

Company Number: 1811707

Charity Number: 289469

**THE U.K. CENTRE FOR ECONOMIC AND ENVIRONMENTAL
DEVELOPMENT**

DIRECTORS' AND TRUSTEES' REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 MARCH 1998**



LAKIN ROSE
CHARTERED ACCOUNTANTS

Contents

	Page
Legal and Administrative Information	
Directors' and Trustees' Report	1 - 3
Auditors' Report	4
Statement of Financial Activities	5
Balance Sheet	6
Notes to the Financial Statements	7 - 11

Legal and Administrative Information

Company Number	1811707
Charity Number	289469
Registered Office	Suite E 3 King's Parade Cambridge CB2 1SJ
Directors and Trustees	Sir Michael Colman Professor Sir Kenneth Alexander The Lord Barber of Tewkesbury (resigned 15 April 1998) Professor Sir Hermann Bondi FRS Sir Anthony Cleaver Professor P S Dasgupta Professor John Durant Ms Noriko Hama Mr J N C James (resigned 29 December 1997) The Rt Hon the Lord Jenkin of Roding Mr Robert Jordan Miss Patricia Mann Professor Richard Macve Professor Sir Colin Spedding The Lord Tombs Mr John Cox
Executive Director	D Cope (resigned 1 May 1998) J Winward (appointed 1 May 1998)
Secretary	Sir Michael Colman
Auditors	Lakin Rose Enterprise House Vision Park Histon Cambridge CB4 4ZR
Bankers	National Westminster Bank plc 36 St James's Street London SW1A 1JF

DIRECTORS' AND TRUSTEES' REPORT
For the year ended 31 March 1998

The directors and trustees present their report and the financial statements for the year ended 31 March 1998.

Organisation and structure

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.

Objects and aims

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.

Review of activities

The year has seen the completion of a number of projects, the production of several publications and the securing of funding for an unprecedented range of new projects. That this activity has taken place against the background of significant restructuring and continuing financial uncertainties is a compliment to the dedication and hard work of the staff past and present.

At the beginning of the financial year, David Cope, the Centre's Executive Director for the last 12 years, left UK CEED to take up a one-year sabbatical as a Professor of Energy Economics at Doshisha University in Japan. John Winward, previously a Senior Research Associate of the Centre, was appointed as Acting Director on a part-time basis, with Jonathan Selwyn, the Centre's Projects Manager, being promoted to Deputy Director. Catherine Saunders was promoted to Marine Projects Manager and Sam Richardson joined the staff as Project Officer.

In the event, upon his return to the UK in April 1998, David Cope took up a new appointment as Director of the Parliamentary Office for Science and Technology and the above staffing arrangements continued into 1998/99.

The Centre continued to receive core funding from the Department of the Environment, Transport and the Regions, under the Environmental Action Fund, and from the Dulverton Trust.

A number of projects were completed during the year including:

- British Telecommunications: Information and Communications Technology: Implications for Sustainable Development.
- The Automobile Association: The Cost-effectiveness of CO2 Reduction Measures in the Transport Sector.
- British Airways/British Airways Holidays: An Assessment of the Environmental Impacts of Tourism in St. Lucia.
- British Marine Industries Federation/Department of the Environment, Transport and the Regions/the RSPB/Varity Perkins: Navigate with Nature: Encouraging the Responsible Use of Boats and Other Craft in Inland and Marine Environments.
- European Union DG XI: ECOMAC: Evaluating Environmental Accounting Practice Across Europe.
- Office of Science and Technology Realising Our Potential Award: Managing the Flow of Corporate Environmental Information.
- Energy Savings Trust: Evaluating Innovative Mechanisms for Promoting the Sale of Energy Efficient Appliances.

Reports have been produced for all of these projects.

DIRECTORS' AND TRUSTEES' REPORT
For the year ended 31 March 1998

During the year, the Centre bid for 17 new projects. 11 of these bids have been successful and these projects will form the main activities of the Centre in the year 1998/99.

The main new projects are:

- European Union Information Society Project Office/British Telecom: Local Authorities & their Role in Information and Communications Technologies (Jan 1998 - June 1999).
- The Office of Science and Technology/The Natural Environmental Research Council/NIREX: Consensus
- Conference on Radioactive Waste Management (June 1998 - June 1999).
- European Union LIFE-Environment and the UK Countryside Agencies: An Assessment of the Impacts of Recreational Activities on Marine Special Areas of Conservation (April 1998 - Dec. 1998).
- British Marine Industries Federation/Department of the Environment, Transport and the Regions/the RSPB/Varity Perkins: Navigate with Nature: Encouraging the Responsible Use of Boats and Other Craft in Inland and Marine Environments (April 1998 - Mar 2001).
- European Interreg Project Office: Extension of Navigate with Nature to Wales and Ireland.
- The Automobile Association: The Environmental Implications of a Tele-working Pilot Project.
- European Union DG XI: AIRMAS: Examining the Feasibility of Extending EMAS to European Airports.

The Centre continues to produce the widely respected quarterly Bulletin and has secured new sponsorship from English, Welsh and Scottish Railways to complement the long-standing support from Esso UK plc.

The Centre's core funding from the Department of the Environment, Transport and the Regions under the Environmental Action Fund and from the Dulverton Trust has been confirmed for 1998/99.

Financial review

In the year ended March 1998, the Centre's finances showed a year-end deficit of £24,155. This reflected a long-term trend of losses on operating activities. Steps have now been taken to ensure that the costs of operating activities are fully covered by project and core funds. Improvements to the Centre's management accounting systems have also been put in place to help keep tight control of costs and work-schedules.

As a result of these new policies, the outlook for the next financial year is more promising than it has been for many years. A range of new, fully funded projects have already been secured (see above) and several more project proposals are being worked up. It is forecast that a small surplus will be achieved in this period.

Statement of trustees' responsibilities

The trustees are required by law to prepare financial statements for each financial year which give a true and fair view of the financial activities of the charity and of its financial position at the end of that year. 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;
- state whether the policies adopted are in accordance with the Companies Act 1985 and with applicable accounting standards and statements of recommended practice, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS' AND TRUSTEES' REPORT
For the year ended 31 March 1998

Directors and Trustees

The directors and trustees who served during the year are shown on the Legal and Administrative Information page attached to this report.

Auditors

The auditors, Lakin Rose, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

Small company exemptions

The directors' and trustees' annual report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the Board of Directors and Trustees on 26. 1. 99 and signed on its behalf.



Sir Michael Colman
Trustee

AUDITORS' REPORT TO THE MEMBERS OF THE U.K. CENTRE FOR ECONOMIC AND ENVIRONMENTAL DEVELOPMENT

We have audited the financial statements on pages 5 to 11 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of trustees and auditors

As described on page 2 the trustees of The U.K. Centre for Economic and Environmental Development who are also the directors of the charity for the purposes of company law are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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 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 of the charity's state of affairs as at 31 March 1998 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

Lakin Rose,

Lakin Rose

Chartered Accountants
Registered Auditor

Enterprise House
Vision Park
Histon
Cambridge
CB4 4ZR

Date: *29 January 1999*

STATEMENT OF FINANCIAL ACTIVITIES
For the year ended 31 March 1998

	Note	Restricted funds £	Unrestricted funds £	Total 1998 £	Total 1997 £
SUMMARY INCOME AND EXPENDITURE ACCOUNT					
INCOMING RESOURCES					
Donations and grants		13,750	46,330	60,080	57,080
add: income deferred from prior year		7,500	-	7,500	7,500
less: income deferred to next year		(8,750)	-	(8,750)	(7,500)
	2	12,500	46,330	58,830	57,080
Research projects funding	2	108,232	-	108,232	126,123
Publications		-	2,002	2,002	261
Interest receivable		-	831	831	1,055
Work in progress		-	-	-	(4,000)
Total incoming resources	2	120,732	49,163	169,895	180,519
RESOURCES EXPENDED					
Direct charitable expenditure	5	(94,981)	(60,015)	(154,996)	(159,517)
Management and administration	5	(23,898)	(15,156)	(39,054)	(17,724)
Total resources expended	5	(118,879)	(75,171)	(194,050)	(177,241)
NET (OUTGOING)/INCOMING RESOURCES BEFORE TRANSFERS		1,853	(26,008)	(24,155)	3,278
Transfer from revaluation reserve	9	-	1,555	1,555	777
NET (OUTGOING)/INCOMING RESOURCES FOR THE YEAR		1,853	(24,453)	(22,600)	4,055
FUNDS BROUGHT FORWARD		7,171	38,169	45,340	41,285
FUNDS CARRIED FORWARD		£ 9,024	£ 13,716	£ 22,740	£ 45,340


The notes on pages 7 to 11 form part of these financial statements.

BALANCE SHEET
As at 31 March 1998

	Note	£	1998 £	£	1997 £
FIXED ASSETS					
Tangible assets	6		10,644		11,046
CURRENT ASSETS					
Debtors	7	32,917		62,148	
Cash at bank and in hand		7,689		48,914	
		<u>40,606</u>		<u>111,062</u>	
CREDITORS: amounts falling due within one year	8	<u>(28,510)</u>		<u>(75,213)</u>	
NET CURRENT ASSETS			<u>12,096</u>		<u>35,849</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>£ 22,740</u>		<u>£ 46,895</u>
CAPITAL					
Revaluation reserve	9		-		1,555
Restricted funds	11		9,024		7,171
Unrestricted funds			<u>13,716</u>		<u>38,169</u>
			<u>£ 22,740</u>		<u>£ 46,895</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.

The financial statements were approved by the Board of Directors and Trustees on 26.1.99 and signed on its behalf


Sir Michael Colman Trustee

The notes on pages 7 to 11 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 1998

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities under the historical cost convention, and in accordance with the Statement of Recommended Practice "Accounting by Charities", and include the results of the charity's operations which are described in the Directors' and Trustees' Report and all of which are continuing.

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 Financial Reporting Standard No. 1.

1.2 Incoming resources

Voluntary income and donations are accounted for as received by the charity. Grants and project funding, where received for a specified period or future purpose, are shown as incoming resources and deferred to such future periods to which the income relates. Where the charity receives funding in kind rather than in cash this is accounted for as income and expenditure in the Statement of Financial Activities.

1.3 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 equipment	-	25%	reducing balance
-------------------------	---	-----	------------------

1.4 Operating leases

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

1.5 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.

1.6 Management and administration costs

Administration expenditure includes all expenditure not directly related to charitable activities. Where items of expenditure include both charitable and administrative elements the trustees have apportioned the expenditure using a suitable basis.

2. INCOMING RESOURCES

All of the charity's incoming resources arose within the United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 1998

3. NET (OUTGOING)/INCOMING RESOURCES

Net (outgoing)/incoming resources for the year is stated after charging/(crediting):

	Total	<i>Total</i>
	1998	<i>1997</i>
	£	<i>£</i>
Depreciation of tangible fixed assets		
- owned by the charity	3,548	<i>3,757</i>
Audit fees	2,250	<i>1,400</i>
Operating lease rentals		
- land and buildings	14,138	<i>14,138</i>
Foreign exchange differences	(1)	<i>-</i>
	<u></u>	<u><i></i></u>

4. EMPLOYEE INFORMATION

No director or trustee received any emoluments in the year (1997 - £Nil). No expenses were reimbursed to them.

No employee earned £40,000 per annum or more.

The average number of employees (excluding directors and trustees), analysed by function was :

	1998	<i>1997</i>
	No.	<i>No.</i>
Research projects	3	<i>3</i>
Publications	1	<i>1</i>
Administration	1	<i>1</i>
	<u>5</u>	<u><i>5</i></u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 1998

5. TOTAL RESOURCES EXPENDED

	Direct charitable expenditure	Management and administration	Total	Total
	1998	1998	1998	1997
	£	£	£	£
Project work				
Staff salaries	69,871	19,497	89,368	85,102
Consultancy	30,045	-	30,045	30,318
Hotels and travel	11,870	-	11,870	10,294
Publicity and promotion	12,000	-	12,000	-
	<u>123,786</u>	<u>19,497</u>	<u>143,283</u>	<u>125,714</u>
Publications				
Books and publications	687	1,602	2,289	1,792
Printing and stationery	5,539	2,374	7,913	8,242
Postage	756	756	1,512	670
	<u>6,982</u>	<u>4,732</u>	<u>11,714</u>	<u>10,704</u>
General office costs				
Entertainment	-	984	984	-
Office supplies	571	571	1,142	538
Printing and stationery	3,692	1,583	5,275	5,493
Postage	756	756	1,512	670
Telephone and fax	2,222	2,222	4,444	4,153
Conferences	-	-	-	2,852
General office expenses	-	20	20	656
Subscriptions and courses	114	1,019	1,133	534
Legal and professional	-	30	30	30
Audit remuneration	-	2,250	2,250	1,400
Bank charges	-	422	422	325
Difference on foreign exchange	-	(1)	(1)	-
Project petty cash	401	-	401	1,350
Depreciation	2,484	1,064	3,548	3,757
Rent	11,028	3,110	14,138	14,138
Rates and service charges	773	178	951	910
Light and heat	979	276	1,255	1,049
Cleaning	855	241	1,096	2,092
Insurances	353	100	453	876
	<u>24,228</u>	<u>14,825</u>	<u>39,053</u>	<u>40,823</u>
Total expenditure	<u>£ 154,996</u>	<u>£ 39,054</u>	<u>£ 194,050</u>	<u>£ 177,241</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 1998

6. TANGIBLE FIXED ASSETS

	Furniture and equipment £
Cost	
At 1 April 1997	53,297
Additions	3,146
At 31 March 1998	56,443
Depreciation	
At 1 April 1997	42,251
Charge for year	3,548
At 31 March 1998	45,799
Net Book Value	
At 31 March 1998	£ 10,644
At 31 March 1997	£ 11,046

7. DEBTORS

	1998 £	1997 £
Due within one year		
Trade debtors	23,124	58,403
Other debtors	6,258	-
Prepayments	3,535	3,745
	£ 32,917	£ 62,148

8. CREDITORS:
Amounts falling due within one year

	1998 £	1997 £
Trade creditors	-	22,509
Other creditors	2,674	9,151
Accruals and deferred income	25,836	43,553
	£ 28,510	£ 75,213

Included within other creditors is an amount of £2,674 (1997 - £9,151) relating to social security and other taxes.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 1998

9. RESERVES

	£
Revaluation Reserve	
At 1 April 1997	1,555
Transfer to Income and Expenditure account	(1,555)
	<u> </u>
At 31 March 1998	£ -
	<u> </u>

10. OTHER COMMITMENTS

At 31 March 1998 the company had annual commitments under non-cancellable operating leases as follows:

	1998 £	1997 £
Expiry date:		
Between 2 and 5 years	14,138	14,138
	<u> </u>	<u> </u>

11. RESTRICTED FUNDS

The restricted funds are represented by working capital balances and result from various sources of funding for specific research projects undertaken by the charity, together with funding for the charity's quarterly bulletin.

12. ANALYSIS OF FUNDS BETWEEN NET ASSETS

	Unrestricted funds £	Project funds £	Bulletin funds £	Total funds £
Tangible fixed assets	10,644	-	-	10,644
Net current assets	3,072	7,024	2,000	12,096
	<u>£ 13,716</u>	<u>£ 7,024</u>	<u>£ 2,000</u>	<u>£ 22,740</u>