

**THE UK CENTRE FOR ECONOMIC AND ENVIRONMENTAL DEVELOPMENT**  
**(Limited by Guarantee)**

**DIRECTORS' AND TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

TUESDAY



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COMPANIES HOUSE

**THE UK CENTRE FOR ECONOMIC AND ENVIRONMENTAL DEVELOPMENT**  
**(Limited by Guarantee)**

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**THE UK CENTRE FOR ECONOMIC AND ENVIRONMENTAL DEVELOPMENT**  
**(Limited by Guarantee)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

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<b>Directors and trustees</b>	Mr John C L Cox, CBE, Chairman Dr Bernard Bulkin, FRSC (resigned 31/01/2007) Dr David Giachardi, FRSC Dr Alan Marples (resigned 31/12/07) Mr Chris Murray Mr James O'Keefe The Earl of Selbourne, KBE, FRS (resigned 01/11/07) Mr Paul Sheridan
<b>Company registered number</b>	1811707
<b>Charity registered number</b>	289469
<b>Registered office</b>	Eco Innovation Centre Peterscourt City Road Peterborough PE1 1SA
<b>Company Secretary</b>	Mr Jonathan Selwyn
<b>Chief executive</b>	Mr Jonathan Selwyn
<b>Accountants</b>	Wilkins Kennedy Bridge House London Bridge London SE1 9QR
<b>Auditors</b>	Lakin Rose Limited Pioneer House Vision Park Histon Cambridge CB24 9NL
<b>Bankers</b>	National Westminster Bank plc 36 St. James' Street London SW1A 1JF

**THE UK CENTRE FOR ECONOMIC AND ENVIRONMENTAL DEVELOPMENT  
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**CHAIRMAN'S STATEMENT AND CHIEF EXECUTIVE REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

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**CHAIRMAN'S STATEMENT**

2007 was a difficult year financially for UK CEED. Having strengthened the staff resource and invested considerable time and resources in a number of projects, funding proved more difficult to come by than expected and, as a result, the Centre ended the year in deficit for the first time in many years. The focus on the months ahead, therefore, will be on recovering from this position and rebuilding the Centre's resources, although the current trading circumstances suggest that this may be far from straightforward.

Despite the financial setback, the Centre has continued to develop its reputation at a national level for high quality, independent research and policy guidance focusing on the linkages between economic and environmental policy and practice.

In recent years UK CEED has prepared project proposals for establishing an Eco Innovation Centre to support start up and early stage companies in the environmental technology and services sector as an integral part of Peterborough's regeneration plan and the city's ambition to become the UK environmental capital. It was therefore encouraging to participate in discussions with Peterborough City Council and EEDA that lead to funding being made available to establish a phase 1 Eco innovation centre at Peterscourt in the city centre. UK CEED relocated to the newly refurbished Centre in December 2007, joining as the second anchor tenant the Centre for Sustainable Engineering which had moved there in July.

I would like to thank the Board members for directing and supporting our work, and pay tribute to UK CEED's staff for their dedication and effort throughout an important period.

**CHIEF EXECUTIVE'S REPORT**

For the 12 month period ending December 2007, UK CEED achieved its second highest turnover ever. However, because of difficulties in securing full funding for a number of projects for which costs were incurred, the Centre ended the year with a deficit. In particular, significant funding which was expected for one major project did not materialise and, because the work was carried out in the year, this cost has had to be written off.

UK CEED has nevertheless delivered many successful projects over the 12 month period. Highlights of the year included: the completion of a project for the government focusing on innovation in the environmental service sector; successful delivery of the 2nd National Energy Efficiency and 6th National eWell-Being awards programmes; development of a new low carbon scenarios tool for regional and local government; diversion of 60,000 tonnes of waste material from landfill as part of the Centre's Remade East project.

I would like to thank the Board of UK CEED for their enthusiastic support of its activities and the staff for their dedication and excellent work throughout 2007. The Centre is well placed to contribute fully to the growing global debate over environmental issues and we will seek to ensure that the Centre remains true to its founding principles of independence, objectivity and authority.

**THE UK CENTRE FOR ECONOMIC AND ENVIRONMENTAL DEVELOPMENT**  
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**REPORT OF THE TRUSTEES**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

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The Trustees, who are also directors of the charity for the purposes of the Companies Act, submit their annual report and the audited financial statements of The UK Centre for Economic and Environmental Development (the charity) for the year ended 31 December 2007. The Trustees confirm that the annual report and financial statements of the charity comply with current statutory requirements, the requirements of the charity's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**a) Constitution**

The charity is a charitable company limited by guarantee and was set up by a Memorandum of Association on 7 March 1984.

**b) Organisational structure and decision making**

The Trustees meet regularly to review the charity's operations, but the day-to-day running of the charity is undertaken by the Chief Executive, who is not a member of the Board, together with the employed staff of the charity.

The Trustees who served during the year are shown on page 1.

**c) Risk management**

The Trustees continue to monitor the Centre's approach to risk management following a risk management process introduced in 2003. The major risks identified and the approach to managing these risks are summarised in the table below:

Identified Risk	Comments	Management approaches
Failure to achieve reserves policy	Main causes would include difficulty of raising project funding, withdrawal of major project sponsors or late payments from larger debtors. These issues are more particularly acute in the context of the wider current financial turmoil in the markets	Ensure that sufficient staff with the right skills are available to raise revenue. Carry out robust project appraisal to determine funding risks and time to market. Build sufficient reserves to cover short-term cashflow issues (see reserves policy). Review need for overdraft facilities. Ensure robust contracts are in place with key project sponsors. Programme invoicing to take account of cashflow needs
HR challenges	HR issues (whether contentious, or non-contentious such as sickness, maternity, etc) can have a more pronounced effect on a small organisation than a larger organisation	Ensure robust employment policies are in place and in line with good practice. Regularly review policies and monitor practice to ensure compliance. Retain independent, expert HR advice. Explore whether insurance against adverse incidents is appropriate

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**REPORT OF THE TRUSTEES**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

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**c) Risk management (continued)**

Long term sickness and/or key staff leaving	UK CEED has completed a full external review of terms and conditions and implemented all recommendations	Monitor sickness rates and take appropriate action to address long term sickness problems.  Ensure that pay, conditions and staff development opportunities match, and where possible exceed, those on offer elsewhere.
Adverse currency movements	Risk in pan-European projects due to adverse Euro movements.	Ensure sufficient flexibility is built in to budgets during proposal stage to absorb adverse movements.

These and the other less critical risks facing the Centre are monitored regularly by the Board's Resources Committee and reviewed at each full Board meeting.

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**REPORT OF THE TRUSTEES**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

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**OBJECTIVES AND ACTIVITIES**

**a) Policies and objectives**

The charity's principal aim continues to be to bring about a constructive partnership between development and conservation interests in the UK and to promote the integration of economic analysis into environmental policy making.

UK CEED believes:

Good environmental practice is a strategic necessity for business and is fundamental to economic development and social well-being.

UK CEED's vision is for the charity to be:

A leading source of independent expertise on the relationship between economic development and environmental best practice.

**b) Strategies for achieving objectives**

In delivering its vision, UK CEED aims to:

- Evaluate and demonstrate the economic case for good environmental practice
- Encourage business, government and individuals to incorporate ever higher environmental standards in their activities
- Identify and demonstrate imaginative and cost-effective policy and technology responses to environmental challenges
- Promote the efficient use of resources and the development and use of cleaner technology
- Achieve widespread support for environmental improvement through building partnerships, engaging stakeholders, raising awareness and communicating effectively on the key issues.

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 DECEMBER 2007

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**ACHIEVEMENTS AND PERFORMANCE**

**a) Review of activities and future strategy**

**1. Charitable Trusts**

- 1.1 The Dulverton Trust remains the only major source of core funding for the Centre. The Albert Reckitt and Jeremiah Colman Trusts also awarded small grants to the Centre during the year.
- 1.2 The Trusts' support remains invaluable in helping to meet office and administrative costs and providing the base from which a broad range of project activities are identified and undertaken.

**2. Environmental Industries Programme**  
*Supporting the UK's environmental industries*

Highlights for 2007 included:

- 2.1 UK CEED's report for the DTI assessing the size of the UK and global environmental goods and services (EGS) sector has continued to be widely used and quoted by government and business. As a result, the Centre was commissioned by DTI's successor, BERR, and Nesta to carry out a research project focusing on innovation in the environmental service sector. The report is due to be published shortly.
- 2.2 UK CEED's EnviroDaq project ([www.envirodaq.com](http://www.envirodaq.com)), the first share index of UK-listed companies in the EGS sector, has attracted over 1000 subscribers, mainly in the financial community. We are currently talking with a number of potential commercial partners to identify ways of developing the project further.
- 2.3 UK CEED's environment business cluster project in Peterborough, having been on hold for 2 years because of public funding constraints, has now been relaunched as EnviroCluster with private sector support from cluster companies.

**3. Low Carbon Programme**  
*Tackling climate change through the application of low and zero carbon technologies*

UK CEED's low carbon programme was established with seedcorn support from the JJ Sainsbury Charitable and Mark Leonard Trusts. Highlights for 2007 included:

- 3.1 Successful 2<sup>nd</sup> year of the National Energy Efficiency Awards. The awards conceived and organised by UK CEED and sponsored by EDF Energy, Department for Communities and Local Government, Sky, Institute of Directors and the Independent newspaper, seek to highlight good practice in energy efficiency by individuals and organisations. Over 150 award nominations were received with the winners announced at a successful awards ceremony attended by 150 at the London Aquarium in December.
- 3.2 Development of a new 'carbon scenarios' tool for the East of England Roundtable on Sustainable Development. The tool enables policy makers at regional and local government level to determine what measures (e.g. insulation in homes, integration of renewable energy in buildings, reduction in travel by car etc.) are required, and on what scale, to meet the UK's climate change targets.



**REPORT OF THE TRUSTEES**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

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**3. Low Carbon Programme (continued)**

- 3.3 Continued participation in the 8-country European CENCE project - designed to identify Europe's most successful renewable energy business support initiatives and establish a network to link them.
- 3.4 Development with the East of England Development Agency (EEDA) of an incubation scheme for local communities to develop energy efficiency and renewable energy schemes.
- 3.5 Management of Glass Moor community investment fund. The first awards have been made to projects integrating renewable energy and energy efficiency measures into local projects.
- 3.6 UK CEED is continuing to monitor its major PV demonstration project on behalf of the DTI. The 14 Nene Housing Society homes, all of which have roof-integrated photovoltaic cells, have been occupied for over 3 years and the cells are generating around 30% of the occupiers electricity needs.

**4. Resource Efficiency Programme**

***Stimulating more efficient use of resources by business and the public sector***

Highlights for 2007 included:

- 4.1 Development and expansion of the Remade East project. Funded by EEDA, this project focuses on developing the market for recycled materials and providing business support for companies and public/voluntary sector organisations in the waste and recycling sector. The project has succeeded in diverting 60,000 tonnes of waste from landfill and is currently providing capital grants to a number of companies developing novel waste processing technologies.
- 4.2 UK CEED continued to work closely with its spin out venture, the national Centre for Sustainable Engineering. This works directly with manufacturing companies and university research departments to accelerate the development of more resource efficient products and services. It also holds the management contract for the Eco Innovation Centre in which UK CEED is now based.

**5. Sustain IT**

***Promoting uses of technology that enhance environmental and social well-being***

Highlights for 2007 included:

- 5.1 Culmination of the 2006/07 eWell-Being Awards, which seeks to recognise organisations whose use of ICT delivers environmental and social benefits. The programme, conceived and organised by UK CEED was supported by AOL, BT, Brother, Department for Communities and Local Government and PC Pro magazine. Over 150 high quality entries were received and 160 guests attended the awards ceremony at the Globe Theatre.
- 5.2 Further research assessing the impacts of teleworking and conferencing on travel patterns, worklife and productivity were completed for BT.
- 5.3 UK CEED's online sustainability toolkit has continued to be developed for the East of England, East Midlands and North West regions.

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REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 DECEMBER 2007

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5. Sustain IT (continued)

- 5.4 SustainIT continued to publish its fortnightly digest of news and reports which reaches over 2000 subscribers.

6. Future Strategy

- 6.1 UK CEED will continue to develop its research and policy capability in the **Environmental Industries** area. This will be complemented by the expansion of the Envirodaq index of environment sector companies in conjunction with one or more commercial partners. The relaunched EnviroCluster initiative will be the main focus of direct business support activity supported by the new Eco Innovation Centre.
- 6.2 The National Energy Efficiency Awards will continue to be the flagship project in the **Low Carbon** programme. The roll out of the carbon scenarios tool nationally will also provide a major focus and there will be continued investigation of the potential to develop a carbon offset scheme which focuses on household energy efficiency and installation of small-scale renewables.
- 6.3 SustainIT's flagship activities will continue to be its website, newsletter (2,500 subscribers) and eWell-Being Awards. The target will be to continue to expand the scope of the latter. UK CEED will also seek to develop a new programme of work linking information and communications technology, sustainable development and the higher education sector.
- 6.4 UK CEED will seek to develop and expand its Pricextra project, a web-based tool enabling consumers to compare products' environmental performance, in conjunction with a commercial partner.
- 6.5 Further development of the Remade East project will provide the focus for the **Resource Efficiency** programme. It will seek to develop a construction waste recycling element and expansion of business support for smaller and start up companies in the waste and recycling sectors.

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**REPORT OF THE TRUSTEES**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

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**FINANCIAL REVIEW**

**a) Reserves Policy**

It is the Centre's policy to generate sufficient funding to ensure that its current operating costs (contracted staff salaries, office costs, etc.) and specific project costs (including external consultancy) are fully covered. There remains a relatively small level (less than 10% of the Centre's total funds) of wholly unrestricted funding (Dulverton and other charitable trusts) with the balance of funds being generated through project activity.

The Centre's Board of Trustees consider it prudent to build sufficient unrestricted reserves to:

- Cover the organisation's operating liabilities;
- Invest in improved staff training and development;
- Provide funds for internally-devised projects on key emerging issues which can be undertaken at short notice.

Following the disappointing results for 2007, it is the Board's aim for the year ahead to rebuild the Centre's unrestricted reserve to fulfil these obligations, whilst both continuing to deliver excellent project results and remaining competitive in the development of new project areas.

**b) Financial review**

The accounts for the financial year ended December 2007 show a deficit of £49,294 on a turnover of £653,078 with net expenditure of £702,372. Staff salaries accounted for £290,148 of this total.

At the close of the 12 month period, the Centre had net assets of £68,849. Outstanding debtors totalled £256,004 being mainly trade debtors and accrued income. Outstanding creditors totalled £229,970 being mostly trade creditors and accruals and deferred income.

The result for the year was extremely disappointing, particularly when set against an ambitious business plan target of £1 million for the year.

A principle contribution to the deficit was a failure to secure an expected £63,000 of income for a major project for which development costs had already been incurred in this accounting period. It also proved more difficult than expected to raise revenue for two other long running projects. Efforts will continue to be made in 2008 to try and recover the costs of these projects.

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**REPORT OF THE TRUSTEES**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

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**Statement of Trustees' Responsibilities**

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

Company and charity law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and of the charitable company and of the surplus or deficit of the group for that period. In preparing those financial statements the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts on the going concern basis unless it is inappropriate to assume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

**Statement as to disclosure of information to auditors**

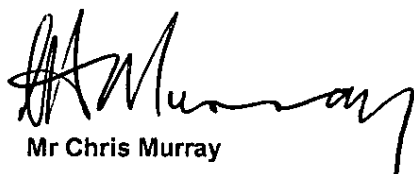
So far as the trustees are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the charitable company's auditors are unaware, and each trustee has taken all the steps that he or she ought to have taken as a trustee/director in order to make himself or herself aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

**Auditors**

A resolution for the re-appointment of Lakin Rose Limited as auditors to the charitable company will be submitted to the Annual General Meeting.

This report has been prepared in accordance with the Statement of Recommended Practice: 'Accounting and Reporting by Charities' and in accordance with the special provisions of Part VII of the Companies Act 1985 relating to smaller entities.

This report was approved by the Trustees on 14/10/08 and signed on their behalf, by:

  
Mr Chris Murray

**THE UK CENTRE FOR ECONOMIC AND ENVIRONMENTAL DEVELOPMENT**  
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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS**

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We have audited the financial statements of The UK Centre for Economic and Environmental Development for the year ended 31 December 2007 set out on pages 10 to 17. These financial statements have been prepared in accordance with the accounting policies set out therein, the Statement of Recommended Practice: 'Accounting and Reporting by Charities' published in March 2005 and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2007).

This report is made solely to the charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of trustees and auditors**

The charity's trustees, who are also directors for the purposes of the Companies Act 1985, are responsible for the preparation of the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), as set out in the Statement of Trustees' Responsibilities.

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

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

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

We report to you whether in our opinion the information given in the Trustees' Annual Report is consistent with the financial statements.

**Basis of opinion**

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

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

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to charitable companies, of the state of affairs of the charitable company as at 31 December 2007 and of the incoming resources and application of resources in the year then ended; and have been properly prepared in accordance with the Companies Act 1985.
- the information given in the Trustees' Annual Report is consistent with the financial statements.

Pioneer House  
Vision Park  
Histon  
Cambridge  
CB24 9NL

*Lakin Rose Limited*

**Lakin Rose Limited**  
Chartered Accountants  
& Registered Auditor

Date: *7 September 2009*

**THE UK CENTRE FOR ECONOMIC AND ENVIRONMENTAL DEVELOPMENT**  
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**STATEMENT OF FINANCIAL ACTIVITIES**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2007 £	Total 2006 £
<b>Incoming resources</b>					
<b>Incoming resources from generated funds</b>					
Voluntary income	2	22,800	-	22,800	21,050
Investment income	3	1,268	-	1,268	1,394
Incoming resources from charitable activities	4	-	629,010	629,010	685,896
<b>Total incoming resources</b>		<b>24,068</b>	<b>629,010</b>	<b>653,078</b>	<b>708,340</b>
<b>Resources expended</b>					
Charitable activities		15,249	683,573	698,822	688,569
Governance costs		2,800	750	3,550	6,160
<b>Total resources expended</b>	5	<b>18,049</b>	<b>684,323</b>	<b>702,372</b>	<b>694,729</b>
<b>Movement in total funds for the year</b>					
- Net Income/(expenditure) for the year		6,019	(55,313)	(49,294)	13,611
Total funds at 1 January 2007		14,107	104,036	118,143	104,532
<b>Total funds at 31 December 2007</b>		<b>£20,126</b>	<b>£48,723</b>	<b>£68,849</b>	<b>£118,143</b>

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 14 to 19 form part of these financial statements.

**THE UK CENTRE FOR ECONOMIC AND ENVIRONMENTAL DEVELOPMENT**  
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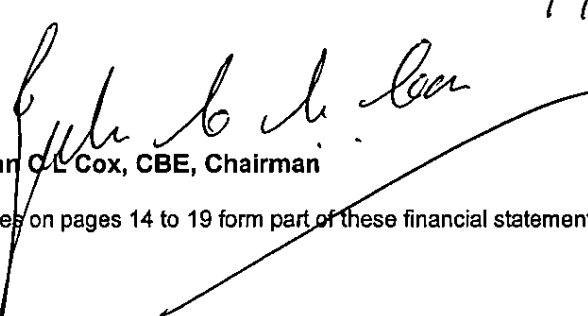
**BALANCE SHEET**

**AS AT 31 DECEMBER 2007**

	Notes	£	<u>2007</u>	£	£	<u>2006</u>	£
<b>Fixed assets</b>							
Tangible fixed assets	10			16,151			17,736
<b>Current assets</b>							
Debtors	11	256,004			251,095		
Cash at bank and in hand		26,664			60,224		
		<u>282,668</u>			<u>311,319</u>		
<b>Creditors: Amounts falling due</b>							
Within one year	12	<u>(229,970)</u>			<u>(210,912)</u>		
				52,698			100,407
<b>Net assets</b>				<u>£68,849</u>			<u>£118,143</u>
<b>Funds</b>							
Restricted funds				48,723			104,036
Unrestricted funds				20,126			14,107
	13			<u>£68,849</u>			<u>£118,143</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small entities and with the Financial Reporting Standard for Smaller Entities (January 2007).

The financial statements were approved by the Trustees on 10/10/08 and signed on their behalf, by:

  
**Mr John C L Cox, CBE, Chairman**

The notes on pages 14 to 19 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

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1. ACCOUNTING POLICIES

a) Basis of accounting

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, and in accordance with Financial Reporting Standard for Smaller Entities (effective January 2007). The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" in March 2005, applicable accounting standards and the Companies Act 1985.

b) Company status

The charity is a company limited by guarantee. The members of the charity are the trustees named on page 1. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

c) Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Investment income, gains and losses are allocated to the appropriate fund.

d) Incoming resources

All incoming resources are included in the Statement of Financial Activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy.

Gifts in kind donated for distribution are included at valuation and recognised as income when they are distributed to the projects. Gifts are donated for resale are included as income when they are sold. Donated facilities are included at the value to the charity where this can be quantified and a third party is bearing the cost. No amounts are included in the financial statements for services donated by volunteers.

Donated services or facilities, which comprise donated services, are included in income at a valuation which is an estimate of the financial cost borne by the donor where such a cost is quantifiable and measurable. No income is recognised where there is no financial cost borne by a third party.

e) Resources expended

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources.

f) Cash flow

The financial statements do not include a cash flow statement because the charity, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective January 2005)

g) Tangible fixed assets and depreciation

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

Furniture and fittings	-	25% reducing balance
Computer equipment	-	33% straight line

h) Leasing and hire purchase

Assets obtained under hire purchased contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the charity. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statements of Financial Activities so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.



**THE UK CENTRE FOR ECONOMIC AND ENVIRONMENTAL DEVELOPMENT**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

**1. ACCOUNTING POLICIES - continued**

**i) Operating leases**

Rentals under operating leases are charged on a straight line basis over the lease term.

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

**j) Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Statement of Financial Activities.

**2. VOLUNTARY INCOME**

	<u>Unrestricted Funds</u> £	<u>Restricted Funds</u> £	<u>2007</u> £	<u>2006</u> £
Donations from trusts	<u>£22,800</u>	<u>£ -</u>	<u>£22,800</u>	<u>£21,050</u>

**3. INVESTMENT INCOME**

Interest receivable	<u>£1,268</u>	<u>£ -</u>	<u>£1,268</u>	<u>£1,394</u>
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**4. ACTIVITIES IN FURTHERANCE OF THE CHARITY'S OBJECTS**

Environmental research projects	<u>£ -</u>	<u>£629,010</u>	<u>£629,010</u>	<u>£685,896</u>
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**5. EXPENDITURE BY CHARITABLE ACTIVITY**

**SUMMARY BY FUND TYPE**

Environmental research projects	15,249	683,573	698,822	688,569
Governance	2,800	750	3,550	6,160
	<u>£18,049</u>	<u>£684,323</u>	<u>£702,372</u>	<u>£694,729</u>

**SUMMARY BY EXPENDITURE TYPE**

	<u>Staff costs</u> £	<u>Other costs</u> £	<u>2007</u> £	<u>2006</u> £
Environmental research projects	290,148	408,674	698,822	688,569
Governance	-	3,550	3,550	6,160
	<u>£290,148</u>	<u>£412,224</u>	<u>£702,372</u>	<u>£694,729</u>

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**6. SUPPORT COSTS**

	<u>2007</u> £	<u>2006</u> £
Expenditure on environmental research projects includes the following support costs:		
General office expenses	1,622	1,594
Interest payable	-	617
Printing and stationery	14,239	35,287
Rent	8,677	8,574
Repairs and maintenance	901	899
(Profit)/loss on disposal of fixed assets	-	(84)
Rates and service charges	2,894	1,697
Telephone and fax	5,456	5,599
Bad debts	-	2,858
Bank charges	1,022	452
Insurance	7,112	6,420
Computer costs	9,218	15,558
Postage	1,148	3,031
Foreign exchange movements	(44)	282
Legal and professional fees	35,302	-
Accountancy	3,500	2,700
Depreciation	9,092	10,102
	<u>£100,139</u>	<u>£95,595</u>

**7. GOVERNANCE COSTS**

	<u>Restricted Funds</u> £	<u>Unrestricted Funds</u> £	<u>2007</u> £	<u>2006</u> £
Auditors' remuneration	2,800	750	3,550	4,750
Legal and professional fees	-	-	-	1,410
	<u>£2,800</u>	<u>£750</u>	<u>£3,550</u>	<u>£6,160</u>

**8. NET INCOME/(EXPENDITURE)**

	<u>2007</u> £	<u>2006</u> £
This is stated after charging:		
Depreciation of tangible fixed assets		
- owned by the charity	8,389	7,597
- held under finance leases	702	2,505
Auditors remuneration	<u>2,000</u>	<u>4,750</u>

During the year, no Trustees received any emoluments (2006 - £Nil). During the year, two Trustees received reimbursement of expenses amounting to £2,391 (2006 - 1 of £410).

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**9. STAFF COSTS**

	<u>2007</u> £	<u>2006</u> £
Staff costs were as follows:		
Wages and salaries	263,320	255,932
Social security costs	26,828	25,688
	<u>£290,148</u>	<u>£281,620</u>
	<b>Number</b>	<b>Number</b>
The average monthly number of staff during the year was as follows:		
Environmental research projects	8	8
Administration	1	1
	<u>9</u>	<u>9</u>

There were no employees receiving emoluments over £60,001 in the year ended 31 December 2007 (2006: none).

**10. TANGIBLE FIXED ASSETS**

	<b>Furniture, fittings and equipment £</b>
<b>Cost</b>	
At 1 January 2007	72,409
Additions	7,507
Disposals	(15,476)
At 31 December 2007	<u>64,440</u>
<b>Depreciation</b>	
At 1 January 2007	54,673
Charge for the year	9,092
On disposals	(15,476)
At 31 December 2007	<u>48,289</u>
<b>Net Book Value</b>	
At 31 December 2007	<u>£16,151</u>
At 31 December 2006	<u>£17,736</u>

The net book value of assets held under finance leases or hire purchase contracts, included above are as follows:-

	<u>2007</u> £	<u>2006</u> £
Furniture, fittings and equipment	£ -	£702

**11. DEBTORS**

Trade debtors	99,382	170,121
Prepayments and accrued income	156,622	80,974
	<u>£256,004</u>	<u>£251,095</u>

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<b>12. CREDITORS: Amounts falling due within one year</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Net obligations under finance leases and hire purchase contracts	-	275
Trade creditors	131,901	84,149
Social security and other taxes	27,186	35,403
Accruals and deferred income	70,883	91,085
	<b>£229,970</b>	<b>£210,912</b>

Deferred income of £13,550 (2006 - £58,633) represents funding received in advance from various sources, for specific research projects undertaken by the charity.

<b>13. STATEMENT OF FUNDS</b>	<b>Brought forward</b>	<b>Incoming resources</b>	<b>Resources expended</b>	<b>Carried forward</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Unrestricted</b>				
General fund	14,107	24,068	(18,049)	20,126
<b>Restricted funds</b>				
Environmental research projects	104,036	629,010	(684,323)	48,723
<b>Total of funds</b>	<b>£118,143</b>	<b>£653,078</b>	<b>£(702,372)</b>	<b>£68,849</b>

Environmental research projects represents various sources of funding for specific environmental research projects undertaken by the charity.

<b>SUMMARY OF FUNDS</b>	<b>Brought forward</b>	<b>Incoming resources</b>	<b>Resources expended</b>	<b>Carried forward</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Unrestricted funds	14,107	24,068	(61,049)	20,126
Restricted funds	104,036	629,010	(684,323)	48,723
	<b>£118,143</b>	<b>£653,078</b>	<b>£(702,372)</b>	<b>£68,849</b>

<b>15. ANALYSIS OF NET ASSETS BETWEEN FUNDS</b>	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Tangible fixed assets	14,086	2,065	16,151	17,736
Current assets	127,694	154,974	282,668	311,319
Creditors due within one year	(121,654)	(108,316)	(229,970)	(210,912)
	<b>£20,126</b>	<b>£48,723</b>	<b>£68,849</b>	<b>£118,143</b>

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**16. OPERATING LEASE COMMITMENTS**

At 31 December 2007 the company had annual commitments under non-cancellable operating leases as follows:

	<u>2007</u>	<u>2006</u>
	£	£
Expiry date:		
Between 2 and 5 years	<u>£14,000</u>	<u>£11,144</u>

**17. TRUSTEE INDEMNITY INSURANCE**

During the year, the charity paid £2,888 (2006 - £2,888) to provide indemnity insurance for the trustees.