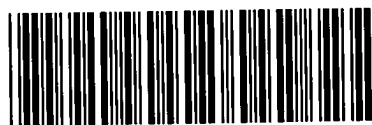


REGISTERED NUMBER: 02622374 (England and Wales)

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017
FOR
THE ENERGY SAVING TRUST LIMITED**

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THE ENERGY SAVING TRUST LIMITED (REGISTERED NUMBER: 02622374)

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

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THE ENERGY SAVING TRUST LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2017**

DIRECTORS:

P H G Sellwood
M Fairey
Sir H Phillips GCB
R Ponting
M C Thornton OBE

REGISTERED OFFICE:

30 North Colonnade
Canary Wharf
London
E14 5GP

REGISTERED NUMBER:

02622374 (England and Wales)

AUDITOR:

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

THE ENERGY SAVING TRUST LIMITED (REGISTERED NUMBER: 02622374)

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2017**

The Directors present their strategic report for the year ended 31 March 2017.

The Energy Saving Trust's (EST) mission is to "help everyone save energy everyday". We work with all groups across society - businesses, governments, third sector organisations, communities and individuals - delivering programmes and schemes aimed at reducing energy and water use and improving efficiency. Our work addresses some of the anthropogenic causes of climate change whilst supporting reductions in fossil fuel based solutions, promoting renewable energy solutions and the move to a lower carbon society.

REVIEW OF BUSINESS

EST's principal activities during the year continued to be focused on supporting initiatives which reduce energy and water usage. Activities include the provision of impartial consumer advice, supporting businesses with customer engagement, endorsement, verification and field trials of technologies, consultancy and data analysis. We also support and deliver research into practical solutions to reduce society's reliance upon carbon intensive energy and reduce water use. Key financial and other performance indicators were as follows:

	2017 £'000	2016 £'000
Gross transaction value	34,161	47,632
Turnover	33,108	46,456
Gross profit	2,963	3,730
Operating profit/(loss)	430	557
Profit/(Loss) after tax	439	565
Loan funds under management	85,923	68,438
Estimated cost (£ per tonne) for each tonne of CO2 saved from advice provided	11.69	11.05

Turnover decreased in the year by £13.3 million primarily as a consequence of the continued shift by Governments away from using grant funding to support programme delivery. The reduction in grant funding for the Company totalled £11 million. This reduction in funding for grants was accompanied by the increased use of loans as an alternative form of financial support in policy-led energy efficiency and transport programmes. During the year the Group increased net loans under management by £17.5 million, notably through schemes administered to support low carbon transport initiatives (£7m), home energy efficiency (£6.2m) and domestic energy saving measures (£2.6m).

Net income from other contract activity decreased during the year by £2.3 million. This was attributable to a number of factors, the most significant of which was caused by a change in EST's role in delivering the Resource Efficient Scotland programme.

EST assesses the impact of funded energy saving advice for a number of stakeholders. These assessments include advice delivered through advice centres and via our website covering household advice, renewable technologies and consumer transport. EST applies the following methodology for evaluating the estimated lifetime tonnes of carbon dioxide saved (tCO2). Datasets of customers who are recorded as having received advice are made available to an independent evaluation contractor or to Energy Saving Trust's evaluation team as appropriate who assess on a sample basis using a questionnaire the influence of the advice given and the conversion of advice into the type of energy efficiency, microgeneration, transport and low carbon behaviours taken. Where the advice is considered as either crucial or of some help the lifetime savings associated with the measure are attributed to the advice; where measures are not yet installed but only planned EST's data for the conversion of planned measures is applied (latest assessment - 28%).

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2017**

Analysis of the results of the questionnaire enable the average attributed CO2 savings per customer to be calculated, by taking the total savings achieved by those in the sample and dividing by the total number of customers interviewed in the sample. The CO2 savings for each measure are calculated based on the type of property or vehicle and the main fuel type – these questions are asked to each customer interviewed or taken from the CRM database if available.

The CO2 savings for each measure have been estimated by using Energy Saving Trust's standard savings factors. The savings factors are calculated using a number of metrics which are updated annually by Energy Saving Trust's data insight team including: Energy prices (£/kWh), Fuel CO2 factors (kgCO2/kWh or kgCO2 per km), Heat loss rates (U-values), Fuel economy (mpg), Heating system efficiencies and House type characteristics. In addition, EST assesses Strategic carbon dioxide lifetime savings. These are defined as savings from measures which have or will be installed as part of a local authority or housing association project where the organisation confirms in writing that the strategic advice provided was either crucial or of some help in securing funding for the project. The variation in the ratios is attributable to changes in type of advice provided.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors assess the risk to the Company through a Risk Group and address them via the Audit Committee. During the year the Risk Group met four times and the Audit Committee met twice. The principal risks and uncertainties that the Company faces are as follows:

Short term Government grant funded programmes

The Company continues to rely on the UK Government for a significant proportion of its grant funded activity. Funding on this basis is commonly provided for single fiscal years only. It is not always possible to agree an indemnity with the funder to cover potential close down costs and therefore a redundancy risk exists for the Company where there is no demand elsewhere within the Group for similar skills once a programme ends.

Competitive markets

The Company operates in competitive markets, which requires the commitment of financial and human resource towards securing work with no guarantee of success. There will always remain a risk that this investment is not recovered by securing new work.

Government policy

Many of the markets the Company operates in are influenced by the UK Governments' policies on energy efficiency, climate change and environmental protection. There will always remain a risk that differing governments may or may not continue to support policies that are aligned with EST's mission and core objectives. This may in turn give rise to a reduction in activity which could lead to the Company making a loss. The ongoing Brexit negotiations add a layer of complexity and uncertainty, which given the European origin of much of the UK's energy policy presents an additional risk to business continuity.

Foreign exchange risk

The Company delivers a number of programmes on behalf of the European Union and in doing so has to bid for and accept work paid for in Euros. These programmes typically run for three year periods with funding released during the life of the programme based upon pre-agreed delivery milestones. Whilst the Group seeks to manage all programmes profitably, exposure to currency fluctuations could lead to losses being incurred

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2017**

FUTURE PLANS

The Company seeks to continue working at the heart of the movement towards a low-carbon society, reducing the UK's dependency on fossil fuels and raising awareness of energy and water saving methods. Our future plans are being developed with the over-riding aim to influence the way the UK consumes energy and water and include a range of activities with this as the common goal.

We continue to expand our online advice services. We are working with partners to develop solutions that address and mitigate transport emissions, including solutions to improve air quality. We provide information on energy saving behaviours, insulation and energy efficiency, energy generation, transport and water. By collaborating with other organisations in the energy and water sectors, we engage with hard-to-reach audiences including those on lower incomes and help to remove the barriers that prevent vulnerable customers from getting the energy efficiency support needed to save money and reduce energy consumption. Furthermore, we encourage community engagement with energy efficiency measures and facilitate co-ordinated access to funding for all by providing free tools and linking consumers to funding.

For businesses we continue to develop activities to support our aspiration of becoming the 'go to' organisation, driving the 'green economy'. We plan to focus on four key areas; Smart and Efficient Homes, Consumer Behaviours; Sustainable Transport and Local Energy Generation. It is EST's intention to build upon the currently modest activities outside of the UK by developing additional relationships with those Government departments concerned with overseas development.

ON BEHALF OF THE BOARD:



P H G Sellwood - Director

Date: 7 December 2017

THE ENERGY SAVING TRUST LIMITED (REGISTERED NUMBER: 02622374)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2017**

The directors present their annual report on the affairs of the Energy Saving Trust Limited ("EST") together with the financial statements and auditors report for the period from 1 April 2016 to 31 March 2017.

PRINCIPAL ACTIVITIES

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

EST is wholly controlled by EST (Holdings) Limited. As part of the 'EST Group', EST's principal activity is to support the Group in achieving its objects by delivering impartial, authoritative and evidence based advice on how to save energy and reduce carbon emissions.

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

DIVIDENDS

The Trust is incorporated as a company limited by guarantee and has no authority 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.

RESEARCH AND DEVELOPMENT

EST continually commits resource to the research and development of solutions that support online tools to aid customer engagement around solutions for reducing energy and water use.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2016 to the date of this report.

P H G Sellwood
M Fairey
Sir H Phillips GCB

Other changes in directors holding office are as follows:

R Ponting - appointed 6 May 2016
M C Thornton OBE - appointed 7 October 2016

Dame J Hackitt DBE CBE ceased to be a director after 31 March 2017 but prior to the date of this report.

EQUAL OPPORTUNITIES

EST is 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, 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.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2017**

DIRECTORS' RESPONSIBILITIES STATEMENT - continued

The directors are responsible for preparing the Strategic report, 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 AUDITOR

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 ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

AUDITOR

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

ON BEHALF OF THE BOARD:



.....
P H G Sellwood - Director

Date: 7 December 2017

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 2017 which comprise the Statement of Comprehensive Income, the Balance Sheet, the and Statement of Changes in Equity and the related notes 1 to 20. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 Financial Reporting Council's (FRC'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 FRC's website at www.frc.org.uk/auditscopeukprivate.

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 2017 and of its profit 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, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with those financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for 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.

Nexia Smith & Williamson

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

Date: 18 December 2017

THE ENERGY SAVING TRUST LIMITED (REGISTERED NUMBER: 02622374)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017**

	Notes	31.3.17 £'000	31.3.16 £'000
Gross transaction value		34,161	47,632
Less: grants received as agent		<u>1,053</u>	<u>1,176</u>
TURNOVER	3	33,108	46,456
Cost of sales		<u>30,145</u>	<u>42,726</u>
GROSS PROFIT		2,963	3,730
Administrative expenses		<u>2,628</u>	<u>3,173</u>
		335	557
Other operating income		<u>95</u>	<u>-</u>
OPERATING PROFIT	6	430	557
Interest receivable and similar income		<u>11</u>	<u>10</u>
PROFIT BEFORE TAXATION		441	567
Tax on profit	8	<u>2</u>	<u>2</u>
PROFIT FOR THE FINANCIAL YEAR		439	565
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>439</u></u>	<u><u>565</u></u>

The notes form part of these financial statements

THE ENERGY SAVING TRUST LIMITED (REGISTERED NUMBER: 02622374)

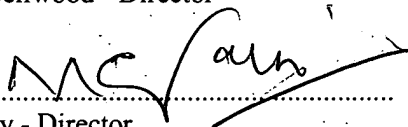
**BALANCE SHEET
31 MARCH 2017**

	Notes	31.3.17 £'000	£'000	31.3.16 £'000	£'000
FIXED ASSETS					
Intangible assets	9		131		182
Tangible assets	10		<u>394</u>		<u>258</u>
			525		440
CURRENT ASSETS					
Debtors	11	75,047		70,345	
Cash at bank	12	<u>27,045</u>		<u>16,627</u>	
		102,092		86,972	
CREDITORS					
Amounts falling due within one year	13	<u>(11,521)</u>		<u>(14,010)</u>	
NET CURRENT ASSETS			<u>90,571</u>		<u>72,962</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			91,096		73,402
CREDITORS					
Amounts falling due after more than one year	14		(85,923)		(68,438)
PROVISIONS FOR LIABILITIES	16		<u>(154)</u>		<u>(384)</u>
NET ASSETS			<u>5,019</u>		<u>4,580</u>
CAPITAL AND RESERVES					
Capital contributions	17		3,703		3,703
Retained earnings	17		<u>1,316</u>		<u>877</u>
			<u>5,019</u>		<u>4,580</u>

The financial statements were approved and authorised for issue by the Board of Directors on 7 December 2017. and were signed on its behalf by:



P H G Sellwood - Director



M Fairey - Director

The notes form part of these financial statements

THE ENERGY SAVING TRUST LIMITED (REGISTERED NUMBER: 02622374)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017**

	Retained earnings £'000	Capital contributions £'000	Total equity £'000
Balance at 1 April 2015	312	3,703	4,015
Changes in equity			
Total comprehensive income	<u>565</u>	<u>-</u>	<u>565</u>
Balance at 31 March 2016	<u>877</u>	<u>3,703</u>	<u>4,580</u>
Changes in equity			
Total comprehensive income	<u>439</u>	<u>-</u>	<u>439</u>
Balance at 31 March 2017	<u><u>1,316</u></u>	<u><u>3,703</u></u>	<u><u>5,019</u></u>

The notes form part of these financial statements

THE ENERGY SAVING TRUST LIMITED (REGISTERED NUMBER: 02622374)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

1. STATUTORY INFORMATION

The Energy Saving Trust Limited is a private company, limited by guarantee, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

BASIS OF PREPARING THE FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements have been prepared on the going concern basis. Financial forecasts are set to ensure that the organisation can continue to operate as a going concern for at least a year.

The Company is limited by guarantee. (see report of the Directors for further details) and considers it appropriate to take exemptions applicable to a public benefit entity.

The Company has taken advantage of the exemption to prepare a Statement of Cash Flows on the basis that group financial statements are prepared.

FINANCIAL INSTRUMENTS AND CASH AND CASH EQUIVALENTS

Financial assets and financial liabilities are recognised in the balance sheet when the company becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and recorded at the initial transaction cost. A provision for non-recovery of debtors is made where management consider that a risk exists that the company will not be able to recover fully amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank.

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.

GROSS TRANSACTION VALUE

Gross transaction value represents the total amount invoiced to customers and is stated net of VAT where applicable.

GOVERNMENT GRANTS

Government grants receivable are recognised as income when there is reasonable assurance that the Company will receive the grant and be able to comply with the terms of the grant. These are recognised in the Income Statement as the associated cost to which the grant relates is recognised.

THE ENERGY SAVING TRUST LIMITED (REGISTERED NUMBER: 02622374)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2017**

2. ACCOUNTING POLICIES - continued

INTANGIBLE FIXED ASSETS - WEBSITE

Website costs are amortised on a straight line basis over a period of five years this being the estimated useful life of the website. Expenditure on website development is capitalised to the extent that the website will generate income or will be used to deliver social benefit from within the group. These are included in administrative expenses. Other costs are written off as incurred.

TANGIBLE FIXED ASSETS

Fixed assets are recognised at cost on acquisition and depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

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

TAXATION

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

DEFERRED TAX

Deferred tax liabilities are recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

OPERATING LEASES

Rentals payable under operating leases are charged to the income and expenditure account on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term.

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.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2017**

2. ACCOUNTING POLICIES - continued

PROVISIONS

Provisions for future liabilities are recognised when the Company has a legal or constructive financial obligation that can be reliably estimated and for which there is an expectation that payment will be made.

EMPLOYEE BENEFITS

The company provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans. The company makes contributions directly to the providers of employees' personal pension schemes. Contributions are charged in the income and expenditure account when payable. The company contributes a defined sum to pension schemes for the benefit of employees. Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

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. 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.

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 Company.

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

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

Accordingly, where a bad debt is incurred the Company 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 Company, up to the level of funding held for the scheme. Interest earned on loan pool funds held by the Company are credited directly to the loan pools for making future loans and are therefore not recognised as income by the Company.

PAY AS YOU SAVE ("PAYS") LOAN SCHEME

The Department for Business, Energy and Industrial Strategy ("BEIS"), formerly the Department for Energy and Climate Change ("DECC"), has assigned responsibility for administering the PAYS loan scheme to the Company. 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 Company recognises revenue grants to fund the administration of the schemes as income in accordance with the accounting policy for turnover.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2017

2. ACCOUNTING POLICIES - continued

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

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

CRITICAL JUDGEMENTS AND ESTIMATES REQUIRED IN DETERMINING AND APPLYING GROUP ACCOUNTING POLICIES

Revenue recognition - Revenue is recognised based on the policies set out in these financial statements. An element of judgement may be required when determining whether the Company should recognise as Turnover various forms of pass through grant income and the corresponding charge to profit and loss.

Provisions - The quantum of provisions requires an element of estimation based on future outcomes from uncertain events.

3. TURNOVER

The turnover and profit before taxation are attributable to the principal activities of the company.

An analysis of turnover by source of funding is given below:

	31.3.17	31.3.16
	£'000	£'000
Grant income	29,042	40,106
Other contract income	4,066	6,350
	<u>33,108</u>	<u>46,456</u>

An analysis of turnover by geographical market is given below:

	31.3.17	31.3.16
	£'000	£'000
UK	32,383	45,747
EU	725	709
	<u>33,108</u>	<u>46,456</u>

THE ENERGY SAVING TRUST LIMITED (REGISTERED NUMBER: 02622374)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2017**

4. EMPLOYEES AND DIRECTORS

	31.3.17	31.3.16
	£'000	£'000
Wages and salaries	4,784	6,719
Social security costs	476	624
Other pension costs	<u>384</u>	<u>495</u>
	<u>5,644</u>	<u>7,838</u>

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

	31.3.17	31.3.16
Administration	27	26
Operations	<u>170</u>	<u>171</u>
	<u>197</u>	<u>197</u>

The company operates a defined contribution pension scheme for all employees, whereby the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts unpaid are shown in accruals in the statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

As at the 31st March 2017 there were £107,522 employer pension contributions due in respect of the current reporting period (2016: £60,681).

5. DIRECTORS' EMOLUMENTS

	31.3.17	31.3.16
	£	£
Directors' remuneration	478,589	241,554
Directors' pension contributions to money purchase schemes	<u>21,066</u>	<u>-</u>

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

Money purchase schemes	<u>2</u>	<u>-</u>
------------------------	----------	----------

Information regarding the highest paid director is as follows:

	31.3.17	31.3.16
	£	£
Total Emoluments	<u>240,556</u>	<u>189,554</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2017**

6. OPERATING PROFIT

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

	31.3.17 £'000	31.3.16 £'000
Rentals paid under operating leases	539	586
Depreciation - owned assets	161	193
Website amortisation	51	51
Foreign exchange (gains)/losses	<u>7</u>	<u>(67)</u>

7. AUDITOR'S REMUNERATION

	31.3.17 £'000	31.3.16 £'000
Fees payable to the company's auditor and its associates for the audit of the company's financial statements	22	18
Audit-related assurance services	-	7
Taxation compliance services	5	18
Other non-audit services	<u>3</u>	<u>6</u>

8. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	31.3.17 £'000	31.3.16 £'000
Current tax:		
UK corporation tax	<u>2</u>	<u>2</u>
Total tax charge	<u>2</u>	<u>2</u>

RECONCILIATION OF TOTAL TAX CHARGE INCLUDED IN PROFIT AND LOSS

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

	31.3.17 £'000	31.3.16 £'000
Profit before tax	<u>441</u>	<u>567</u>
Profit multiplied by the standard rate of corporation tax in the UK of 20% (2016 - 20%)	88	113
Effects of:		
Non-taxable income or expenses not allowable for tax purposes	(45)	4
Unrecognised deferred taxation	<u>(41)</u>	<u>(115)</u>
Total tax charge	<u>2</u>	<u>2</u>

THE ENERGY SAVING TRUST LIMITED (REGISTERED NUMBER: 02622374)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2017**

8. TAXATION - continued

The Company has unabsorbed tax losses available for carry forward amounting to £679k (2016 - £1,159k). A potential deferred tax asset of £190k (2016: £253k) arising primarily on the tax losses has not been recognised in these financial statements due to the uncertainty over its future recovery. The movement in the potential asset includes adjustments in respect of previous years and the impact of a change in the future tax rate, as well as the movements arising from transactions in the year.

9. INTANGIBLE FIXED ASSETS

	Website £'000
COST	
At 1 April 2016	
and 31 March 2017	<u>255</u>
AMORTISATION	
At 1 April 2016	73
Amortisation for year	<u>51</u>
At 31 March 2017	<u>124</u>
NET BOOK VALUE	
At 31 March 2017	<u>131</u>
At 31 March 2016	<u>182</u>

10. TANGIBLE FIXED ASSETS

	Leasehold improvements £'000	Fixtures/ fittings £'000	Computer equipment £'000	Totals £'000
COST				
At 1 April 2016	56	911	1,090	2,057
Additions	109	47	140	296
Disposals	<u>(52)</u>	<u>(833)</u>	<u>(523)</u>	<u>(1,408)</u>
At 31 March 2017	<u>113</u>	<u>125</u>	<u>707</u>	<u>945</u>
DEPRECIATION				
At 1 April 2016	56	892	851	1,799
Charge for year	7	21	133	161
Eliminated on disposal	<u>(52)</u>	<u>(833)</u>	<u>(524)</u>	<u>(1,409)</u>
At 31 March 2017	<u>11</u>	<u>80</u>	<u>460</u>	<u>551</u>
NET BOOK VALUE				
At 31 March 2017	<u>102</u>	<u>45</u>	<u>247</u>	<u>394</u>
At 31 March 2016	<u>-</u>	<u>19</u>	<u>239</u>	<u>258</u>

THE ENERGY SAVING TRUST LIMITED (REGISTERED NUMBER: 02622374)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2017**

11. DEBTORS

	31.3.17	31.3.16
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	6,771	11,391
Amounts owed by group undertakings	2,283	1,417
Other debtors	198	92
Loan Fund Debtors	10,897	10,049
Prepayments and accrued income	<u>2,100</u>	<u>1,175</u>
	<u>22,249</u>	<u>24,124</u>
 Amounts falling due after more than one year:		
Loan Fund Debtors	<u>52,798</u>	<u>46,221</u>
 Aggregate amounts	<u>75,047</u>	<u>70,345</u>

Trade debtors are stated after provision for bad debts of £2k (2016-£2k). Loan fund debtors are concessionary loans and are repayable from 0 to 25 years at an interest rate between 0 - 5%. Any loss on loan debtors is borne by the funder.

12. CASH AT BANK

The cash balance includes amounts held on behalf of third parties including the following specific balances:

- £22,304k (2016: £12,260k) 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.
- £3,484k (2016: £1,721k) Funding for grants payable on behalf of Scottish Government grant schemes.
- £4k (2016: £nil) Funding for grants payable on behalf of London Boilers Cashback Scheme.
- £nil (2016: £931k) Funding received to be applied to the Renewable Heat Premium Payment Scheme on behalf of DECC.
- £nil (2016: £365k) Funding for grants payable on behalf of the Department for Communities and Local Government Ready for Retrofit scheme.
- £nil (2016: £48k) Funding for grants payable on behalf of the Welsh Government Renewable Energy Support Service.
- £6k (2016: £6k) Funding for grants payable on behalf of the Welsh Government Ynni'r Fro.
- £nil (2016: £2k) Funding for grants payable on behalf of Worcestershire County Council.
- £12k (2016: £12k) PAYS loan funding held on behalf of BEIS.

All funding held on behalf of third parties is expected to be paid out within 12 months.

THE ENERGY SAVING TRUST LIMITED (REGISTERED NUMBER: 02622374)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2017**

12. CASH AT BANK - continued

Bank Security

On 1 April 2014 the company agreed a fixed and floating charge over its assets with HSBC bank in exchange for a bank guarantee facility totalling £1,200,000. As at 31 March 2017 three bonds had been issued under the facility to support EU funded programmes totalling €366,683 (Four bonds at 31 March 2016- €444,506). The bank guarantee facility risks being withdrawn by HSBC should the company's tangible net worth fall below £3 million.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.17	31.3.16
	£'000	£'000
Trade creditors	1,474	1,999
Corporation Tax	2	2
Social security and other taxes	161	181
Other creditors	4,096	224
Accruals and deferred income	<u>5,788</u>	<u>11,604</u>
	<u>11,521</u>	<u>14,010</u>

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.3.17	31.3.16
	£'000	£'000
Loan Funds	<u>85,923</u>	<u>68,438</u>

Loan fund creditor balances of £85,923k (2016 - £68,438k) consists of £83,949k (2016 - £65,114k) to fund the Scottish Government Loans Schemes in Scotland and £1,974k (2016 - £2,046k) for the PAYS Pilot Scheme (Pay As You Save) in England and £nil (2016 - £1,278k) for the Welsh Government for the Ynni'r Fro Project Management scheme.

The aggregate amount repayable after more than five years is £66,864k (2016 - £60,642k).

These creditors are matched with loan debtors (see note 11) and restricted cash (see note 12). The amounts are interest free. Whilst the schemes continue to run, any loan debtor repayments are recycled into new loans rather than being repaid.

THE ENERGY SAVING TRUST LIMITED (REGISTERED NUMBER: 02622374)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2017**

15. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31.3.17	31.3.16
	£'000	£'000
Within one year	316	429
Between one and five years	<u>953</u>	<u>206</u>
	<u>1,269</u>	<u>635</u>

Included in the above is a building rent commitment of £1,231,841 (2016-£291,288). Annual rental income of £nil (2016-£62,494) was received in respect of the sub-letting of one of the leases. Rental commitments are included in relation to non-cancellable operating leases. Where the company has the option to break the clause at a future date, lease payments have been included only up to this date.

16. PROVISIONS FOR LIABILITIES

	Legal	Onerous Lease	Dilapidations	Total
	£'000	£'000	£'000	£'000
At 1 April 2016	35	91	258	384
Provision utilised	-	-	(80)	(80)
Provision increase	-	-	76	76
Provision released	<u>(35)</u>	<u>(91)</u>	<u>(100)</u>	<u>(226)</u>
At 31 March 2017	<u>-</u>	<u>-</u>	<u>154</u>	<u>154</u>

Onerous lease provision is based upon the known contractual obligation the company had for vacant office premises; less any secured rental income from sub-letting.

Dilapidations provisions have been made following estimates undertaken by independent surveyors during 2010. These are reviewed and adjusted as necessary annually to reflect the best estimate of the liability. During the year £90K (2016 - £nil) of the onerous lease provision was released due to sub-letting offices at Dartmouth Street, London.

During the year the Company entered into a lease for office premises in London. Under the terms of the lease the Company has an obligation to ensure the property is returned to the landlord in the same condition as when the lease commenced. The Company has estimated the cost for those works at £75k (2016: £nil) and in accordance with the accounting policies (Note 1) has recognised the full provision as an enhancement to the lease cost on acquisition.

During the year the legal provision of £35k was released following resolution of the disputes with two separate parties to which it related.

THE ENERGY SAVING TRUST LIMITED (REGISTERED NUMBER: 02622374)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2017**

17. CAPITAL AND RESERVES

	Retained earnings £'000	Capital contributions £'000	Totals £'000
At 1 April 2016	877	3,703	4,580
Profit for the year	<u>439</u>	<u>-</u>	<u>439</u>
At 31 March 2017	<u>1,316</u>	<u>3,703</u>	<u>5,019</u>

Capital contributions represent contributions from legacy company members to fund the long term working capital requirements of the company. The sums were paid in the early years following the establishment of the company 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 company to retain sufficient funding to support its working capital requirements.

18. DIRECTORS' ADVANCES AND CREDITS

The following advances and credits to a director subsisted during the years ended 31 March 2017 and 31 March 2016:

	31.3.17 £'000	31.3.16 £'000
P H G Sellwood (Chief Executive)		
Balance outstanding at start of year	4	4
Amounts advanced	4	4
Amounts repaid	(4)	(4)
Balance outstanding at end of year	<u>4</u>	<u>4</u>

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

19. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

The total remuneration of key management personnel and Directors of the entity (in the aggregate) was £836k (2016 - £920k).

20. ULTIMATE CONTROLLING PARTY

The immediate and ultimate controlling party is EST (Holdings) Limited a company registered in England and Wales which prepares consolidated accounts which incorporate the company's results. These consolidated accounts may be obtained from the company's registered office shown on page 1.