

Company Registration No 4844678 (England and Wales)

ENERGY RETAIL ASSOCIATION LIMITED

DIRECTORS' REPORT
AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

SATURDAY



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ENERGY RETAIL ASSOCIATION LIMITED

COMPANY INFORMATION

Directors

Mr D Sedgwick
Mr N W Horler
Mr D W MacDiarmid
Mr P M A Phillips-Davies
Mr D L Threlfall
Ms E K Eisenschimmel (Appointed 23 October 2006)
Mr I Peters (Appointed 3 January 2007)

Secretary

Mr G T Kirby

Company number

4844678

Registered office

4th Floor
17 Waterloo Place
London
SW1Y 4AR

Auditors

Rogers Spencer
Newstead House
Pelham Road
Nottingham
NG5 1AP

Business address

4th Floor
17 Waterloo Place
London
SW1Y 4AR

Bankers

Barclays Bank plc
Croydon & North Surrey Group
5th Floor
17 Landsdowne Road
Croydon
Surrey
CR0 2BX

ENERGY RETAIL ASSOCIATION LIMITED

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ENERGY RETAIL ASSOCIATION LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006

The directors present their report and financial statements for the year ended 31 December 2006

Principal activities

The principal activity of the company is as a trade association for energy suppliers and was set up by the industry to identify areas where energy suppliers can work together for the common good without competitive advantage

Directors

The following directors have held office since 1 January 2006

Mr D Sedgwick	
Mr M S Clare	(Resigned 30 September 2006)
Mr P S Hofman	(Resigned 30 June 2006)
Mr N W Horler	
Mr D W MacDiarmid	
Mr P M A Phillips-Davies	
Mr D L Threlfall	
Ms E K Eisenschimmel	(Appointed 23 October 2006)
Mr I Peters	(Appointed 3 January 2007)
Ms L Hedg Peth	(Appointed 10 October 2006 and resigned 3 January 2007)
Mr D A Lickorish	(Appointed 5 July 2006 and resigned 30 November 2006)

Directors' interests

The company is limited by guarantee, not having a share capital. None of the directors are members of the company.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Rogers Spencer be reappointed as auditors of the company will be put to the Annual General Meeting.

ENERGY RETAIL ASSOCIATION LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare financial statements 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 financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and 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 proper accounting records which 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 1985. 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.

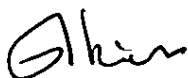
Statement of disclosure to auditor

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board



Mr G T Kirby

Secretary

11/1/07

ENERGY RETAIL ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ENERGY RETAIL ASSOCIATION LIMITED

We have audited the financial statements of Energy Retail Association Limited on pages 5 to 9 for the year ended 31 December 2006. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005), under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 the directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

ENERGY RETAIL ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF ENERGY RETAIL ASSOCIATION LIMITED

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

Rogers Spence

Chartered Accountants

Registered Auditor

11th June 2007

Newstead House
Pelham Road
Nottingham
NG5 1AP

ENERGY RETAIL ASSOCIATION LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2006

	Notes	2006 £	2005 £
Turnover		3,175,008	570,000
Administrative expenses		(2,649,506)	(622,306)
Other operating income		48,000	48,000
Operating profit/(loss)	2	573,502	(4,306)
Other interest receivable and similar income	3	32,596	5,525
Interest payable and similar charges		-	(184)
Profit on ordinary activities before taxation		606,098	1,035
Tax on profit on ordinary activities	4	(6,218)	(100)
Profit for the year	8	599,880	935

ENERGY RETAIL ASSOCIATION LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2006

	Notes	2006 £	£	2005 £	£
Fixed assets					
Tangible assets	5		6,434		3,573
Current assets					
Debtors	6	1,866,028		512,263	
Cash at bank and in hand		1,087,509		1,033,566	
		2,953,537		1,545,829	
Creditors' amounts falling due within one year	7	(2,338,912)		(1,528,223)	
Net current assets			614,625		17,606
Total assets less current liabilities			621,059		21,179
Capital and reserves					
Profit and loss account	8		621,059		21,179
Members' funds			621,059		21,179

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005)

Approved by the Board for issue on 15/05/07

Mr D Sedgwick
Director

ENERGY RETAIL ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Turnover

Turnover represents subscription income net of VAT

1.4 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 less estimated residual value of each asset over its expected useful life, as follows

Fixtures, fittings & equipment 25% / 33 3% straight line

2	Operating profit/(loss)	2006	2005
		£	£
	Operating profit/(loss) is stated after charging		
	Depreciation of tangible assets	2,949	1,978
	Auditors' remuneration	5,000	2,450
		<u> </u>	<u> </u>
3	Investment income	2006	2005
		£	£
	Bank interest	32,596	5,525
		<u> </u>	<u> </u>
4	Taxation	2006	2005
		£	£
	Domestic current year tax		
	U K corporation tax	6,193	100
	Adjustment for prior years	25	-
		<u> </u>	<u> </u>
	Current tax charge	6,218	100
		<u> </u>	<u> </u>

ENERGY RETAIL ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

5 Tangible fixed assets

	Fixtures, fittings & equipment £
Cost	
At 1 January 2006	6,628
Additions	5,810
	<hr/>
At 31 December 2006	12,438
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Depreciation	
At 1 January 2006	3,055
Charge for the year	2,949
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At 31 December 2006	6,004
	<hr/>
Net book value	
At 31 December 2006	6,434
	<hr/>
At 31 December 2005	3,573
	<hr/>

6 Debtors	2006 £	2005 £
Trade debtors	1,840,762	481,875
Amounts owed by group undertakings and undertakings in which the company has a participating interest	8,523	-
Other debtors	16,743	30,388
	<hr/>	<hr/>
	1,866,028	512,263
	<hr/>	<hr/>

ENERGY RETAIL ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

7	Creditors amounts falling due within one year	2006 £	2005 £
	Trade creditors	349,898	514,653
	Amounts owed to group undertakings and undertakings in which the company has a participating interest	-	15,423
	Taxation and social security	193,039	140,592
	Other creditors	1,795,975	857,555
		<u>2,338,912</u>	<u>1,528,223</u>

8	Statement of movements on profit and loss account	Profit and loss account £
	Balance at 1 January 2006	21,179
	Profit for the year	599,880
	Balance at 31 December 2006	<u>621,059</u>

9 Related party transactions

ERA has a subsidiary company, Association of Energy Suppliers. During the period ERA charged AES £48,000 (2005 £48,000) in management fees to cover administration costs and use of office. There was a recharge of specific costs totalling £32,354 (2005 £nil). There is also a group VAT registration in place. At 31st December 2006 AES owed ERA £8,523 (2005 ERA owed AES £15,422).

D Sedgwick is a director of ERA and also a director of Gateway Management Solutions Ltd. During the year consultancy fees were charged from Gateway Management Solutions Ltd of £191,244 (2005 £183,384). There was no balance owing at the year-end.

ENERGY RETAIL ASSOCIATION LIMITED
MANAGEMENT INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2006

ENERGY RETAIL ASSOCIATION LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2006

	£	2006 £	£	2005 £
Turnover				
Subscriptions		600,000		570,000
ADR income		1,200,000		-
Billing code income		150,000		-
HHH income		1,225,008		-
		<u>3,175,008</u>		<u>570,000</u>
Administrative expenses		<u>(2,649,506)</u>		<u>(622,306)</u>
		525,502		(52,306)
Other operating income				
Management charges - AES		48,000		48,000
		<u>573,502</u>		<u>(4,306)</u>
Operating profit/(loss)				
Other interest receivable and similar income				
Bank interest received		32,596		5,525
Interest payable				
Bank interest paid		-		(184)
Profit before taxation	19.09%	<u>606,098</u>	0.18%	<u>1,035</u>

ENERGY RETAIL ASSOCIATION LIMITED

SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED 31 DECEMBER 2006

	2006	2005
	£	£
Administrative expenses		
Wages and salaries	218,123	146,829
Employer's NI contributions	24,878	16,454
Staff pension costs	23,248	10,270
Rent & rates	72,820	80,949
Insurance	8,000	6,247
Equipment rental	1,196	947
Website costs	5,735	1,201
ADR expense	628,714	-
Billing Code expense	81,912	-
HHH expense	1,077,020	-
Smart Metering expense	82,161	-
IT costs	16,124	12,061
Cleaning	1,944	1,345
Repairs and maintenance	2,240	1,669
Property alterations	-	44,390
Printing, postage and stationery	5,184	2,621
Policy promotion	7,020	5,501
Telephone	14,961	9,285
On-line services	30,682	20,527
Motor expenses	23,108	6,906
Legal and professional	7,805	27,352
Consultancy fees	282,003	193,134
Audit	5,000	2,450
Bank charges	316	244
General expenses	6,051	918
Recruitment costs	18,730	23,286
Subscriptions	1,582	5,742
Depreciation on FF & E	2,949	1,978
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	2,649,506	622,306
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