
THE U.K. CENTRE FOR ECONOMIC AND ENVIRONMENTAL DEVELOPMENT

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THE U.K. CENTRE FOR ECONOMIC AND ENVIRONMENTAL DEVELOPMENT

LEGAL AND ADMINISTRATIVE INFORMATION For the year ended 31 March 2005

Directors and Trustees Mr John C L Cox, CBE, Chairman
Mrs Elizabeth Anne Amos, MBE
Dr Bernard Bulkin, FRSC
Dr David Giachardi, FRSC
Miss Patricia Mann, OBE
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

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Priestgate House
3-7 Priestgate
Peterborough
PE1 1JN

Secretary Mr Jonathan Selwyn

Auditor Lakin Rose Limited
Chartered Accountants
Registered Auditor
Pioneer House
Vision Park
Histon
Cambridge
CB4 9NL

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

Executive Director Mr Jonathan Selwyn

THE U.K. CENTRE FOR ECONOMIC AND ENVIRONMENTAL DEVELOPMENT

DIRECTORS' AND TRUSTEES' REPORT

For the year ended 31 March 2005

The trustees, who are also directors of the charity for the purposes of the Companies Act, submit their annual report and the financial statements of The U.K. Centre for Economic and Environmental Development (the charity) for the year ended 31 March 2005. 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 October 2000.

Constitution policies and objectives

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

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 centre to be:

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

In delivering its vision, UK CEED aims to:

- Encourage business, government and individuals to incorporate ever higher environmental standards in their activities
- Evaluate and demonstrate the economic case for good environmental practice
- 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.

Organisational structure and decision making

The U.K. Centre for Economic and Environmental Development (UK CEED) is constituted as a company limited by guarantee and is governed by its Memorandum and Articles of Association. It is a registered charity.

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

Review of activities

UK CEED has experienced another successful year both in terms of project delivery and financial performance. Undoubtedly the highlight of this year's programme was the launch of UK CEED's first spin out initiative, the national Centre for Sustainable Engineering (CSEng). The new Centre works with companies and academic researchers to identify and bring to market technologies which can create 'step change' improvements in environmental performance. It seeks to exploit the opportunities offered by significant predicted growth in demand for many of these sustainable technologies, both in the UK and internationally.

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DIRECTORS' AND TRUSTEES' REPORT (continued) For the year ended 31 March 2005

The launch of CSEng represented the climax of an ambitious and challenging process which began some 18 months earlier when UK CEED first identified the opportunity to establish the Centre as part of its environmental enterprise activities. Over the intervening period, three feasibility studies were undertaken which ultimately led to £750,000 of seedcorn start up funding being secured and the appointment of a management team to establish and take the Centre forward.

In addition to the launch of CSEng, activities in all of the four business areas have continued to expand. Highlights include UK CEED beating off stiff competition to win a bid to pilot one of the Energy Saving Trust's new one-stop shops for consumers on sustainable energy, covering both the home and transport. The 'Energy Saving Trust Anglia Centre' will provide advice to consumers across Cambridgeshire, Norfolk and Suffolk and be a model for the roll out of such centres across the UK.

UK CEED completed two projects focusing on waste, a DTI-funded project on construction and demolition and an industry backed project focusing on electrical waste. The results from the former were disseminated at a series of national seminars aimed at helping construction companies manage their waste more effectively. UK CEED was also invited on overseas trade missions to South Korea and Abu Dhabi to share its expertise on these issues.

The Centre's development of an online sustainable development assessment toolkit for the East of England and East Midlands regions continued apace and in the coming year will be rolled out to a third region, the North West.

UK CEED's SustainIT initiative goes from strength to strength and is increasingly recognised as the primary source of independent expertise on the sustainable development dimensions of information and communications technologies. A number of reports were completed and gained nationwide media coverage, whilst the eWell-Being Awards celebrated their third year with the Guardian newspaper becoming its new national media partner.

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 Enterprise Programme

2.1 Although a national organisation, over the last 5 years UK CEED has had a particular focus on supporting the environmental goods and services (EGS) sector in the East of England region. The initial driver for this was our identification of Greater Peterborough's EGS sector as an emerging business cluster from which we devised Encluster as a support initiative for the sector. This was the first sub-regional EGS cluster to be identified and mapped in the UK and from this work UK CEED has developed considerable expertise in mapping the sector and developing support programmes for EGS sector companies.

2.2 Since the Encluster initiative was launched by Lord Sainsbury in 2002, UK CEED has attracted more than £1 million of inward investment to the sector in the form of funding for Encluster and various projects in energy, waste and sector skills all of which have involved and benefited cluster companies. The initiative has also helped create over 20 new jobs and attracted the city's first university-linked R&D centre. UK CEED's success with Encluster has led to the initiative gaining regional, national and European recognition.

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DIRECTORS' AND TRUSTEES' REPORT (continued) For the year ended 31 March 2005

2.3 UK CEED's mapping and sector support work has been rolled out across the region on the EEDA-funded Ecodirectory and Encapital projects. The former involved a detailed mapping of the EGS sector by sub sector and by geographical clusters and culminated in the creation of a searchable and easily updatable on line database of the 2500 EGS sector companies in the region. This is now being complemented by the development of a graphical user interface with the database overlaying mapping software.

2.4 The Encapital project focused on identifying the sector skills needs and barriers to growth through consultation with EGS companies, large and small. The project forms the base research for a new skills project for the region being developed by UK CEED under ESF co-financing.

2.5 UK CEED has launched Ecoeast, a magazine focusing on showcasing companies in the East of England's booming environmental goods and services (EGS) sector. Supported initially by the East of England Development Agency (EEDA), Ecoeast is published every two months.

2.6 UK CEED has continued to host the Regional International Trade Advisor for the EGS sector.

3 Low Carbon Programme

3.1 UK CEED's low carbon programme is primarily implemented through its Low Carbon Technology Partnership (LCTP). The Partnership was established with seedcorn support from the JJ Sainsbury Charitable and Mark Leonard Trusts and aims to support the concerted application of lower and zero carbon energy technologies and an enhanced programme of energy efficiency investments initially in the East of England region but now expanding nationwide.

3.2 A highlight of the year was a successful bid with LCTP's partners to establish one of three sustainable energy centres in the UK. The Energy Saving Trust Anglia Centre focuses on providing advice to consumers on energy efficiency, renewable energy and transport choice. It represents a pilot expansion of the national network of energy efficiency advice centres. UK CEED is the strategic lead for the new Centre and will be represented on the management board of the new Centre whilst Peterborough Environment City Trust will manage its day to day operations.

3.3 UK CEED has undertaken a number of other low carbon projects including a renewable energy options appraisal for a new low carbon commercial gateway development in Huntingdonshire for the District Council. A further project, funded by the Energy Saving Trust assessed the low and zero carbon opportunities as part of Peterborough city centre's significant regeneration plans.

3.4 UK CEED's project which installed roof-integrated photovoltaic cells on 14 homes, funded by the DTI, is currently in its monitoring phase. The houses have been occupied for over a year and the cells are generating around 30% of the occupiers electricity needs.

4 Resource Efficiency Programme

4.1 In addition to establishing the national Centre for Sustainable Engineering, UK CEED's Resource Efficiency programme successfully completed two major waste research projects.

4.2 The first focused on construction and demolition waste and was funded under the DTI Partners in Innovation. The project involved a number of private and public sector partners researching in detail the quantities, types and sources of construction and demolition waste arising from their activities. It also tested the most efficient and viable ways to divert significant tonnages from landfill, for reprocessing, remanufacturing and reuse, encourage local reprocessing.

4.3 The results of the project were disseminated at a national level through a series of well-attended regional workshops. The success of the project has led to UK CEED attracting funding from the Waste Resources Action Programme to establish a pilot waste facility to increase recycling rates from the sector.

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DIRECTORS' AND TRUSTEES' REPORT (continued) For the year ended 31 March 2005

4.4 The second waste project, carried out for Hewlett Packard, Sony, Braun and Electrolux, was designed to identify best practice options for collecting, processing and remanufacturing/recycling waste electrical items ahead of the implementation of the EU WEEE Directive. The project analysed what data can be generated and at what cost, and how the costs of processing and remanufacturing/recycling such activities may be most effectively allocated between different elements in the supply chain. It also looked at national markets for secondary materials and the role of social enterprise in such markets. The project was integrated with the development of the physical WEEE facility for which Peterborough City Council obtained £250k from DEFRA with UK CEED's assistance.

5 SustainIT

5.1 UK CEED's SustainIT initiative aims to identify, demonstrate and promote the role that information and communications technologies (ICT) can play in environmental and social improvement.

5.2 Last year saw the culmination of the third annual UK eWell Being Awards, the national award programme which seeks to recognise organisations whose use of ICT delivers environmental and social benefits. The programme was supported once again by BT and Vodafone who were joined as sponsors for the first time by Brother and the Guardian newspaper. Over 120 high quality entries for the Awards were received spanning six award categories. 21 projects were short-listed and case studies appeared in a special supplement of the Guardian. The awards ceremony took place at 30 St. Mary Axe ('the Gherkin') and attracted 120 guests, including government officials, leading ICT organisations and local authorities.

5.3 Following successful completion of the major EU-backed Sustel project, designed to assess the impacts of teleworking on travel patterns, worklife and productivity across Europe, the SustainIT programme has launched an 'ework partnership' initiative. The aim of the project is to bring together key players to develop an 'ework strategy' for Greater Peterborough to make the city a leader in systematic encouragement of ework within an urban area. It is envisaged that this approach will then be replicated across the East of England region.

5.4 The project also involves carrying out research to identify the current levels of flexible working practice and provision in regional and local authorities and the availability of outreach offices that could facilitate enhanced provision throughout the East of England.

5.5 SustainIT also carried out a research project for BT to evaluate the economic, environmental and social impacts of conferencing at BT. This followed up on a similar project undertaken in 2002 and attracted national press coverage.

5.6 UK CEED's online sustainability toolkit project continues to expand its reach. Initially developed for the East of England Regional Assembly and EEDA, it is designed to appraise plans and projects against sustainable development objectives and targets. The toolkit is also being developed to encompass its use as an integrated regional appraisal tool for the East Midlands Regional Assembly and regional sustainability appraisal for the North West Regional Assembly. To date the toolkit has been used by over a thousand individuals and organisations.

Future strategy

Over the coming year, UK CEED will continue seeking to engage constructively with FTSE 250 companies to understand their corporate responsibility and environmental management programmes and to identify where the Centre can add value to their activities.

UK CEED will continue to develop its Encluster project within Greater Peterborough and throughout the East of England region. The core sector support activity will continue with various related projects being developed. UK CEED will again seek to host the Regional International Trade Advisor activity and will develop further projects to support the sector at the regional level.

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DIRECTORS' AND TRUSTEES' REPORT (continued) For the year ended 31 March 2005

The main objectives for the year in the low carbon area will be to extend the range of pilot projects, particularly in conjunction with housebuilders and commercial developers and to offer the Centre's expertise in other regions. UK CEED will also continue to offer consultancy advice to local authorities to develop low carbon design briefs for new developments.

UK CEED will continue to provide the strategic lead for the Energy Saving Trust Anglia Centre in delivering energy efficiency, renewables and transport advice to consumers in the region in conjunction with its partners.

In the area of new technologies and resource efficient materials, UK CEED will seek to develop a number of joint research and dissemination projects with CSEng.

In the area of waste, UK CEED will develop its spin out pilot project from the successful DTI-funded construction and demolition waste project and a toolkit for house builders to improve their management of waste.

SustainIT's website and newsletter will remain a key focus for the promotion of good practice whilst the eWell-Being Awards will continue to enhance the Centre's reputation and result in the development of new funding partners.

There has been a particular focus on tele- and remote working and UK CEED is currently developing a regional ework partnership to take this work forward. The Centre will seek to spread this approach to other areas of the country with a particular focus on its links to green travel planning.

In the year ahead it is envisaged that the Centre's sustainability toolkit methodology will prove a valuable asset which can be spun out into other areas. UK CEED will also seek to develop an online tool for comparing the environmental performance of consumer products.

Financial review

The accounts for 2004/05 continue to show the progress that has been made in putting the Centre's finances on a more stable footing. The stability has been achieved both through continuing success in securing and delivering projects and also through a realignment in project costings.

The Centre has once again returned an increase in surplus, up from £30,166 in 2003/04 to £33,214 in 2004/05 representing a 10% improvement. This was despite a decline in income, from £609,736 to £569,408 over the same period. This drop was due in the main to completion of the large EU teleworking project in 2003/04 and its replacement with several smaller scale projects.

The increase in surplus therefore represented an improvement in the Centre's margin from 5% to 6%, achieved by an 8% reduction in costs from £579,570 in 2003/04 to £536,194 in 2004/05. Staff salaries accounted for £271,925 of this total (excluding employer's NI), up from £262,115 last year, although it should be noted that approximately £20,000 of this total was subsequently reclaimed from CSEng to cover a staff secondment.

At the close of the financial year, the Centre had £67,208 cash at bank, with outstanding debtors totalling £168,875. Of the latter, all but £8,295 was cleared in the weeks following the close of the financial year. Outstanding creditors totalled £91,670.

The Centre's net current assets amount to £161,441. This shows a continuing upward trend from £128,227 last year.

THE U.K. CENTRE FOR ECONOMIC AND ENVIRONMENTAL DEVELOPMENT

DIRECTORS' AND TRUSTEES' REPORT (continued) For the year ended 31 March 2005

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 (10% of the Centre's total funds) of unattributed funding (Dulverton Trust) with the balance of funds being generated through project activity.

The Centre's Board of Directors 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 also remaining competitive in the development of new project areas.

Risk management

The trustees continue to monitor the Centre's approach to risk management following a risk management review in 2002/03. The major risks identified and the approach to managing these risks is summarised in the table below:

Identified Risk	Comments	Management approaches
Significant uplift in lease upon renegotiation in 2004	UK CEED occupies a leased office within a modern three-floor office building in Peterborough. The lease rate and associated service charges were fixed for its five-year term which ended in December 2004. The lease has now been extended until December 2005 at a slightly increased level. It may be necessary to relocate in 2006 due to the Centre's continuing expansion.	Board process to be developed to identify suitable alternative premises whilst continuing negotiations with current landlords.
Key staff leaving	All permanent staff have employment contracts requiring 2 months notice of termination.	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 withdrawal of major project 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

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DIRECTORS' AND TRUSTEES' REPORT (continued) For the year ended 31 March 2005

These and the other less critical risks facing the Centre will be monitored regularly by the Board's Finance and General Purposes Committee and reviewed at each full Board meeting.

Directors' and trustees' responsibilities

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;
- stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on a going concern basis (unless it is inappropriate to presume that the charity will continue in operation).

The trustees have overall responsibility for ensuring that the charity has an appropriate system of controls, financial and otherwise. They are also responsible for keeping proper accounting records which 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.

This report was approved by the trustees on 13 September 2005 and signed on its behalf, by:



Mr John Cox, CBE, Chairman

THE U.K. CENTRE FOR ECONOMIC AND ENVIRONMENTAL DEVELOPMENT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE U.K. CENTRE FOR ECONOMIC AND ENVIRONMENTAL DEVELOPMENT

We have audited the financial statements of The U.K. Centre for Economic and Environmental Development for the year ended 31 March 2005 set out on pages 12 to 22. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002) under the historical cost convention and the accounting policies set out on pages 14 to 15.

This report is made solely to the 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 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 opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF THE TRUSTEES AND AUDITORS

As described in the Statement of Directors' and Trustees' Responsibilities the Directors and Trustees are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 and the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities", published in October 2000. We also report to you if, in our opinion, the Directors' and 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 Directors' and Trustees' remuneration and transactions with the charity is not disclosed.

We are not required to consider whether any statement in the Directors' and 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 Directors' and Trustees' Annual Report and consider whether it is consistent with the audited financial statements. 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 United Kingdom Auditing Standards 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 Directors and 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 U.K. CENTRE FOR ECONOMIC AND ENVIRONMENTAL DEVELOPMENT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE U.K. CENTRE FOR ECONOMIC AND ENVIRONMENTAL DEVELOPMENT

OPINION

In our opinion the financial statements give a true and fair view of the state of the charity's affairs as at 31 March 2005 and of the incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Lakin Rose Limited

Lakin Rose Limited /

Chartered Accountants
Registered Auditor

Pioneer House
Vision Park
Histon
Cambridge
CB4 9NL

13 September 2005

THE U.K. CENTRE FOR ECONOMIC AND ENVIRONMENTAL DEVELOPMENT

STATEMENT OF FINANCIAL ACTIVITIES (incorporating income and expenditure account) For the year ended 31 March 2005

	Note	Restricted Funds 2005 £	Unrestricted Funds 2005 £	Year ended 31 March 2005 £	Year ended 31 March 2004 £
INCOMING RESOURCES					
Donations, grants and similar incoming resources	2	-	20,570	20,570	22,318
Activities in furtherance of the charity's objects	3	547,243	-	547,243	586,747
Investment income	4	-	1,595	1,595	671
TOTAL INCOMING RESOURCES		547,243	22,165	569,408	609,736
RESOURCES EXPENDED					
<i>Charitable expenditure:</i>					
Costs of activities in furtherance of the charity's objects		438,532	-	438,532	505,251
Support costs for activities	6	41,961	31,550	73,511	69,745
Resources expended on managing and administering the charity	7	15,892	8,259	24,151	4,574
TOTAL RESOURCES EXPENDED	8	496,385	39,809	536,194	579,570
NET INCOMING/(OUTGOING) RESOURCES FOR THE YEAR	9	50,858	(17,644)	33,214	30,166
TOTAL FUNDS AT 1 APRIL 2004		102,445	25,782	128,227	98,061
TOTAL FUNDS AT 31 MARCH 2005		£ 153,303	£ 8,138	£ 161,441	£ 128,227

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

The notes on pages 14 to 22 form part of these financial statements.

THE U.K. CENTRE FOR ECONOMIC AND ENVIRONMENTAL DEVELOPMENT

BALANCE SHEET As at 31 March 2005

	Note	£	2005 £	£	2004 £
FIXED ASSETS					
Tangible fixed assets	11		19,200		12,242
CURRENT ASSETS					
Debtors	12	168,875		107,712	
Cash at bank and in hand		67,208		85,284	
			<u>236,083</u>	<u>192,996</u>	
CREDITORS: amounts falling due within one year	13	(91,670)		(77,011)	
			<u>144,413</u>		<u>115,985</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>163,613</u>		<u>128,227</u>
CREDITORS: amounts falling due after more than one year	14		(2,172)		-
NET ASSETS	16		<u>£ 161,441</u>		<u>£ 128,227</u>
CHARITY FUNDS					
Restricted Funds	15		153,303		102,445
Unrestricted - General Funds	15		8,138		25,782
			<u>£ 161,441</u>		<u>£ 128,227</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 June 2002).

The financial statements were approved by the directors and trustees on 13 September 2005 and signed on their behalf, by:

Mr John C. Cox, CBE, Chairman

The notes on pages 14 to 22 form part of these financial statements.

THE U.K. CENTRE FOR ECONOMIC AND ENVIRONMENTAL DEVELOPMENT

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

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 June 2002). The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in October 2000, 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 Directors' and 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.

Intangible income, which comprises donated services, is 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.

1.6 Cash flow

The financial statements do not include a cash flow statement because the charitable company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective June 2002).

THE U.K. CENTRE FOR ECONOMIC AND ENVIRONMENTAL DEVELOPMENT

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

1. ACCOUNTING POLICIES (continued)

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 company. 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 SOFA so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.9 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Statement of Financial Activities as incurred.

1.10 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 ruling on the date of the transaction. Exchange differences are taken into account in arriving at net incoming resources for the year.

2. DONATIONS, GRANTS AND SIMILAR INCOMING RESOURCES

	Restricted Funds 2005 £	Unrestricted Funds 2005 £	Year ended 31 March 2005 £	Year ended 31 March 2004 £
Trusts	£ -	£ 20,300	£ 20,300	£ 22,300
Other	£ -	£ 270	£ 270	£ 18
Donations, grants and similar incoming resources	£ -	£ 20,570	£ 20,570	£ 22,318

THE U.K. CENTRE FOR ECONOMIC AND ENVIRONMENTAL DEVELOPMENT

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

3. ACTIVITIES IN FURTHERANCE OF THE CHARITY'S OBJECTS

	Restricted Funds 2005 £	Unrestricted Funds 2005 £	Year ended 31 March 2005 £	Year ended 31 March 2004 £
Trusts	32,005	-	32,005	19,191
Government bodies	262,907	-	262,907	227,832
European funding	14,433	-	14,433	82,000
Public companies	148,292	-	148,292	156,447
Local authorities	75,177	-	75,177	93,767
Other	14,429	-	14,429	7,510
Total	£ 547,243	£ -	£ 547,243	£ 586,747

4. INVESTMENT INCOME

	Restricted Funds 2005 £	Unrestricted Funds 2005 £	Year ended 31 March 2005 £	Year ended 31 March 2004 £
Interest receivable	£ -	£ 1,595	£ 1,595	£ 671

5. COSTS OF ACTIVITIES IN FURTHERANCE OF THE CHARITY'S OBJECTS

	Restricted Funds 2005	Unrestricted Funds 2005	Year ended 31 March 2005 £	Year ended 31 March 2004 £
Project work:				
Staff salaries	271,925	-	271,925	262,115
Employers NI	19,503	-	19,503	22,372
Consultancy	110,456	-	110,456	176,006
Hotels and travel	19,448	-	19,448	26,207
Events and meetings	17,200	-	17,200	18,551
Total	£ 438,532	£ -	£ 438,532	£ 505,251

THE U.K. CENTRE FOR ECONOMIC AND ENVIRONMENTAL DEVELOPMENT

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2005

6. SUPPORT COSTS FOR ACTIVITIES

	Restricted Funds 2005 £	Unrestricted Funds 2005 £	Year ended 31 March 2005 £	Year ended 31 March 2004 £
Depreciation	3,370	5,476	8,846	14,322
Printing and stationery	16,054	3,759	19,813	21,321
Postage	2,184	1,011	3,195	2,775
Telephone and fax	5,078	2,358	7,436	6,699
Computer costs	12,086	3,151	15,237	4,199
General office expenses	-	1,476	1,476	3,260
Bank charges	118	640	758	1,026
Foreign exchange movements	-	(1,778)	(1,778)	3,178
Equipment leasing	-	-	-	310
Rent	1,500	6,064	7,564	5,087
Rates and service charges	-	2,562	2,562	725
Insurances	1,571	6,320	7,891	5,280
Repairs and maintenance	-	511	511	763
Bad debts	-	-	-	800
Total	£ 41,961	£ 31,550	£ 73,511	£ 69,745

7. RESOURCES EXPENDED ON MANAGING AND ADMINISTERING THE CHARITY

	Restricted Funds 2005 £	Unrestricted Funds 2005 £	Year ended 31 March 2005 £	Year ended 31 March 2004 £
Legal and professional fees	15,892	4,056	19,948	1,574
Auditors' remuneration	-	3,500	3,500	3,000
Interest payable	-	703	703	-
Total	£ 15,892	£ 8,259	£ 24,151	£ 4,574

THE U.K. CENTRE FOR ECONOMIC AND ENVIRONMENTAL DEVELOPMENT

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2005

8. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff Costs 2005 £	Depreciation 2005 £	Other Costs 2005 £	Year ended 31 March 2005 £	Year ended 31 March 2004 £
Research projects	291,428	-	147,104	438,532	505,251
Support costs for activities	-	8,846	64,665	73,511	69,745
Resources expended on managing and administering the charity	-	-	24,151	24,151	4,574
Total resources expended	<u>£ 291,428</u>	<u>£ 8,846</u>	<u>£ 235,920</u>	<u>£ 536,194</u>	<u>£ 579,570</u>

9. NET INCOMING (OUTGOING) RESOURCES

This is stated after charging:

	Year ended 31 March 2005 £	Year ended 31 March 2004 £
Depreciation of tangible fixed assets:		
- owned by the charity	8,846	14,322
Auditors' remuneration	3,500	3,000
	<u> </u>	<u> </u>

During the year, no Directors and Trustees received any emoluments or expenses (2004 - £NIL).

THE U.K. CENTRE FOR ECONOMIC AND ENVIRONMENTAL DEVELOPMENT

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

10. STAFF COSTS AND NUMBERS

Staff costs were as follows:

	Year ended 31 March 2005 £	Year ended 31 March 2004 £
Wages and salaries	271,925	262,115
Social security costs	19,503	22,372
	<u>£ 291,428</u>	<u>£ 284,487</u>

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

	No.	No.
Research projects	11	11
Administration	1	1
	<u>12</u>	<u>12</u>

No employee received remuneration amounting to more than £50,000 in either year.

THE U.K. CENTRE FOR ECONOMIC AND ENVIRONMENTAL DEVELOPMENT

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

11. TANGIBLE FIXED ASSETS

	Furniture, fittings and equipment £
Cost	
At 1 April 2004	61,163
Additions	15,804
Disposals	(1,594)
At 31 March 2005	<u>75,373</u>
Depreciation	
At 1 April 2004	48,921
Charge for the year	8,846
On disposals	(1,594)
At 31 March 2005	<u>56,173</u>
Net book value	
At 31 March 2005	£ <u>19,200</u>
At 31 March 2004	£ <u>12,242</u>

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

	2005 £	2004 £
Furniture, fittings and equipment	£ <u>5,086</u>	£ <u>-</u>

12. DEBTORS

	2005 £	2004 £
Due within one year		
Trade debtors	126,085	64,347
Other debtors	1,788	-
Prepayments and accrued income	41,002	43,365
	£ <u>168,875</u>	£ <u>107,712</u>

THE U.K. CENTRE FOR ECONOMIC AND ENVIRONMENTAL DEVELOPMENT

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2005

13. CREDITORS:
Amounts falling due within one year

	2005 £	2004 £
Net obligations under finance leases and hire purchase contracts	2,635	-
Trade creditors	18,406	22,239
Social security and other taxes	20,969	15,603
Accruals and deferred income	49,660	39,169
	<u>£ 91,670</u>	<u>£ 77,011</u>

Deferred income of £Nil (2004 - £18,595) represents funding for specific research projects undertaken by the charity, received in advance, from various sources.

14. CREDITORS:
Amounts falling due after more than one year

	2005 £	2004 £
Net obligations under finance leases and hire purchase contracts	<u>£ 2,172</u>	<u>£ -</u>

15. STATEMENT OF FUNDS

	Brought Forward £	Incoming Resources £	Resources Expended £	Carried Forward £
UNRESTRICTED FUNDS				
General fund	<u>25,782</u>	<u>22,165</u>	<u>39,809</u>	<u>8,138</u>
RESTRICTED FUNDS				
Research projects	<u>102,445</u>	<u>547,243</u>	<u>496,385</u>	<u>153,303</u>
Total of Funds	<u>£ 128,227</u>	<u>£ 569,408</u>	<u>£ 536,194</u>	<u>£ 161,441</u>

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

THE U.K. CENTRE FOR ECONOMIC AND ENVIRONMENTAL DEVELOPMENT

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2005

13. STATEMENT OF FUNDS AND SUMMARY (continued)

SUMMARY OF FUNDS

	Brought Forward £	Incoming Resources £	Resources Expended £	Carried Forward £
General Funds	25,782	22,165	39,809	8,138
Restricted Funds	102,445	547,243	496,385	153,303
Total of Funds	<u>£ 128,227</u>	<u>£ 569,408</u>	<u>£ 536,194</u>	<u>£ 161,441</u>

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted Funds 2005 £	Unrestricted Funds 2005 £	Year ended 31 March 2005 £	Year ended 31 March 2004 £
Tangible fixed assets	10,844	8,356	19,200	12,242
Current assets	207,944	28,139	236,083	192,996
Creditors due within one year	(63,313)	(28,357)	(91,670)	(77,011)
Creditors due in more than one year	(2,172)	-	(2,172)	-
Total	<u>£ 153,303</u>	<u>£ 8,138</u>	<u>£ 161,441</u>	<u>£ 128,227</u>

17. OPERATING LEASE COMMITMENTS

At 31 March 2005 the company had annual commitments under non-cancellable operating leases as follows:

	2005 £	2004 £
Expiry date:		
Between 2 and 5 years	<u>2,088</u>	<u>5,087</u>

18. CAPITAL COMMITMENTS

At 31 March 2005 the company had capital commitments as follows:

	2005 £	2004 £
Contracted for but not provided in these financial statements	<u>£ -</u>	<u>£ 7,591</u>

19. TRUSTEE INDEMNITY INSURANCE

During the year, the charity paid £3,281 (2004 - £3,213) to provide indemnity insurance for the trustees.