

# Financial Statements

## Association of Electricity Producers Limited trading as Energy UK

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For the year ended 31 December 2013



**Association of Electricity Producers Limited trading as Energy UK**  
**(A company limited by guarantee)**

## Company Information

**Directors**

The Rt Hon the Lord Spicer PC Kt (Chairman)  
A A Knight (Chief Executive)  
M A Alder  
D S Braham  
A D Cocker  
S L Vaughan (alternate)  
N Clitheroe  
R P Steele (alternate)  
J S L Davenport  
P J Massara  
P G Doherty  
A N O'Hara  
I Peters  
P M A Phillips Davis  
K Maclean (alternate)  
S Riley  
D M Somerset  
A P Spence  
D C Thompson

**Registered number**

02779199

**Registered office**

Charles House  
5-11 Regent Street  
London  
SW1Y 4LR

**Independent auditor**

Grant Thornton UK LLP  
Chartered Accountants & Statutory Auditor  
Colmore Plaza  
20 Colmore Circus  
Birmingham  
West Midlands  
B4 6AT

**Bankers**

Barclays Bank plc  
Pall Mall Business Centre, 1 Pall Mall East  
London  
SW1Y 5AX

**Solicitors**

Wragge & Co  
3 Waterhouse Square, 142 Holborn  
London  
EC1N 2SW

**Association of Electricity Producers Limited trading as Energy UK**  
**(A company limited by guarantee)**

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**Association of Electricity Producers Limited trading as Energy UK**  
**(A company limited by guarantee)**

## Strategic report

For the year ended 31 December 2013

### Business review

The operating surplus for the year was £396,663, which included a surplus of £82,440 from the Association of Energy Suppliers. After a difficult trading period following the merger the cumulative surplus for the period 1 April 2012 to 31 December 2013, before exceptionals, was £108,805. The total surplus for the year, after tax, taken to reserves was £1,040,906. The reserves of Energy UK are now £1,439,163 which the Directors feel is appropriate for the size and nature of the organisation and would adequately cover any future winding up costs.

### Principal risks and uncertainties

#### Requirements of members

The company is a trade body and as such is in existence in order to represent the views of its members. There is a risk that in the future membership may decide that representation is no longer required. To mitigate this risk a contingency reserve fund is being accumulated to deal with any future winding up cost.

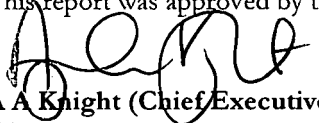
#### Changes to laws and regulations

The organisation is potentially at risk in relation to significant changes made by government in relation to the manner of regulation in the energy industry.

#### Funding risk

The organisation is funded by its members and, as with any organisation, is at risk by default. This is mitigated by agreements with the members which requires all members to ensure that sufficient funding is provided to allow the organisation to continue as a going concern.

This report was approved by the board on 3<sup>rd</sup> July 2014 and signed on its behalf.



A A Knight (Chief Executive)  
Director

**Association of Electricity Producers Limited trading as Energy UK**  
**(A company limited by guarantee)**

## Directors' report

**For the year ended 31 December 2013**

The directors present their report and the financial statements for the year ended 31 December 2013.

### **Principal activities**

The company's objects are to protect and promote the interests of Members involved (whether directly or through a company within its group) within the United Kingdom in one or more of the activities required by section 4 of the Electricity Act 1989 or section 5 of the Gas Act 1986 to be authorised by license, and to act as a trade association for Members involved in such activities.

### **Results**

The surplus for the year, after taxation, amounted to £1,040,906 (2012 - deficit £213,750).

### **Directors**

The directors who served during the year were:

The Rt Hon the Lord Spicer PC Kt (Chairman)

A A Knight (Chief Executive)

M A Alder

D S Braham

A D Cocker

S L Vaughan (alternate)

N Clitheroe

R P Steele (alternate)

J S L Davenport

P J Massara

P G Doherty

A N O'Hara

I Peters (appointed 13 June 2013)

P M A Phillips Davis

K Maclean (alternate)

S Riley

D M Somerset

A P Spence

D C Thompson

Mr P K Bentley (resigned 13 June 2013)

Mrs J E Lee (resigned 17 September 2013)

Mr B Neville (resigned 5 December 2013)

Mr M C Lawrence (resigned 31 December 2013)

## Directors' report

For the year ended 31 December 2013

### Directors' responsibilities statement

The directors are responsible for preparing the Directors' Report 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 judgments and accounting estimates that are reasonable and prudent;
- 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.

### Disclosure of information to auditor

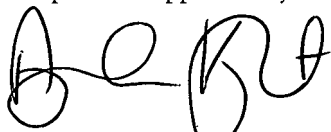
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 3rd July 2014 and signed on its behalf.



**A A Knight (Chief Executive)**  
Director



## Independent auditor's report to the shareholders of Association of Electricity Producers Limited trading as Energy UK

We have audited the financial statements of the Association of Electricity Producers Limited trading as Energy UK for the year ended 31 December 2013, which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes. 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 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, 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 Financial Reporting Council's website at [www.frc.org.uk/apb/scope/private.cfm](http://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 December 2013 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.

(A company limited by guarantee)



# Independent auditor's report to the shareholders of Association of Electricity Producers Limited trading as Energy UK

## **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.

*Grant Thornton UK LLP*

Martin Ramsey (Senior statutory auditor)

for and on behalf of

Grant Thornton UK LLP

Chartered Accountants

Statutory Auditor

Birmingham

Date: 16/7/14



**Association of Electricity Producers Limited trading as Energy UK**  
**(A company limited by guarantee)**

## Income and expenditure account

For the year ended 31 December 2013

		Year 31 December 2013 £	As restated 9 month period ended 31 December 2012 £
	Note		
<b>Turnover</b>	1	8,282,446	5,217,361
Administrative expenses		(7,885,783)	(5,510,452)
<b>Operating surplus/(deficit)</b>	2	<b>396,663</b>	<b>(293,091)</b>
<b>Exceptional items</b>			
Income from merged organisations	5	641,289	77,062
<b>Surplus/ (deficit) on ordinary activities before interest</b>		<b>1,037,952</b>	<b>(216,029)</b>
Interest receivable and similar income		3,862	2,849
<b>Surplus/(deficit) on ordinary activities before taxation</b>		<b>1,041,814</b>	<b>(213,180)</b>
Tax on profit/(loss) on ordinary activities	6	(908)	(570)
<b>Surplus/(deficit) for the financial year</b>	10	<b>1,040,906</b>	<b>(213,750)</b>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2013 or 2012 other than those included in the Income and expenditure account.

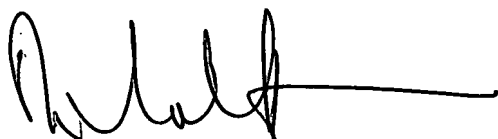
The notes on pages 9 to 17 form part of these financial statements.

## Balance sheet

As at 31 December 2013

	Note	£	2013 £	2012 £
<b>Fixed assets</b>				
Tangible assets	7		34,738	33,602
<b>Current assets</b>				
Debtors	8	2,302,905	3,566,413	
Cash at bank		1,815,820	1,859,387	
		<u>4,118,725</u>	<u>5,425,800</u>	
<b>Creditors: amounts falling due within one year</b>	9	<u>(2,714,300)</u>	<u>(5,061,145)</u>	
<b>Net current assets</b>			<u>1,404,425</u>	<u>364,655</u>
<b>Net assets</b>			<u><u>1,439,163</u></u>	<u><u>398,257</u></u>
<b>Reserves</b>				
Income and expenditure account	10		<u>1,439,163</u>	<u>398,257</u>
	11		<u><u>1,439,163</u></u>	<u><u>398,257</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31/1/14



The Rt Hon the Lord Spicer PC Kt  
Director

The notes on pages 9 to 17 form part of these financial statements.

**Association of Electricity Producers Limited trading as Energy UK**  
**(A company limited by guarantee)**

## Cash flow statement

For the year ended 31 December 2013

		Year 31 December 2013 £	9 month period ended 31 December 2012 £
	Note		
Net cash flow from operating activities	16	(33,105)	524,162
Returns on investments and servicing of finance	17	3,862	2,849
Taxation		(363)	(218)
Capital expenditure and financial investment	17	(13,961)	(36,843)
<b>(Decrease)/increase in cash in the year</b>		<b>(43,567)</b>	<b>489,950</b>

## Reconciliation of net cash flow to movement in net funds

For the year ended 31 December 2013

	Year 31 December 2013 £	9 month period ended 31 December 2012 £
(Decrease)/increase in cash in the year	(43,567)	489,950
<b>Movement in net debt in the year</b>	<b>(43,567)</b>	<b>489,950</b>
Net funds at 1 January 2013	1,859,387	1,369,437
<b>Net funds at 31 December 2013</b>	<b>1,815,820</b>	<b>1,859,387</b>

The notes on pages 9 to 17 form part of these financial statements.

# Notes to the financial statements

For the year ended 31 December 2013

## **1. Accounting policies**

### **1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

### **1.2 Turnover**

Turnover represents the amount derived from subscriptions to the association and other sales and services provided, stated net of value added tax. Where the association enters into projects revenue is recognised in line with costs incurred in the period.

### **1.3 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures and fittings	-	25% straight line
Office equipment	-	25% straight line
Computer equipment	-	25% straight line

### **1.4 Operating leases**

Rentals under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised over the period until the date the rent is expected to be adjusted to the prevailing market rate.

### **1.5 Pensions**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

### **1.6 Prior year adjustments**

Prior year adjustments have been made in respect of the following:

1) The 2012 accounts included operating income of £303,015 and administration expenses of £303,015 which have been reclassified in the comparatives to these accounts to net off the debit and credit as these amounts represent management account adjustments and are included in the statutory accounts in error.

2) The 2012 accounts included an amount of £77,062 as "acquired on merger" in the reserves note. This amount has been reclassified as a credit to the income and expenditure account in the comparatives, see note 5.

There is no impact on the balance sheet at 31 December 2012 in respect of the prior year adjustments.

## Notes to the financial statements

For the year ended 31 December 2013

### 2. Operating surplus/(deficit)

The operating profit/(loss) is stated after charging:

	Year 31 December 2013 £	9 month period ended 31 December 2012 £
Depreciation of tangible fixed assets:		
- owned by the company	12,825	15,581
Auditor's remuneration - audit services (current year)	9,250	5,000
Auditor's remuneration - audit services (prior year)	4,105	-
	<u>26,180</u>	<u>20,581</u>

### 3. Staff costs

Staff costs, including directors' remuneration, were as follows:

	Year 31 December 2013 £	9 month period ended 31 December 2012 £
Wages and salaries	2,509,410	1,887,393
Social security costs	257,272	199,242
Other pension costs	90,255	65,780
	<u>2,856,937</u>	<u>2,152,415</u>

The average monthly number of employees, including the directors, during the year was as follows:

	Year 31 December 2013 No.	9 month period ended 31 December 2012 No.
Administrative staff	34	32

## Notes to the financial statements

For the year ended 31 December 2013

### 4. Directors' remuneration

	Year 31 December 2013 £	9 month period ended 31 December 2012 £
Remuneration	<u>329,261</u>	<u>375,602</u>
Company pension contributions to defined contribution pension schemes	<u>15,000</u>	<u>5,000</u>

During the year retirement benefits were accruing to 1 director (2012 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £329,261 (2012 - £375,602) and pension contributions of £15,000 (2012 - £5,000).

### 5. Exceptional items

	Year 31 December 2013 £	As restated 9 month period ended 31 December 2012 £
Exceptional income	<u>641,289</u>	<u>77,062</u>

The business assets of Energy Retail Association (ERA) and UK Business Council for Sustainable Energy (UKBCSE) were merged on 2nd April 2012. Following the merger the three entities formed the Association of Electricity Producers trading as Energy UK and the remaining assets were transferred to Association of Electricity Producers during the year. UKBCSE is in the process of being liquidated and ERA and its subsidiary are in the process of being made dormant.

During 2013 surplus funds were transferred to the Association of Electricity Producers of £491,121 from Energy Retail Association and £150,168 from Association of Energy Suppliers (AES). The surplus funds were transferred as a cash contribution in accordance with the Asset Purchase Agreement. In the prior year a similar contribution of £77,062 was made by UKBCSE.

# Notes to the financial statements

For the year ended 31 December 2013

## 6. Taxation

	Year 31 December 2013 £	9 month period ended 31 December 2012 £
UK corporation tax charge on investment income for the year	<u>908</u>	<u>570</u>

### Factors affecting tax charge for the year/period

The tax assessed for the year/period is lower than (2012 - higher than) the standard rate of corporation tax in the UK of 23.5% (2012 - 24.5%). The differences are explained below:

	Year 31 December 2013 £	9 month period ended 31 December 2012 £
Surplus/(deficit) on ordinary activities before tax	<u>1,041,814</u>	<u>(213,180)</u>
Surplus/(deficit) on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.5% (2012 - 24.5%)	244,826	(52,229)
Effects of:		
Non-taxable income less expenses not deductible for tax purposes	(243,918)	52,799
<b>Current tax charge for the year/period (see note above)</b>	<u><b>908</b></u>	<u><b>570</b></u>

## Notes to the financial statements

For the year ended 31 December 2013

### 7. Tangible fixed assets

	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
<b>Cost</b>				
At 1 January 2013	82,398	21,982	45,031	149,411
Additions	-	-	13,961	13,961
At 31 December 2013	82,398	21,982	58,992	163,372
<b>Depreciation</b>				
At 1 January 2013	81,025	7,033	27,751	115,809
Charge for the year	1,002	3,788	8,035	12,825
At 31 December 2013	82,027	10,821	35,786	128,634
<b>Net book value</b>				
At 31 December 2013	371	11,161	23,206	34,738
At 31 December 2012	1,373	14,949	17,280	33,602

### 8. Debtors

	2013 £	2012 £
Trade debtors	1,033,329	2,957,487
Other debtors	1,005,230	393,712
Prepayments and accrued income	264,346	215,214
	<u>2,302,905</u>	<u>3,566,413</u>

### 9. Creditors:

#### Amounts falling due within one year

	2013 £	2012 £
Trade creditors	377,415	179,946
Corporation tax	1,115	570
Other taxation and social security	169,751	414,197
Accruals	591,370	313,666
Deferred income	1,574,649	4,152,766
	<u>2,714,300</u>	<u>5,061,145</u>



## Notes to the financial statements

For the year ended 31 December 2013

### 10. Reserves

	Income and expenditure account £
At 1 January 2013	398,257
Surplus for the financial year	1,040,906
	<hr/>
At 31 December 2013	1,439,163
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### 11. Reconciliation of movement in members' funds

	2013 £	As restated 2012 £
Opening members' funds	398,257	612,007
Surplus/(deficit) for the financial year	1,040,906	(213,750)
	<hr/>	<hr/>
Closing members' funds	1,439,163	398,257
	<hr/>	<hr/>

### 12. Pension commitments

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £75,255 (2012 - £60,780)

### 13. Operating lease commitments

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2013 £	2012 £	2013 £	2012 £
Expiry date:				
Between 2 and 5 years	247,644	280,024	1,936	1,728
	<hr/>	<hr/>	<hr/>	<hr/>

## Notes to the financial statements

For the year ended 31 December 2013

### **14. Related party transactions**

The following directors are appointed to the Board as representatives of companies which are members of the Association.

Mr M A Alder	Optimum Energy
Dr A D Cocker	E.ON
Mr A N O'Hara	Eggborough Power
Mr P J Massara	RWE npower
Mr D M Somerset	Intergen
Mr S L Vaughan	E.ON
Mrs S L Davenport	Good Energy
Mr I Peters	British Gas
Mr S Riley	International Power

Income for the above companies invoiced in the period totalled £1,978,1408 and was received at arms length.

There were no payments made to these companies during the period.

At the balance sheet date the total of sales ledger balances relating to the companies listed above was £447,845.

The Rt Hon the Lord Spicer PC Kt, a director and chairman of the company, received fees of £20,500 (2012 - £13,500) for services provided to the company.

### **15. Company status**

The company is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation.

As at 31 December 2013 the company had 72 members.

## Notes to the financial statements

For the year ended 31 December 2013

### 16. Net cash flow from operating activities

	Year 31 December 2013 £	9 month period ended 31 December 2012 £
Operating profit/(loss)	396,663	(293,091)
Exceptional items	641,289	77,062
Depreciation of tangible fixed assets	12,825	15,581
Loss on disposal of tangible fixed assets	-	274
Decrease in stocks	-	2,621
Decrease/(increase) in debtors	1,263,509	(3,326,824)
(Decrease)/increase in creditors	(2,347,391)	4,048,539
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(33,105)</b>	<b>524,162</b>

### 17. Analysis of cash flows for headings netted in cash flow statement

	Year 31 December 2013 £	9 month period ended 31 December 2012 £
<b>Returns on investments and servicing of finance</b>		
Interest received	3,862	2,849
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(13,961)	(56,816)
Sale of tangible fixed assets	-	19,973
<b>Net cash outflow from capital expenditure</b>	<b>(13,961)</b>	<b>(36,843)</b>

**Association of Electricity Producers Limited trading as Energy UK**  
**(A company limited by guarantee)**

# Notes to the financial statements

For the year ended 31 December 2013

## 18. Analysis of changes in net funds

	1 January 2013 £	Cash flow £	Other non-cash changes £	31 December 2013 £
Cash at bank and in hand	1,859,387	(43,567)	-	1,815,820
<b>Net funds</b>	<b>1,859,387</b>	<b>(43,567)</b>	<b>-</b>	<b>1,815,820</b>