

**REGISTERED NUMBER: 02622374 (England and Wales)**

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016  
FOR  
THE ENERGY SAVING TRUST LIMITED**

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FOR THE YEAR ENDED 31 MARCH 2016**

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**THE ENERGY SAVING TRUST LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 MARCH 2016**

**DIRECTORS:**

P H G Sellwood (Chief Executive)  
M Fairey  
Dame J Hackitt DBE CBE  
Sir H Phillips GCB  
R Ponting  
M Thornton OBE

**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

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MARCH 2016**

The Directors present their strategic report for the year ended 31 March 2016.

The Energy Saving Trust's (EST) mission is to "help everyone save energy everyday". We work with businesses, governments, the third sector, communities and individuals to accelerate the move to a lower carbon society, reducing the impact of climate change.

**ACHIEVEMENTS AND PERFORMANCE**

EST continues to apply investment in pioneering research that would inform our work and act as a catalyst for change. We continue to deliver programmes that support the following energy and water saving agendas:

- Giving free independent and impartial advice online.
- Forging partnerships to reach more people more quickly.
- Supporting the drive for a low carbon economy.

**REVIEW OF BUSINESS**

EST's principal activities during the year continued to be focused on supporting a reduction in energy and water usage to tackle the impact of anthropogenic climate change. Activities consisted of the provision of impartial consumer advice, supporting businesses with customer engagement, certification and accreditation, consultancy and data analysis. We also support and deliver pioneering research into practical solutions to reduce society's reliance upon carbon intensive energy and water solutions. The key financial performance indicators during the year were as follows:

	2016 £'000	2015 £'000
Gross transaction value	47,632	63,010
Turnover	46,456	60,776
Gross profit	3,730	3,446
Operating Profit/(Loss)	557	(359)
Profit/(Loss) after tax	565	(32)

Turnover decreased in the year primarily as a consequence of a reduction in the value of grant funded activity and the resulting volume of 'cost neutral' grant funds administered by EST. Specific events during the year that contributed to the overall decline in income include the Government's announcement during July 2015 that the Green Deal Finance Company was to cease trading, which led to a decline in the volume of referrals through the Energy Saving Advice Service, funded by the Department of Energy and Climate Change (DECC). Income from commercial activity grew during the year aided by the EST's work with British Gas delivering Nest, the Welsh fuel poverty scheme and the delivery of programmes on behalf of Scottish Government, including the Communities and Renewables Energy Scheme, Resource Efficient Scotland and EPC database administration. Income, excluding EST-controlled pass-through grant funding, was £28,545k (2015 - £29,438k). Cost savings made during the year, notably through a 15% reduction in third party programme costs, have supported an improvement in gross profit to £3,730k (2015 - £3,446k).

Profit after taxation was £565k (2015 - £32k loss). Losses after tax incurred during 2015 were reduced due to tax credit adjustments made as a result of claims under the HMRC research and development tax scheme.

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MARCH 2016**

**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 three times. The principal risks and uncertainties that the Company faces are as follows:

**Short term Government grant funded programmes**

Whilst the Company has diversified in recent years, it continues to benefit from a significant level of UK Government 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 Company for similar skills once a programme ends.

**Competitive markets**

EST 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 that EST operates in are influenced by the UK Government's 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 group making a loss.

**Foreign exchange risk**

EST delivers a number of programmes on behalf of the European Union and in doing so has to bid 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 Company seeks to manage all programmes profitably, exposure to currency fluctuations could lead to losses being incurred.

**FUTURE PLANS**

The Company seeks to continue to be at the heart of the movement towards a low carbon economy, reducing the UK's dependency on fossil fuels and raising awareness of energy and water saving activities. Our future plans are being developed with an overriding aim, which is to change the way the UK thinks about energy and water consumption. Our future plans include a range of activities with this as the common goal.

We continue to expand our online advice service offering information on energy saving behaviours, insulation and energy efficiency, generating energy, transport and water. By collaborating with organisations of influence in the energy and water sectors, we aim to engage with hard-to-reach audiences such as older people and those on lower incomes and help to remove the barriers that prevent people from getting help and advice about energy efficiency. We plan to encourage more engagement with communities and facilitate co-ordinated access to funding for all by providing free tools and links to funding.

For businesses we are continuing to work towards making ourselves the 'go to' organisation in driving the 'green economy', supporting construction and the supply chain, data collection and the generation of commercial insights and evaluation. We also test how technologies and initiatives work in real life situations.

**ON BEHALF OF THE BOARD:**



P H G Sellwood (Chief Executive) - Director

Date: 3 November 2016

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 MARCH 2016**

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 2015 to 31 March 2016.

**PRINCIPAL ACTIVITIES**

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.

**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.

**DIVIDENDS**

The Company is limited by guarantee and has no authority to pay dividends. Members have the right to vote at annual general meetings of the Company and the obligation to contribute a maximum of £1 on a winding-up should there be a call on the guarantee they provide.

**DIRECTORS**

The Directors shown below have held office during the whole of the period from 1 April 2015 to the date of this report.

P H G Sellwood (Chief Executive)

M Fairey

Dame J Hackitt DBE CBE

Sir H Phillips GCB

Other changes in Directors holding office are as follows:

R Ponting and M Thornton OBE were appointed Directors after 31 March 2016 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 2016**

**DIRECTORS' RESPONSIBILITIES STATEMENT**

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 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.

**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 (Chief Executive) - Director

Date: 3 November 2016

## **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 2016 which comprise the Income Statement, Statement of other Comprehensive Income, the Balance Sheet, and Statement of Changes in Equity and the related notes 1 to 19. 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 Financial Reporting Standard 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](http://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 2016 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 the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.



**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: 16 November 2016

**INCOME STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2016**

	Notes	31.3.16 £'000	31.3.15 £'000
Gross transaction value		47,632	63,010
Less: Grants received as agent		<u>1,176</u>	<u>2,234</u>
<b>TURNOVER</b>	2	46,456	60,776
Cost of sales		<u>42,726</u>	<u>57,330</u>
<b>GROSS PROFIT</b>		3,730	3,446
Administrative expenses		<u>3,173</u>	<u>3,805</u>
<b>OPERATING PROFIT/(LOSS)</b>	5	557	(359)
Interest receivable and similar income		<u>10</u>	<u>17</u>
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		567	(342)
Tax on profit/(loss) on ordinary activities	7	<u>2</u>	<u>(310)</u>
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		<u>565</u>	<u>(32)</u>

**OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2016**

	Notes	31.3.16 £'000	31.3.15 £'000
<b>PROFIT/(LOSS) FOR THE YEAR</b>		565	(32)
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>565</u>	<u>(32)</u>

The notes form part of these financial statements

**BALANCE SHEET**  
**31 MARCH 2016**

	Notes	31.3.16 £'000	£'000	31.3.15 £'000	£'000
<b>FIXED ASSETS</b>					
Intangible assets	8		182		233
Tangible assets	9		<u>258</u>		<u>245</u>
			440		478
<b>CURRENT ASSETS</b>					
Debtors: amounts falling due within one year	10	24,124		14,010	
Debtors: amounts falling due after more than one year	10	46,221		36,239	
Cash at bank	11	<u>16,627</u>		<u>15,723</u>	
		86,972		65,972	
<b>CREDITORS</b>					
Amounts falling due within one year	12	<u>(14,010)</u>		<u>(9,804)</u>	
<b>NET CURRENT ASSETS</b>			<u>72,962</u>		<u>56,168</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			73,402		56,646
<b>CREDITORS</b>					
Amounts falling due after more than one year	13		(68,438)		(52,220)
<b>PROVISIONS FOR LIABILITIES</b>	15		<u>(384)</u>		<u>(411)</u>
<b>NET ASSETS</b>			<u>4,580</u>		<u>4,015</u>
<b>CAPITAL AND RESERVES</b>					
Capital contributions	16		3,703		3,703
Retained earnings	16		<u>877</u>		<u>312</u>
			<u>4,580</u>		<u>4,015</u>

The financial statements were approved and authorised for issue by the Board of Directors on 3 November 2016 and were signed on its behalf by:

*P.H.G. Sellwood*

P H G Sellwood (Chief Executive) - Director

The notes form part of these financial statements

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2016**

	Retained Earnings £'000	Capital Contributions £'000	Total Equity £'000
<b>Balance at 1 April 2014</b>	344	3,703	4,047
<b>Changes in equity</b>			
Total comprehensive income	(32)	-	(32)
<b>Balance at 31 March 2015</b>	<u>312</u>	<u>3,703</u>	<u>4,015</u>
<b>Changes in equity</b>			
Total comprehensive income	<u>565</u>	<u>-</u>	<u>565</u>
<b>Balance at 31 March 2016</b>	<u><u>877</u></u>	<u><u>3,703</u></u>	<u><u>4,580</u></u>

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**1. 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.

In preparing these accounts, the Directors have considered whether in applying the accounting policies required by FRS 102 a restatement of comparative items was needed.

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.

**FINANCIAL REPORTING STANDARD 102 - DISCLOSURE EXEMPTIONS AS A QUALIFYING ENTITY**

The Company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- The requirements of Section 7 Statement of Cash Flows.
- Financial instrument note disclosures
- The disclosure of key management remuneration

**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. Through its grant funded activities some concessionary loans are provided which are stated at cost.

**TURNOVER**

Turnover is recognised when the Company 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 Company 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.

**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.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2016**

**1. ACCOUNTING POLICIES - continued**

**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

**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.

**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.

**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.

**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.

**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.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2016**

**1. ACCOUNTING POLICIES - continued**

**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 Company to make loans available to small businesses and home owners in Scotland. On receipt of funding, cash is recognised by the Company 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.

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 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.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2016

2. **TURNOVER**

The turnover and profit (2015 - loss) before taxation are attributable to the principal activities of the Company.

An analysis of turnover by class of business is given below:

	31.3.16	31.3.15
	£'000	£'000
Grant income	23,455	36,345
Other services	<u>23,001</u>	<u>24,431</u>
	<u>46,456</u>	<u>60,776</u>

An analysis of turnover by geographical market is given below:

	31.3.16	31.3.15
	£'000	£'000
UK	45,747	59,897
EU	709	863
Rest of the world	<u>-</u>	<u>16</u>
	<u>46,456</u>	<u>60,776</u>

Grant income has been received to carry on public benefit activities in respect of energy efficiency and water saving initiatives.

3. **STAFF COSTS**

	31.3.16	31.3.15
	£'000	£'000
Wages and salaries	6,719	6,569
Social security costs	624	658
Other pension costs	<u>495</u>	<u>494</u>
	<u>7,838</u>	<u>7,721</u>

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

	31.3.16	31.3.15
Administration	26	26
Operations	<u>171</u>	<u>179</u>
	<u>197</u>	<u>205</u>

The Company operates a defined contribution pension scheme which all employees can participate in. The Company makes contributions directly to third party providers of employees' personal pension plans on behalf of employees. 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 Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

As at the 31st March 2016 there were £60,681 employer pension contributions due in respect of the current reporting period (2015 - £53,545).



**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2016**

**4. DIRECTORS' EMOLUMENTS**

	31.3.16	31.3.15
	£	£
Directors' remuneration	<u>241,554</u>	<u>307,430</u>

Information regarding the highest paid Director is as follows:

	31.3.16	31.3.15
	£	£
Total emoluments	<u>189,554</u>	<u>225,430</u>

No pension contributions were made on behalf of Directors' during the year or previous year.

**5. OPERATING PROFIT/(LOSS)**

The operating profit (2015 - operating loss) is stated after charging/(crediting):

	31.3.16	31.3.15
	£'000	£'000
Rentals paid under operating leases	586	345
Depreciation - owned assets	193	148
Website amortisation	51	22
Foreign exchange (gains)/losses	<u>(67)</u>	<u>165</u>

**6. AUDITOR'S REMUNERATION**

	31.3.16	31.3.15
	£'000	£'000
Fees payable to the Company's auditor for the audit of the Company's financial statements	18	26
Fees payable to the Company's auditor for other services:		
Accounting services	-	-
Audit-related assurance services	7	-
Taxation compliance services	18	6
Other non-audit services	<u>6</u>	<u>28</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2016

7. TAXATION

**Analysis of the tax credit**

The tax credit on the profit on ordinary activities for the year was as follows:

	31.3.16 £'000	31.3.15 £'000
Current tax:		
UK corporation tax	<u>2</u>	<u>(310)</u>
Tax on profit/(loss) on ordinary activities	<u>2</u>	<u>(310)</u>

**RECONCILIATION OF TOTAL TAX CREDIT 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:

	31.3.16 £'000	31.3.15 £'000
Profit/(loss) on ordinary activities before tax	<u>567</u>	<u>(342)</u>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20%)	114	(68)
Effects of:		
Expenses not deductible for tax purposes	4	-
Adjustments to tax charge in respect of previous periods	-	(310)
Movement in unrecognised deferred tax	<u>(116)</u>	<u>68</u>
Total tax charge/(credit)	<u>2</u>	<u>(310)</u>

The Company has unabsorbed tax losses available for carry forward amounting to £1,120,527 (2015 - £1,554,490).

A potential deferred tax asset of £253k (2015: £337k) 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.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2016

8. INTANGIBLE FIXED ASSETS

	Website £'000
<b>COST</b>	
At 1 April 2015	
and 31 March 2016	<u>255</u>
<b>AMORTISATION</b>	
At 1 April 2015	22
Amortisation for year	<u>51</u>
At 31 March 2016	<u>73</u>
<b>NET BOOK VALUE</b>	
At 31 March 2016	<u>182</u>
At 31 March 2015	<u>233</u>

9. TANGIBLE FIXED ASSETS

	Leasehold Improvements £'000	Fixtures and Fittings £'000	Computer Equipment £'000	Totals £'000
<b>COST</b>				
At 1 April 2015	56	911	884	1,851
Additions	<u>-</u>	<u>-</u>	<u>206</u>	<u>206</u>
At 31 March 2016	<u>56</u>	<u>911</u>	<u>1,090</u>	<u>2,057</u>
<b>DEPRECIATION</b>				
At 1 April 2015	56	851	699	1,606
Charge for year	<u>-</u>	<u>41</u>	<u>152</u>	<u>193</u>
At 31 March 2016	<u>56</u>	<u>892</u>	<u>851</u>	<u>1,799</u>
<b>NET BOOK VALUE</b>				
At 31 March 2016	<u>-</u>	<u>19</u>	<u>239</u>	<u>258</u>
At 31 March 2015	<u>-</u>	<u>60</u>	<u>185</u>	<u>245</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2016

10. DEBTORS

	31.3.16, £'000	31.3.15 £'000
Amounts falling due within one year:		
Trade debtors	11,391	3,989
Amounts owed by Group undertakings	1,417	1,519
Other debtors	92	425
Loan Fund Debtors	10,049	6,561
Prepayments and accrued income	<u>1,175</u>	<u>1,516</u>
	<u>24,124</u>	<u>14,010</u>
Amounts falling due after more than one year:		
Loan Fund Debtors	<u>46,221</u>	<u>36,239</u>
	<u>46,221</u>	<u>36,239</u>
Aggregate amounts	<u>70,345</u>	<u>50,249</u>

In accordance with FRS102, amounts owed by Group undertakings are now presented as repayable on demand. Comparative figures have been restated accordingly.

Trade debtors are stated after provision for bad debts of £2k (2015 - £65k). 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.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2016

11. CASH AT BANK

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

£12,260k (2015 - £9,364k) which relates to the Scottish Government Loans Schemes. This amount is restricted for this purpose and can only be used to make loans in Scotland.

£1,721k (2015 - £2,847k) Funding for grants payable on behalf of Scottish Government grant schemes.

£nil (2015 - £2k) Funding for the Boiler Scrappage Scheme.

£931k (2015 - £776k) Funding received to be applied to the Renewable Heat Premium Payment Scheme on behalf of BEIS.

£365k (2015 - £nil) Funding for grants payable on behalf of the Department for Communities and Local Government Ready for Retrofit scheme.

£48k (2015 - £nil) Funding for grants payable on behalf of the Welsh Government Renewable Energy support Service.

£6k (2015 - £nil) Funding for grants payable on behalf of the Welsh Government Ynni'r Fro.

£2k (2015 - £nil) Funding for grants payable on behalf of Worcestershire County Council.

£12k (2015 - £62k) PAYS loan funding held on behalf of BEIS.

£nil (2015 - £119k) Funding for LEAF on behalf of BEIS.

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

**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 2016 four bonds had been issued under the facility to support EU funded programmes totalled €444,506 (31 March 2015 - €444,506). The bank guarantee facility risks being withdrawn by HSBC should the tangible net worth of the Company fall below £3 million.

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.16	31.3.15
	£'000	£'000
Trade creditors	1,999	2,130
Social security and other taxes	181	178
Corporation tax	2	-
Other creditors	224	578
Accruals and deferred income	<u>11,604</u>	<u>6,918</u>
	<u>14,010</u>	<u>9,804</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2016

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

	31.3.16	31.3.15
	£'000	£'000
Loan Funds	<u>68,438</u>	<u>52,220</u>

Loan fund creditor balances of £68,438k (2015 - £52,220k) consists of £65,114k (2015 - £49,943k) to fund the Scottish Government Loans Schemes in Scotland and £2,046k (2015 - £2,277k) for the PAYS Pilot Scheme (Pay As You Save) in England and £1,278k (2015: £nil) for the Welsh Government for the Ynni'r Fro Project Management scheme. The aggregate amount repayable after more than five years is £60,642k (2015 - £46,206).

These creditors are matched with loan debtors (see note 10) and restricted cash (see note 11). The amounts are interest free. Whilst the schemes continue to run, any loan debtor repayments are recycled into new loans rather than being repaid.

14. LEASING AGREEMENTS

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

	31.3.16	31.3.15
	£'000	£'000
Within one year	429	724
Between one and five years	<u>206</u>	<u>415</u>
	<u>635</u>	<u>1,139</u>

Included in the above is a building rent commitment of £291,288 (2015 - £291,288) which has been partially provided - see note 14. Annual rental income of £62,494 (2015 - £129,930) will be received in respect of the sub-letting of one of the leases.

15. PROVISIONS FOR LIABILITIES

	Onerous Lease			Total
	Legal		Dilapidations	
	£'000	£'000	£'000	£'000
At 1 April 2015	15	82	314	411
Provision utilised	-	-	(15)	(15)
Provision increase	35	9	-	44
Provision released	<u>(15)</u>	<u>-</u>	<u>(41)</u>	<u>(56)</u>
At 31 March 2016	<u>35</u>	<u>91</u>	<u>258</u>	<u>384</u>

Onerous lease provision is based upon the known contractual obligation the Company has 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 estimates are reviewed and adjusted as necessary annually to reflect the best estimate of the liability.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2016

16. CAPITAL AND RESERVES

	Retained Earnings £'000	Capital Contributions £'000	Totals £'000
At 1 April 2015	312	3,703	4,015
Profit for the year	<u>565</u>	<u>-</u>	<u>565</u>
At 31 March 2016	<u>877</u>	<u>3,703</u>	<u>4,580</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 and risk management requirements.

17. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to a Director subsisted during the years ended 31 March 2016 and 31 March 2015:

	31.3.16 £'000	31.3.15 £'000
<b>P Sellwood (Chief Executive)</b>		
Balance outstanding at start of year	4	3
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.

18. 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.

**Key management personnel of the entity or its parent (in the aggregate)**

	31.3.16 £'000	31.3.15 £'000
Total Compensation	<u>920</u>	<u>929</u>

19. 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.