b>Net Funds at 1 April</b>		9,942	(72)
<b>Net Funds at 31 March</b>	17(2)	<u>27,271</u>	<u>9,942</u>

## **The Energy Saving Trust Limited**

### **Notes to the Financial Statements – 31 March 2010**

#### **1. Accounting Policies**

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards. The following accounting policies have been applied consistently during both the current and the previous years.

The Trust has adopted the standard profit and loss and balance sheet formats as prescribed by the Companies Act and has applied these to the current and comparative results on the basis that this best reflects the nature of the Trust's activities. This differs from the treatment adopted in the financial statements for the year ended 31 March 2009 whereby the Trust availed itself of Paragraph 3 (3) of Schedule 4 of the Companies Act and adapted the Companies Act formats to reflect the special nature of the Trust's activities.

#### ***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.

#### ***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.

#### ***Fixed Assets***

Fixed assets are shown in the financial statements at cost less attributable depreciation. The rates of depreciation applied are estimated to reduce the cost of the asset to its residual value over its useful economic life and are as follows:

Leasehold Improvement	-	Minimum Lease Term
Computer Equipment	-	40% per annum straight line
Fixtures and Fittings	-	20% per annum straight line
Motor Vehicles	-	25% per annum straight line

## **The Energy Saving Trust Limited**

### **Notes to the Financial Statements - 31 March 2010 (continued)**

#### ***Foreign Currency***

Transactions during the year are translated at rates ruling on the date of the transaction. Balances at the year-end are translated at rates ruling at the year-end date. Any resulting foreign exchange profit or loss is dealt with through the income and expenditure account.

#### ***Deferred Taxation***

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.

#### ***Pensions***

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.

#### ***Operating Leases***

Amounts payable in respect of operating leases are charged in the income and expenditure account on a straight line basis over the term of the lease.

#### ***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 Income on page 12.

Under the schemes, funding has been provided to enable the Trust to make loans available to small businesses and residential homes 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. During the year there have been no bad debts incurred by the Trust.

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.

## **The Energy Saving Trust Limited**

### **Notes to the Financial Statements - 31 March 2010 (continued)**

#### **2. Revenue**

Revenue by Funder location	2010 £'000s	2009 £'000s
Revenues attributable to UK organisations	91,757	63,206
Revenues attributable to organisations in the EU	401	126
Total Revenue	<u>92,157</u>	<u>63,332</u>

All activities of EST are carried out in the United Kingdom

#### **3 Staff Costs**

	2010 £'000s	2009 £'000s
Wages and Salaries	10,399	9,682
Social Security costs	1,048	888
Pension costs	660	569
Training and Recruitment costs	545	582
Total Cost	<u>12,652</u>	<u>11,721</u>

#### **Breakdown of staff numbers by department**

	2010	2009
Administration	63	66
Distribution	34	33
Operations	191	153
Total	<u>288</u>	<u>252</u>

As at the 31<sup>st</sup> March 2010 there were no pension contributions due in respect of the current reporting period (2009 £50,252)

# **The Energy Saving Trust Limited**

## **Notes to the Financial Statements - 31 March 2010 (continued)**

### **4. Directors' Emoluments**

	2010 £'000s	2009 £'000s
Aggregate Emoluments	386	324
Company contributions to money purchase pension schemes	20	18
<b>Total</b>	<b>406</b>	<b>342</b>

The highest paid director received aggregate emoluments of £175,070 (2009 £181,795) and retirement benefits of £20,425 (2009 £18,095) under a money purchase pension scheme

The number of directors to whom retirement benefits are accruing under money purchase pension schemes is 1 (2009 1) The company gives interest-free loans for season tickets to employees Philip Sellwood was loaned £3,092 for this purpose of which £2,834 was outstanding at the year-end

The Chair of the board received emoluments of £40k with other independent directors receiving an aggregate of £171k Those Directors representing members receive no emoluments as Directors

### **5. Surplus / (Deficit) on Ordinary Activities before Taxation**

This is stated after charging the following

	2010 £'000s	2009 £'000s
Depreciation	454	323
Property rentals payable under operating leases	863	707
Fees payable to the company's auditors for the audit of the company's annual accounts	29	36
<b>Total audit fees</b>	<b>29</b>	<b>36</b>
Other non-audit services		
- Tax services	6	-
- Other services	-	123
<b>Total non-audit fees</b>	<b>6</b>	<b>123</b>

The other services of £123k in 2009 represent monies paid to Deloitte & Touche LLP the former auditors for non-audit services relating to consultancy on project management and a capability review

**The Energy Saving Trust Limited**

**Notes to the Financial Statements – 31 March 2010 (continued)**

**6. Tax charge on ordinary activities**

	2010 £'000s	2009 £'000s
(a) UK corporation tax at 21% (2009 21%)		
Current	62	50
Deferred	-	-
Over provision in respect of prior years	-	(12)
	<u>62</u>	<u>38</u>
(b) Factors affecting tax charge for period		
(Deficit)/Surplus on ordinary activities before tax	<u>229</u>	<u>(112)</u>
(Deficit)/Surplus on ordinary activities multiplied by standard rate of corporation tax in the UK 21% (2009 21%)	48	(24)
Effects of		
Expenses not deductible for tax purposes	12	31
Capital allowances for period in excess of depreciation	25	48
Other short term timing difference	(23)	(5)
Prior year adjustment	1	(12)
Current tax charge for period	<u>62</u>	<u>38</u>

A potential deferred tax asset of £149k (2009 £148k) arising primarily on differences between the timing of depreciation in the accounts and capital allowances for tax purposes has not been recognised as an asset in these accounts

# The Energy Saving Trust Limited

## Notes to the Financial Statements – 31 March 2010 (continued)

### 7. Tangible Fixed Assets

	Leasehold Improvements £'000s	Computer Equipment £'000s	Fixtures And Fittings £'000s	Motor Vehicles £'000s	Total £'000s
<b>Cost</b>					
At 1 April 2009	162	1,642	744	11	2,559
Additions	16	233	79	-	327
Disposals	(162)	(158)	(21)	(11)	(341)
At 31 March 2010	16	1,717	802	-	2,545
<b>Depreciation</b>					
At 1 April 2009	162	1,128	376	11	1,677
Charge for year	4	350	100	-	454
Disposals	(162)	(86)	(11)	(11)	(259)
At 31 March 2010	4	1,392	465	-	1,872
<b>Net Book Amount</b>					
At 31 March 2010	12	325	337	-	673
At 31 March 2009	-	514	368	-	882

### 8. Debtors

	2010 £'000s	2009 £'000s
Loan Fund Debtors	3,461	2,589
Trade debtors	5,663	3,313
Value Added Tax	21	6
Other debtors and prepayments	851	957
	9,996	6,865

The Scottish Government Loans Schemes Loan Fund Debtors balance includes loans falling due after more than one year totalling £2,181k (2009 £1,771k) Trade debtors include an invoice to Scottish Government of £1m which is the final tranche of funding for the domestic loan scheme



## **The Energy Saving Trust Limited**

### **Notes to the Financial Statements - 31 March 2010 (continued)**

#### **9. Cash and short term investments**

Short term deposits were realised during the year (2009 £2,000k) no similar instruments were held as at 31<sup>st</sup> march 2010

The cash balance includes the following fund balances

£3,026k (2009 £3,189k) 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

£1,432k (2009 £nil) Funding for the PAYS (pay as you save loan scheme)

£2,044k (2009 £nil) Funding for the Boiler scrappage scheme

£9,755k (2009 nil) Funding for the HIS program in Scotland

#### **10. Creditors**

	2010 £'000s	2009 £'000s
<b>Amounts falling due within one year</b>		
Trade creditors	12,372	6,448
Accruals and deferred income	11,974	2,763
Sundry creditors	92	1
	<hr/> 24,438	<hr/> 9,212
<b>Amounts falling due after one year</b>		
Loan Funds	8,919	6,217
	<hr/> 8,919	<hr/> 6,217

Trade creditors include £1,170k of boiler scrappage grant payments Loan fund creditor balances of £8,900k consists of £7,500k to fund the Scottish Government Loans Schemes in Scotland and £1,432k for the PAYS pilot scheme (pay as you save) in England

## The Energy Saving Trust Limited

### Notes to the Financial Statements – 31 March 2010 (continued)

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