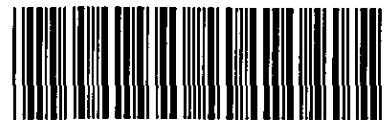

**THE UK CENTRE FOR ECONOMIC AND ENVIRONMENTAL
DEVELOPMENT**

(Limited by Guarantee)

DIRECTORS' AND TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

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LAKIN ROSE

CHARTERED ACCOUNTANTS

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 2006

Directors and Trustees

Mr John C L Cox, CBE, Chairman
Mrs Elizabeth Anne Amos, MBE (resigned 08/02/2006)
Dr Bernard Bulkin, FRSC (resigned 31/01/2007)
Dr David Giachardi, FRSC
Miss Patricia Mann, OBE (deceased 15/09/2006)
Dr Alan Marples
Mr Chris Murray
Mr James O'Keefe
The Earl of Selborne, KBE, FRS
Mr Paul Sheridan

Company registered number
1811707

Charity registered number
289469

Registered office
2nd Floor
48 Broadway
Peterborough
PE1 1SB

Company secretary
Mr Jonathan Selwyn

Chief executive
Mr Jonathan Selwyn

Auditors
Lakin Rose Limited
Chartered Accountants
Pioneer House
Vision Park
Histon
Cambridge
CB24 9NL

Bankers
National Westminster Bank plc
36 St James' Street
London
SW1A 1JF

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

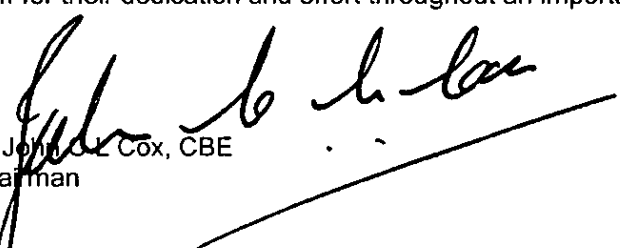
**CHAIRMAN'S STATEMENT AND CHIEF EXECUTIVE'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2006**

CHAIRMAN'S STATEMENT

During 2006 UK CEED marked its 21st Anniversary with two special events at the Royal Society of Arts a dinner for its partners and friends, and a lecture by the renowned industrialist Lord Oxburgh. Both events proved highly successful, with over 300 guests attending, and were an excellent way both to mark the milestone and to reach past, present and potential future partners of the Centre.

The year was also successful from both a project and revenue perspective. The focus on the four main business areas (Environmental Industries, Low Carbon, Resource Efficiency, SustainIT) has helped to define clearly the Centre's offering and has given greater ownership to the staff working in those areas. The new office in Peterborough has greatly improved working conditions and contributed to the Centre's positive image.

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.



Mr John C. Cox, CBE
Chairman

CHIEF EXECUTIVE'S REPORT

UK CEED has experienced another successful period in terms of project delivery. Highlights of the year included the completion of a project for the government on the size and prospects for the UK's growing environmental goods and services sector (EGS), the launch of the National Energy Efficiency Awards, and the establishment of the Remade East project to develop markets for recycled materials.

For the 12 month period UK CEED achieved its highest ever turnover and returned a surplus. The surplus was in line with expectations, given the expenditure on the Centre's relocation, and its hosting of two anniversary events. The latter in particular has represented a very worthwhile investment and has enabled the organisation to develop relationships with a number of new partners.

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 2006. 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.



Mr Jonathan Selwyn
Chief Executive

Date 05/06/07

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

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2006**

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 2006. 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 charity's approach to risk management following a thorough risk management review in 2002/03. The major risks identified and the approach to managing these risks are summarised in the table below.

Identified Risk	Comments	Management approaches
Significant uplift in lease cost upon renegotiation in 2005		UK CEED has completed relocation to a new, higher quality office with rent fixed for 5 years until 2010.
Key staff leaving	UK CEED has completed a full external review of terms and conditions and implemented all recommendations.	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.
Liquidity/cashflow	Main causes would include late payments from larger debtors or sponsors.	Build sufficient reserves to cover short-term cashflow issues (see reserves policy). Ensure robust contracts are in place with key project sponsors. Programme invoicing to take account of cashflow needs.

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

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

REPORT OF THE TRUSTEES (continued)
FOR THE YEAR ENDED 31 DECEMBER 2006

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

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

REPORT OF THE TRUSTEES (continued)
FOR THE YEAR ENDED 31 DECEMBER 2006

2 Environmental Industries Programme

Supporting the UK's environmental industries

Highlights for 2006 included

- 2 1 Publication of a report for the DTI assessing the size of the UK and global EGS sector. The report was launched by David Miliband in October and has been widely cited by government ministers and business leaders.
- 2 2 Launch of EnviroDaq (www.envirodaq.com), the first share index of UK-listed companies in the EGS sector. The aim of the index and associated newsletter is to raise the profile of the sector amongst policy makers and investors.

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 2006 included

- 3 1 Launch of the National Energy Efficiency Awards. The awards, sponsored by EDF Energy, Defra and English Partnerships, seek to highlight good practice in energy efficiency by individuals and organisations. Over 150 award nominations were received. The Minister for Climate Change and the Environment provided a keynote address at the prestigious awards ceremony at the Science Museum in December. A brochure highlighting the award winners was published in the Independent newspaper.
- 3 2 Continued development of the Energy Saving Trust Anglia Centre, which in 2006 provided advice to 120,000 consumers on energy efficiency, renewable energy and transport choice.
- 3 3 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 Launch of a community investment fund in Glass Moor, Huntingdonshire. The fund aims to expand renewable energy schemes and energy efficiency projects in the areas in which wind turbines operate.
- 3 5 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 2 years and the cells are generating around 30% of the occupiers electricity needs.

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

REPORT OF THE TRUSTEES (continued)
FOR THE YEAR ENDED 31 DECEMBER 2006

4 Resource Efficiency Programme

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

Highlights for 2006 included

- 4 1 Completion of the pilot 'Ecotrade Centre' project in Peterborough. Funded by the government's Waste and Resources Action Programme (WRAP), the project provided, for the first time, dedicated recycling facilities for construction & demolition companies. The project demonstrated the potential for recycling waste from smaller companies, including those undertaking small scale construction, demolition and refurbishment activities and traders (including plumbers, electricians, landscapers, painters, decorators, roofers and brick layers). Hundreds of tonnes of waste were diverted and the waste company that participated in the project is continuing to develop the facility as a commercial venture.
- 4 2 Establishment of the Remade East project. Funded by the East of England Development Agency 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.
- 4 3 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.

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

REPORT OF THE TRUSTEES (continued)
FOR THE YEAR ENDED 31 DECEMBER 2006

5 SustainIT

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

Highlights for 2006 included

- 5 1 Culmination of the 2005 eWell-Being Awards, which seeks to recognise organisations whose use of ICT delivers environmental and social benefits. The programme was supported by BT, Brother and IDeA. Over 140 high quality entries were received and 120 guests attended the awards ceremony and associated conference at the Barbican. The awards brochure was published in the Independent newspaper.
- 5 2 New research assessing the impacts of teleworking and conferencing on travel patterns, worklife and productivity was completed for BT.
- 5 3 UK CEED's online sustainability toolkit project continues to expand its reach. Initially developed for the East of England Regional Assembly (EERA) and East of England Development Agency (EEDA), it is designed to appraise plans and projects against sustainable development objectives and targets. The East of England toolkit is currently being revised to incorporate EERA's new 'Integrated Regional Strategy' and has over 900 registered users.
- 5 4 The East Midlands toolkit, supported by the East Midlands Regional Assembly (EMRA) and its partners is continuing to be reviewed and updated and has over 700 registered users. UK CEED has also developed a new application of the toolkit with the North West Development Agency.
- 5 5 SustainIT continued to publish its monthly digest of news and reports which reaches over 2000 subscribers.

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

REPORT OF THE TRUSTEES (continued)
FOR THE YEAR ENDED 31 DECEMBER 2006

6 Future Strategy

- 6 1 UK CEED will continue to develop its Envirodaq index of environmental goods and services companies as its flagship activity in the **Environmental Industries programme**. Initially it will focus on providing an index of 100 listed companies but it is intended to extend coverage through identification of commercial partners to take the project forward, with expansion of the news and research activities. The project will be undertaken in conjunction with the Centre for Sustainable Engineering (CSEng) and will be used as a means of positioning the two organisations nationally as the pre-eminent sources of expertise in the sector.
- 6 2 UK CEED will continue to develop its support of the regional and national EGS sector through research and demonstration projects.
- 6 3 The National Energy Efficiency Awards will continue to be the flagship programme for the **Low Carbon programme**. UK CEED will use it to showcase its expertise and to develop new partnerships and further the Centre's credibility.
- 6 4 UK CEED will continue to be the UK partner in the 2-year European CENCE project which is designed to identify Europe's most successful energy clusters and programmes and establish a pan-European network to link them.
- 6 5 The Centre will develop an incubation scheme for local communities to establish renewable energy projects which generate financial returns as well as energy.
- 6 6 UK CEED will continue to extend the range of low carbon pilot projects, particularly in conjunction with housebuilders and commercial developers. UK CEED will also continue to offer consultancy advice to local authorities to develop low carbon design briefs for new developments.
- 6 7 The flagship programme for the **Resource Efficiency programme** will continue to be Remade East. This project, initially funded for 2 years, 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. There will be a particular focus on organic waste recycling.
- 6 8 UK CEED will seek to extend its expertise into the provision of business support for smaller and start up companies in the waste and recycling sectors.
- 6 9 UK CEED's **SustainIT programme** will focus on the role of ICT within the following themes:
- Digital Inclusion
 - Environmental Efficiency
 - Improved Public Services
 - Better Ways of Working
- 6 10 SustainIT's flagship activities will continue to be its website, newsletter and eWell-Being Awards. The target will be to significantly expand the latter through development of new partnerships and spin off programmes showcasing good practice.

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

REPORT OF THE TRUSTEES (continued)
FOR THE YEAR ENDED 31 DECEMBER 2006

- 6 11 Two key areas for SustainIT are tele-/remote working and digital inclusion. UK CEED will seek to work in partnership with complementary organisations to improve its visibility, and develop new proposals for funding in these areas.
- 6 12 The Centre's sustainability toolkit methodology, which is currently deployed in the East of England, East Midlands and North West regions, will continue to be spun out into other regions and for other applications.
- 6 13 Pricextra, UK CEED's web-based tool enabling consumers to compare products' environmental performance, will be further developed and expanded.

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

For the year ahead, the target is to continue to build the 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 2006 show a surplus of £23,713 before capital depreciation. The net surplus after capital depreciation was £13,611. This was on record turnover of £708,340 with net expenditure of £694,729. Staff salaries accounted for £281,620 of this total.

At the close of the 12 month period, the Centre had £60,224 cash at bank. Outstanding debtors totalled £234,297 being mainly trade debtors and accrued income. Outstanding creditors totalled £200,112 being mostly trade creditors, accruals and deferred income.

These figures were broadly in line with expectations for the period.

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

REPORT OF THE TRUSTEES (continued)
FOR THE YEAR ENDED 31 DECEMBER 2006

Trustees' responsibilities

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice applicable to smaller charities

Company and charity law applicable to charities in England and Wales 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 charity and of the surplus or deficit of the charity for that period. In preparing those financial statements the Trustees have

- selected suitable accounting policies and applied them consistently
- made judgements and estimates that are reasonable and prudent
- prepared the financial statements on the going concern basis (unless it is inappropriate to presume that the charity will continue in operation)

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

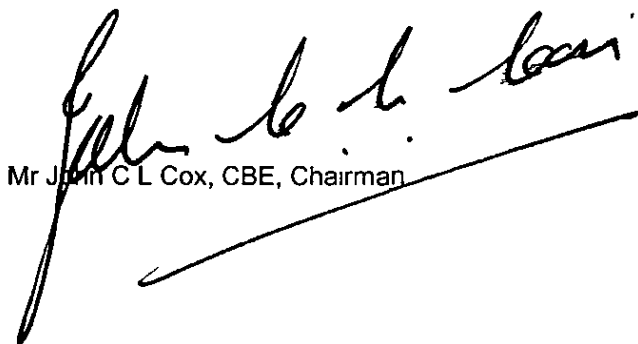
So far as each of the Trustees is aware at the time the report is approved

- there is no relevant audit information of which the charity's auditors are unaware, and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

Auditors

A resolution proposing that Lakin Rose Limited be re-appointed as auditors of the charity will be put to the Annual General Meeting

This report was approved by the trustees on 5/6/07 and signed on its behalf, by



Mr John C L Cox, CBE, Chairman

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

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

We have audited the financial statements of The UK Centre for Economic and Environmental Development for the year ended 31 December 2006 set out on pages 13 to 23. 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 2005).

This report is made solely to the charity'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 charity'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 charity and the charity's members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As described in the Statement of Trustees' Responsibilities the charity's Trustees (who also act as company directors of The UK Centre for Economic and Environmental Development) are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the charity 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 Trustees' remuneration and other transactions is not disclosed.

We are not required to consider whether any statement in the Trustees' Annual Report concerning the major risks to which the charity is exposed covers all existing risks and controls, or to form an opinion on the effectiveness of the charity's risk management and control procedures.

We read other information contained in the Trustees' Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Trustees' Annual Report and the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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.

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

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

OPINION

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to smaller charities, of the state of the charity's affairs as at 31 December 2006 and of its incoming resources and application of resources in the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Trustees' Report is consistent with the financial statements

Lakin Rose Limited

LAKIN ROSE LIMITED

Chartered Accountants
Registered Auditors

Pioneer House
Vision Park
Histon
Cambridge
CB24 9NL

Date *8 June 2007*

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

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account)
FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	Restricted Funds 2006 £	Unrestricted Funds 2006 £	Year ended 31 December 2006 £	9 months ended 31 December 2005 £
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income	2	-	21,050	21,050	14,750
Investment income	3	-	1,394	1,394	1,741
Incoming resources from charitable activities	4	685,896	-	685,896	307,405
TOTAL INCOMING RESOURCES		685,896	22,444	708,340	323,896
RESOURCES EXPENDED					
Charitable activities	5	669,733	16,136	685,869	372,835
Governance costs	7	-	8,860	8,860	7,970
TOTAL RESOURCES EXPENDED		669,733	24,996	694,729	380,805
MOVEMENT IN TOTAL FUNDS FOR THE YEAR - NET INCOME/(EXPENDITURE) FOR THE YEAR		16,163	(2,552)	13,611	(56,909)
<i>Total funds at 1 January 2006</i>		<i>87,873</i>	<i>16,659</i>	<i>104,532</i>	<i>161,441</i>
TOTAL FUNDS AT 31 DECEMBER 2006		£ 104,036	£ 14,107	£ 118,143	£ 104,532

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

The notes on pages 15 to 23 form part of these financial statements

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

BALANCE SHEET
AS AT 31 DECEMBER 2006

	Note	2006 £	2005 £
FIXED ASSETS			
Tangible fixed assets	10	17,736	11,859
CURRENT ASSETS			
Debtors	11	251,095	157,105
Cash at bank and in hand		60,224	98,904
		<u>311,319</u>	<u>256,009</u>
CREDITORS amounts falling due within one year	12	<u>(210,912)</u>	<u>(163,061)</u>
NET CURRENT ASSETS		<u>100,407</u>	<u>92,948</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>118,143</u>	<u>104,807</u>
CREDITORS amounts falling due after more than one year	13	<u>-</u>	<u>(275)</u>
NET ASSETS		<u><u>£ 118,143</u></u>	<u><u>£ 104,532</u></u>
CHARITY FUNDS			
Restricted funds	14	104,036	87,873
Unrestricted funds	14	14,107	16,659
		<u><u>£ 118,143</u></u>	<u><u>£ 104,532</u></u>

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

The financial statements were approved by the Trustees on 5/6/07 and signed on their behalf, by


Mr John C. Cox, CBE, Chairman

The notes on pages 15 to 23 form part of these financial statements

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

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

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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 the Financial Reporting Standard for Smaller Entities (effective January 2005). The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in March 2005, applicable accounting standards and the Companies Act 1985.

1.2 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.

1.3 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.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

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

1.4 Incoming resources

All incoming resources are included in the Statement of Financial Activities when the charity is legally 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 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.

1.5 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.

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

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

1 ACCOUNTING POLICIES (continued)

1 6 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)

1 7 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 bases

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

1 8 Leasing and hire purchase

Assets obtained under hire purchase 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 Statement of Financial Activities so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1 9 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 the prevailing market rate.

1 10 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.

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

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

2 VOLUNTARY INCOME

	Restricted Funds 2006 £	Unrestricted Funds 2006 £	Year ended 31 December 2006 £	9 months ended 31 December 2005 £
Donations from Trusts	£ -	£ 21,050	£ 21,050	£ 14,750

3. INVESTMENT INCOME

	Restricted Funds 2006 £	Unrestricted Funds 2006 £	Year ended 31 December 2006 £	9 months ended 31 December 2005 £
Interest receivable	£ -	£ 1,394	£ 1,394	£ 1,741

4 ACTIVITIES IN FURTHERANCE OF THE CHARITY'S OBJECTS

	Restricted Funds 2006 £	Unrestricted Funds 2006 £	Year ended 31 December 2006 £	9 months ended 31 December 2005 £
Environmental research projects	£ 685,896	£ -	£ 685,896	£ 307,405

5 EXPENDITURE BY CHARITABLE ACTIVITY

SUMMARY BY FUND TYPE

	Restricted Funds 2006 £	Unrestricted Funds 2006 £	Year ended 31 December 2006 £	9 months ended 31 December 2005 £
Environmental research projects	669,733	16,136	685,869	372,835
Governance	-	8,860	8,860	7,970
	£ 669,733	£ 24,996	£ 694,729	£ 380,805

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5 EXPENDITURE BY CHARITABLE ACTIVITY (continued)

SUMMARY BY EXPENDITURE TYPE

	Staff costs 2006 £	Depreciation 2006 £	Other costs 2006 £	Year ended 31 December 2006 £	9 months ended 31 December 2005 £
Environmental research projects	281,620	10,102	394,148	685,870	372,835
Governance	-	-	8,860	8,860	7,970
	<u>£ 281,620</u>	<u>£ 10,102</u>	<u>£ 403,008</u>	<u>£ 694,730</u>	<u>£ 380,805</u>

6. SUPPORT COSTS

Expenditure on Environmental research projects includes the following support costs

	Year ended 31 December 2006 £	9 months ended 31 December 2005 £
General office expenses	1,594	3,614
Interest payable	617	463
Printing and stationery	35,287	13,185
Rent	8,574	6,377
Repairs and maintenance	899	120
(Profit)/Loss on disposal of fixed assets	(84)	2,154
Rates and service charges	1,697	2,275
Telephone and fax	5,599	5,928
Bad debts	2,858	4,744
Bank charges	452	468
Insurances	6,430	4,329
Computer costs	15,558	10,835
Postage	3,031	688
Foreign exchange movements	281	(1,270)
Legal and professional fees	-	1,307
Depreciation	10,102	6,485
	<u>£ 92,895</u>	<u>£ 61,702</u>

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7 GOVERNANCE COSTS

	Restricted Funds 2006 £	Unrestricted Funds 2006 £	Year ended 31 December 2006 £	9 months ended 31 December 2005 £
Auditors' remuneration	-	4,750	4,750	4,500
Accountancy fees	-	2,700	2,700	1,000
Legal and professional fees	-	1,410	1,410	2,470
	£ -	£ 8,860	£ 8,860	£ 7,970

8 NET INCOME / (EXPENDITURE)

This is stated after charging

	Year ended 31 December 2006 £	9 months ended 31 December 2005 £
Depreciation of tangible fixed assets		
- owned by the charity	7,597	4,606
- held under finance leases	2,505	1,879
Auditors' remuneration	4,750	4,500

During the year, no Trustees received any emoluments (period ended 31 December 2005 - £NIL)

During the year, one Trustee received reimbursement of expenses amounting to £410 (period ended 31 December 2005 - £318)

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9. STAFF COSTS

Staff costs were as follows

Wages and salaries	255,932	174,763
Social security costs	25,688	12,674
	<u>£ 281,620</u>	<u>£ 187,437</u>

The average monthly number of during the year was as follows

	No	No
Environmental research projects	8	9
Administration	1	1
	<u>9</u>	<u>10</u>

The number of higher paid employees was

	No	No
In the band £50,001 - £60,000	1	0

10 TANGIBLE FIXED ASSETS

	Furniture, fittings and equipment £
Cost	
At 1 January 2006	56,704
Additions	16,703
Disposals	(998)
At 31 December 2006	<u>72,409</u>
Depreciation	
At 1 January 2006	44,845
Charge for the year	10,102
On disposals	(274)
At 31 December 2006	<u>54,673</u>
Net book value	
At 31 December 2006	<u>£ 17,736</u>
At 31 December 2005	<u>£ 11,859</u>

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10. TANGIBLE FIXED ASSETS (continued)

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

	2006 £	2005 £
Furniture, fittings and equipment	£ 702	£ 3,207

11 DEBTORS

	2006 £	2005 £
Trade debtors	170,121	149,539
Prepayments and accrued income	80,974	7,566
	<u>£ 251,095</u>	<u>£ 157,105</u>

**12 CREDITORS:
Amounts falling due within one year**

	2006 £	2005 £
Net obligations under finance leases and hire purchase contracts	275	2,530
Trade creditors	84,149	49,371
Social security and other taxes	35,403	37,310
Accruals and deferred income	91,085	73,850
	<u>£ 210,912</u>	<u>£ 163,061</u>

Deferred income of £58,633 (31 December 2005 - £51,096) represents funding received in advance, from various sources, for specific research projects undertaken by the charity

**13. CREDITORS:
Amounts falling due after more than one year**

	2006 £	2005 £
Net obligations under finance leases and hire purchase contracts	£ -	£ 275

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14 STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Carried Forward £
Unrestricted funds				
General fund	16,659	22,444	(24,996)	14,107
Restricted funds				
Environmental research projects	87,873	685,896	(669,733)	104,036
Total of funds	£ 104,532	£ 708,340	£ (694,729)	£ 118,143

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

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Carried Forward £
Unrestricted funds	16,659	22,444	(24,996)	14,107
Restricted funds	87,873	685,896	(669,733)	104,036
	£ 104,532	£ 708,340	£ (694,729)	£ 118,143

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted Funds 2006 £	Unrestricted Funds 2006 £	Year ended 31 December 2006 £	9 months ended 31 December 2005 £
Tangible fixed assets	2,241	15,495	17,736	11,859
Current assets	303,146	8,173	311,319	256,009
Creditors due within one year	(201,351)	(9,561)	(210,912)	(163,061)
Creditors due in more than one year	-	-	-	(275)
	£ 104,036	£ 14,107	£ 118,143	£ 104,532

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16. OPERATING LEASE COMMITMENTS

At 31 December 2006 the company had annual commitments under non-cancellable operating leases as follows

	2006 £	2005 £
Expiry date		
Between 2 and 5 years	11,144	11,144

17. TRUSTEE INDEMNITY INSURANCE

During the year, the charity paid £2,888 (9 months ended 31 December 2005 - £2,888) to provide indemnity insurance for the trustees