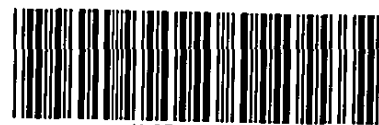


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**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011
FOR
THE ENERGY SAVING TRUST LIMITED**

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THE ENERGY SAVING TRUST LIMITED

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FOR THE YEAR ENDED 31 MARCH 2011**

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THE ENERGY SAVING TRUST LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2011**

DIRECTORS:

Edward Hyams (Chairman)
Philip Sellwood (Chief Executive)
Sir John Harman
Sir Ian McAllister
Gearoid Lane
Michael Fairey
David Green OBE
Judith Hackitt CBE
Dr David King
Andrea Cook OBE
David Topping
Sir Hayden Philips

SECRETARY:

TLT Secretaries Ltd

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

THE ENERGY SAVING TRUST LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2011

The directors present their report with the financial statements of the company for the year ended 31 March 2011

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.

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.

THE ENERGY SAVING TRUST LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2011

REVIEW OF BUSINESS

The 12 months to the end of March 2011 has been a further successful year for Energy Saving Trust, we have achieved the critical targets agreed with both government and non-government clients, whilst undergoing substantial change to implement a comprehensive efficiency and transformation programme to prepare us for a challenging and changing future. The Directors remain very confident that the Trust is in good shape to meet these challenges as a sustainable organisation.

Our advice network substantially improved customer satisfaction with scores rising cumulatively to achieve year end exit rates of 90% of those advised fully satisfied with the service. At the same time all targets were exceeded for the number of energy saving measures implemented by households as the result of this advice, with over 750,000 householders implementing measures in England, Wales & Northern Ireland, and targets for Scotland exceeded by well over 6% at 141,000 installations. Another significant and successful activity was completion of the boiler scrappage scheme, launched in January 2010 and completed in this financial year, achieving over 118,618 new installations of the most efficient A rated boilers, the scheme bringing forward those replacements by on average over 18 months. A further boiler scrappage scheme and extensions to the Home Insulation Scheme, and Energy Assistance Package were delivered successfully for Scottish Government.

Energy Saving Trust also engaged in an increasing number of leading edge projects, including the interim reporting of heat pump trials producing findings and recommendation for improvements across the heat pump supply chain, implementation of the Pay As You Save pilots significantly adding to the knowledge base in preparation for the government's anticipated Green Deal, and creating a well subscribed and valued best practise sharing network in the design of large scale large city and regional refurbishment schemes. New EST services were brought forward and contracts won within the year: the Energy Saving Trust Recommended certification scheme transitioning to a paid for service, the launch of EST Endorsed Advice gaining nine foundation clients, and a substantial new five year contractual partnership with British Gas for delivery of fuel poverty schemes for the Welsh Government.

At the same time as the above EST implemented a substantial business process and systems transformation, and associated efficiency programme. New CRM customer service centre systems, new ledger systems, procurement systems, and self service web enabled expenses, time sheet and HR systems were implemented in the year. In addition we outsourced our provision of our IT services from April 2011.

Our restructuring programme led to a charge of £1.9 million and a net reduction of 76 permanent EST positions after accounting for the growth in new roles for the new Wales programme. As a consequence we plan to release space in the Dartmouth Street office and make further savings. These changes have allowed us to exit this financial year with a substantially lower fixed cost base, a healthy cash balance, new systems and an optimistic outlook for our future business as we plan to diversify our sources of income, gaining new clients as governments implement savings programmes.

THE ENERGY SAVING TRUST LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2011

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2010 to the date of this report

Edward Hyams (Chairman)
Philip Sellwood (Chief Executive)
Sir John Harman
Sir Ian McAllister
Gearoid Lane
Michael Fairey
Judith Hackitt CBE
Dr David King
Andrea Cook OBE
David Topping

Other changes in directors holding office are as follows

Dr Garry Felgate - resigned 31 July 2010
David Green OBE - appointed 1 August 2010
Sir Hayden Philips - appointed 1 December 2010

At 31 March 2011, in addition to the Chairman and Chief Executive, there were two Directors elected by Members (one each from Centrica and E ON), one further elected Director (UKBCSE) and seven Independent Directors

MEMBERSHIP

Members at 31 March 2011 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
Shell plc
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 Group

THE ENERGY SAVING TRUST LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2011

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 2008)

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

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 2010/11 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 reviews a number of internal control and risk management areas each year
- Performance management through the use of a Balanced Scorecard. There were 21 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
- Annual review and testing of the business continuity plan

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), Gearoid Lane, and David King

THE ENERGY SAVING TRUST LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2011

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 2011

AUDITOR

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

ON BEHALF OF THE BOARD:



Philip Sellwood (Chief Executive) - Director

Date 20/6/2011

REPORT OF THE INDEPENDENT AUDITOR 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 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, and the related notes 1 to 17. 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 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 2011 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITOR 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 me 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 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
for and on behalf of Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants
25 Moorgate
London
EC2R 6AY

Date 20/6/11

THE ENERGY SAVING TRUST LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2011

	Notes	31 3 11 £'000	31 3 10 £'000
TURNOVER	2	122,638	92,157
Cost of sales		<u>111,290</u>	<u>81,526</u>
GROSS PROFIT		11,348	10,631
Distribution costs		1,769	2,278
Administrative expenses		<u>9,931</u>	<u>8,120</u>
		<u>11,700</u>	<u>10,398</u>
OPERATING (LOSS)/PROFIT	4	(352)	233
Interest payable and similar charges	5	<u>1</u>	<u>2</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(353)	231
Tax on (loss)/profit on ordinary activities	6	<u>(9)</u>	<u>62</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u><u>(344)</u></u>	<u><u>169</u></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 loss for the current year and the profit for the previous year

The notes form part of these financial statements

THE ENERGY SAVING TRUST LIMITED

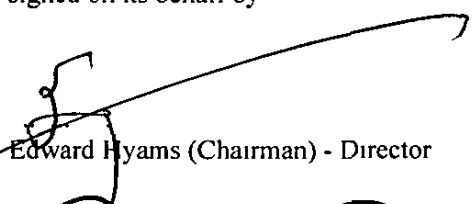
**BALANCE SHEET
31 MARCH 2011**


	Notes	31 3 11 £'000	£'000	31 3 10 £'000	£'000
FIXED ASSETS					
Tangible assets	7		391		674
CURRENT ASSETS					
Debtors	8	15,336		9,996	
Cash at bank	9	<u>15,942</u>		<u>27,270</u>	
		31,278		37,266	
CREDITORS					
Amounts falling due within one year	10	<u>13,035</u>		<u>24,499</u>	
NET CURRENT ASSETS			<u>18,243</u>		<u>12,767</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			18,634		13,441
CREDITORS					
Amounts falling due after more than one year	11		(13,930)		(8,919)
PROVISIONS FOR LIABILITIES	13		<u>(800)</u>		<u>(274)</u>
NET ASSETS			<u>3,904</u>		<u>4,248</u>
CAPITAL AND RESERVES					
Capital contributions	14		3,703		3,703
Profit & Loss Account	14		<u>201</u>		<u>545</u>
	17		<u>3,904</u>		<u>4,248</u>

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

20 June 2011

and were


Edward Hyams (Chairman) - Director


Philip Sellwood (Chief Executive) - Director

The notes form part of these financial statements

THE ENERGY SAVING TRUST LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2011**

	Notes	31 3 11 £'000	£'000	31 3 10 £'000	£'000
Net cash (outflow)/inflow from operating activities	1		(11,092)		15,690
Returns on investments and servicing of finance	2		(1)		(2)
Taxation			(52)		(50)
Capital expenditure	2		<u>(183)</u>		<u>(310)</u>
			(11,328)		15,328
Management of liquid resources	2		<u>-</u>		<u>2,000</u>
(Decrease)/Increase in cash in the period			<u>(11,328)</u>		<u>17,328</u>
<hr/>					
Reconciliation of net cash flow to movement in net funds	3				
(Decrease)/Increase in cash in the period			(11,328)		17,328
Cash inflow from decrease in liquid resources			<u>-</u>		<u>(2,000)</u>
Change in net funds resulting from cash flows			<u>(11,328)</u>		<u>15,328</u>
Movement in net funds in the period			(11,328)		15,328
Net funds at 1 April			<u>27,270</u>		<u>11,942</u>
Net funds at 31 March			<u>15,942</u>		<u>27,270</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 2011**

**1 RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH
(OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES**

	31 3 11	31 3 10
	£'000	£'000
Operating (loss)/profit	(352)	233
Depreciation charges	466	454
Loss on disposal of fixed assets	-	64
Increase in debtors	(5,340)	(3,131)
(Decrease)/Increase in creditors	<u>(5,866)</u>	<u>18,070</u>
Net cash (outflow)/inflow from operating activities	<u>(11,092)</u>	<u>15,690</u>

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

	31 3 11	31 3 10
	£'000	£'000
Returns on investments and servicing of finance		
Interest paid	<u>(1)</u>	<u>(2)</u>
Net cash outflow for returns on investments and servicing of finance	<u>(1)</u>	<u>(2)</u>
Capital expenditure		
Purchase of tangible fixed assets	(183)	(328)
Sale of tangible fixed assets	<u>-</u>	<u>18</u>
Net cash outflow for capital expenditure	<u>(183)</u>	<u>(310)</u>
Management of liquid resources		
Cash term deposit	<u>-</u>	<u>2,000</u>
Net cash inflow from management of liquid resources	<u>-</u>	<u>2,000</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 2011

3 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 4 10 £'000	Cash flow £'000	At 31 3 11 £'000
Net cash			
Cash at bank	<u>27,270</u>	<u>(11,328)</u>	<u>15,942</u>
	<u>27,270</u>	<u>(11,328)</u>	<u>15,942</u>
Total	<u>27,270</u>	<u>(11,328)</u>	<u>15,942</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 2011

I 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 UK 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
Fixtures and fittings	- 20% on cost
Computer equipment	- 50% on cost

The rate applied for the depreciation of Computer equipment has increased from 40% to 50% on cost as the Directors consider that this rate more accurately reflects the useful lives of the asset class concerned. The effect of this change on the results for the year is not considered material.

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 2011

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 Income on page 15.

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. 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 Income on page 15.

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 2011**

2 TURNOVER

The turnover and loss (2010 - profit) before taxation are attributable to the one principal activity of the company

An analysis of turnover by geographical market is given below

	31 3 11	31 3 10
	£'000	£'000
Revenues derived from UK	122,367	91,756
Revenues derived from EU	<u>271</u>	<u>401</u>
	<u>122,638</u>	<u>92,157</u>

3 STAFF COSTS

	31 3 11	31 3 10
	£'000	£'000
Wages and salaries	10,852	10,399
Social security costs	1,109	1,048
Other pension costs	<u>698</u>	<u>660</u>
	<u>12,659</u>	<u>12,107</u>

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

	31 3 11	31 3 10
Administration	70	63
Distribution	35	34
Operations	<u>192</u>	<u>191</u>
	<u>297</u>	<u>288</u>

As at the 31st March 2011 there were £73,699 employer pension contributions due in respect of the current reporting period (2010 nil)

4 OPERATING (LOSS)/PROFIT

The operating loss (2010 - operating profit) is stated after charging

	31 3 11	31 3 10
	£'000	£'000
Property rentals payable under operating leases	1,013	863
Depreciation - owned assets	466	454
Loss on disposal of fixed assets	-	64
Restructuring costs	1,900	-
Auditors' remuneration	56	29
Non-audit services-Tax	4	6
Non-audit services-Other	<u>41</u>	<u>-</u>

THE ENERGY SAVING TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2011**

4 OPERATING (LOSS)/PROFIT - continued

	31 3 11 £'000	31 3 10 £'000
Directors' remuneration	308	386
Directors' pension contributions to money purchase schemes	<u>18</u>	<u>20</u>

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

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

Information regarding the highest paid director is as follows

	31 3 11 £'000	31 3 10 £'000
Emoluments etc	175	175
Pension contributions to money purchase schemes	<u>18</u>	<u>20</u>

5 INTEREST PAYABLE AND SIMILAR CHARGES

	31 3 11 £'000	31 3 10 £'000
Bank interest	<u>1</u>	<u>2</u>

6 TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the loss on ordinary activities for the year was as follows

	31 3 11 £'000	31 3 10 £'000
Current tax:		
UK corporation tax	<u>(9)</u>	<u>62</u>
Tax on (loss)/profit on ordinary activities	<u>(9)</u>	<u>62</u>

UK corporation tax has been charged at 21% (2010 - 21%)

THE ENERGY SAVING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2011

6 TAXATION - continued

Factors affecting the tax (credit)/charge

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 11 £'000	31 3 10 £'000
(Loss)/profit on ordinary activities before tax	<u>(353)</u>	<u>231</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21% (2010 - 21%)	(74)	49
Effects of		
Expenses not deductible for tax purposes	74	12
Capital allowances for period in excess of depreciation	-	25
Other short term timing difference	-	(24)
Overprovision prior year	<u>(9)</u>	<u>-</u>
Current tax (credit)/charge	<u>(9)</u>	<u>62</u>

A potential deferred tax asset of £149k (2010 £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 2010	16	802	1,717	2,535
Additions	-	-	183	183
Disposals	<u>-</u>	<u>(6)</u>	<u>-</u>	<u>(6)</u>
At 31 March 2011	<u>16</u>	<u>796</u>	<u>1,900</u>	<u>2,712</u>
DEPRECIATION				
At 1 April 2010	4	465	1,392	1,861
Charge for year	6	96	364	466
Eliminated on disposal	<u>-</u>	<u>(6)</u>	<u>-</u>	<u>(6)</u>
At 31 March 2011	<u>10</u>	<u>555</u>	<u>1,756</u>	<u>2,321</u>
NET BOOK VALUE				
At 31 March 2011	<u>6</u>	<u>241</u>	<u>144</u>	<u>391</u>
At 31 March 2010	<u>12</u>	<u>337</u>	<u>325</u>	<u>674</u>

THE ENERGY SAVING TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2011**

8 DEBTORS

	31 3 11 £'000	31 3 10 £'000
Amounts falling due within one year		
Trade debtors	3,989	5,663
Loan Fund Debtors	1,384	1,280
VAT	-	21
Prepayments and accrued income	<u>1,149</u>	<u>851</u>
	<u>6,522</u>	<u>7,815</u>
 Amounts falling due after more than one year		
Loan Fund Debtors	<u>8,814</u>	<u>2,181</u>
 Aggregate amounts	<u>15,336</u>	<u>9,996</u>

Trade debtors include an invoice to Scottish Government of £nil (2010-£1m) which relates to the final tranche of funding for the domestic loan scheme

9. CASH AT BANK

The cash balance includes the following fund balances

£2,831k (2010 £3,026k) 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

£901k (2010 £1,432k) Funding for the PAYS (pay as you save scheme) This amount is restricted and can only be used for funding the PAYS scheme

£1,514k (2010 £2,044k) Funding for the Boiler scrappage scheme

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 3 11 £'000	31 3 10 £'000
Trade creditors	7,782	12,372
Corporation Tax	-	61
Social security and other taxes	515	92
Other creditors	960	-
Accruals and deferred income	<u>3,778</u>	<u>11,974</u>
	<u>13,035</u>	<u>24,499</u>

Trade creditors include £20k (2010-£1,170k) of boiler scrappage grant payments Loan fund creditor balances of £13,930k (2010 - £8,919k) consists of £10,963k (2010-£7,500k) to fund the Scottish Government Loans Schemes in Scotland and £2,967k (2010-£1,432k) for the PAYS pilot scheme (pay as you save) in England

THE ENERGY SAVING TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2011**

11 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 3 11	31 3 10
	£'000	£'000
Loan Funds	<u>13,930</u>	<u>8,919</u>

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 11	31 3 10	31 3 11	31 3 10
	£'000	£'000	£'000	£'000
Expiring				
Within one year	37	10	42	27
Between one and five years	240	-	10	30
In more than five years	<u>561</u>	<u>801</u>	<u>-</u>	<u>-</u>
	<u>838</u>	<u>811</u>	<u>52</u>	<u>57</u>

13 PROVISIONS FOR LIABILITIES

	31 3 11	31 3 10
	£'000	£'000
Other provisions	<u>800</u>	<u>274</u>

	Other provisions £'000
Balance at 1 April 2010	274
Dilapidations adjustment	68
Onerous lease provision	<u>458</u>
Balance at 31 March 2011	<u>800</u>

Closing balance for other provisions is made up of £327k for dilapidations, £458k for an onerous lease provision and a £15k legal fees provision

THE ENERGY SAVING TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2011**

14 CAPITAL AND RESERVES

	Profit & Loss Account £'000	Capital contributions £'000	Totals £'000
At 1 April 2010	545	3,703	4,248
Deficit for the year	<u>(344)</u>	<u>—</u>	<u>(344)</u>
At 31 March 2011	<u>201</u>	<u>3,703</u>	<u>3,904</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 2011 and 31 March 2010

	31 3 11 £'000	31 3 10 £'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.

16 RELATED PARTY DISCLOSURES

	Value of services £'000	Balance as at 31 March 2011 £'000	Value of services £'000	Balance as at 31 March 2010 £'000
EDF Energy plc	44	-	13	-
RWE Npower PLC	25	-	-	-
NIE Energy	126	-	126	102
E.ON	25	-	60	3
Scottish Power plc	-	-	25	25
Scottish & Southern Energy plc	5	-	50	-
Worcester Bosch	12	-	10	-
Baxi Group	8	2	-	-

THE ENERGY SAVING TRUST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2011**

17 RECONCILIATION OF MOVEMENTS IN RESERVES

	31.3.11	31.3.10
	£'000	£'000
(Loss)/Profit for the financial year	<u>(344)</u>	<u>169</u>
Net (reduction)/addition to reserves	(344)	169
Opening reserves	<u>4,248</u>	<u>4,079</u>
Closing reserves	<u><u>3,904</u></u>	<u><u>4,248</u></u>