



Environmental Trust Scheme Regulatory
Body Limited

Company Limited by Guarantee

FINANCIAL STATEMENTS

for the year ended

31 March 2011

Environmental Trust Scheme Regulatory Body Limited

Company Limited by Guarantee

DIRECTORS' REPORT

DIRECTORS

Mr P H Smith (Chairman)
Mr C J Welford (Chief Executive)
Mr J King
Mrs L Clinton
Mr W L Lifford

COMPANY SECRETARY

Mr C J Welford

REGISTERED OFFICE

60 Holly Walk
Royal Leamington Spa
Warwickshire
CV32 4JE

EXTERNAL AUDITORS

RSM Tenon Audit Limited
Charterhouse
Legge Street
Birmingham
B4 7EU

PRINCIPAL BANKERS

Barclays Bank Plc
17 St Ann's Square
Manchester
M1 5ER

SOLICITORS

Pannone & Partners
123 Deansgate
Manchester M3 2BU

Environmental Trust Scheme Regulatory Body Limited

Company Limited by Guarantee

DIRECTORS' REPORT

The Directors submit their report and financial statements of Environmental Trust Scheme Regulatory Body Limited (ENTRUST) for the year ended 31 March 2011.

PRINCIPAL ACTIVITIES

The principal activity of the Company is the regulation of Environmental Bodies (EBs) within the Landfill Communities Fund (LCF).

BUSINESS REVIEW

Environmental Trust Scheme Regulatory Body Limited (ENTRUST) is a non-profit making company limited by guarantee, and was set up solely for the purpose of becoming the Regulator of the Landfill Tax Credit Scheme renamed the Landfill Communities Fund (LCF) in October 2006. H.M. Revenue and Customs (HMRC) approved it for this purpose in October 1996. ENTRUST's purpose is to enrol and monitor the operations of the Environmental Bodies (EBs), under the Landfill Tax Regulations 1996 (Regulations), and subsequent amendments. To ensure that we regulate the LCF to an appropriate standard, performance is monitored by HMRC through the Terms of Approval (TOA), under which we are appointed as Regulator of the Fund.

During the year ended 31 March 2011, we have concentrated in particular on improvements to the regulation of the LCF and the performance of ENTRUST. This focus has enabled us to achieve all of the Key Performance Indicators and Management Targets for 2010-2011, as set out in our 2010 – 2013 Corporate Plan.

The facilities offered by our Leamington Spa offices have enabled us to provide more cost effective training facilities to help EBs increase their compliance with the LCF regulations and the overall operation of the LCF. We have also developed on-line training facilities that enable us to widen access to high quality training and support without increasing the administrative burden and cost to EBs of attending training events.

In April 2011, we implemented a much improved IT infrastructure that has increased network resilience and provided an improved system for EB users to submit statutory information on-line. It has enhanced the security and long term sustainability of the network and is expected to deliver considerable operational cost savings.

Our income is derived from two sources:

- The one-off application fee paid by organisations applying for approval to enter the scheme; and
- From a levy on the monies received by EBs from Landfill Operators (LOs). The levy increased to 2.4% from 2.27% in April 2010, which was attributable to a one off payment of £ 130,000, agreed with HMRC to replenish our general reserve for exceptional legal expenditure incurred in 2009/2010.

In carrying out our regulatory functions our work is open to legal challenge and as a private company, we must carry sufficient reserves to fund the defence of any such legal action.

ENVIRONMENTAL STATEMENT

We are committed to reducing our impact on the environment by improving the management of our operations through implementing a sustainable programme. To achieve this we:

- Use recycled paper in the production of corporate documents and utilise paper produced from renewable sources;
- Have introduced on-line training facilities, reducing the need for delegates to travel and impacting on the carbon footprint of both ENTRUST and EBs;
- Have utilised e-technology to minimise the need to distribute paper documents;
- Continue to promote recycling of waste materials wherever possible;

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DIRECTORS' REPORT

- Ensure, where possible, that no products are purchased which contain ozone-depleting substances; and
- Where possible re-cycle assets, including donating surplus IT equipment to charities.

LIKELY FUTURE DEVELOPMENTS

We will consult closely with HMRC to consider changes to the regulation of the LCF.

As part of our Terms of Agreement with HMRC we have included a new funding mechanism procedure that will take into account variations in actual levy income generated through contributions and ensure that any shortfalls or excess in income is adjusted in future periods.

In the next financial year we will continue to seek reductions in our operational costs.

We will also aim to increase the use of our Leamington Spa facilities by EBs and other stakeholder groups, and offer wider access to LCF information and training materials to enhance knowledge about the LCF and improve compliance with its regulations.

Finally, over the next twelve months, we will undertake a full review of our corporate website, consulting with EBs to determine how and in what way we can improve this key communications and educational facility.

FINANCIAL RESULTS

The trading results for the year and the Company's financial position at the end of the year are shown in the attached financial statements.

We incurred an operating deficit before exceptional items of £11,163 (2010: deficit £3,417). This translated into a surplus on ordinary activities before exceptional items of £6,215 (2010: surplus £24,778).

We received exceptional income during the year of £130,000 (2010: Nil). This was to provide a one-off reimbursement of our reserves, agreed with HMRC, in respect of exceptional legal costs incurred during 2009/2010 relating to an EB that went into administration.

Administration fees are invoiced to EBs when they receive contributions from LOs, and in many cases contributions are used to fund projects with a life span exceeding one year. A deferred income provision is maintained by the Company in order to allow income to be deferred to later periods to cover the costs associated with the regulation of these projects.

Turnover relates to income received through applications fees to enrol as EBs and deferred income released over the average life of an LCF project, currently two years.

Cash income is received from a levy on contributions provided by LOs directly to EBs. The levy rate for 2010/2011, set by HMRC was 2.4%, based on a total resource requirement for the year of £1.676m and a forecast level of contributions of £69.7m.

The actual level of contributions received by EBs in the year was £71.4m, and the amount of cash income received through the levy as a result of the higher than forecast level of contributions was £38,000 more than our resource requirement (2010: £30,000 less than our resource requirement). The surplus cash income will be offset against our 2012/2013 resource requirement.

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DIRECTORS' REPORT

DIRECTORS

The Directors who served the Company during the year were as follows:

Mr P H Smith (Chairman)
Mr C J Welford (Chief Executive)
Mr J King
Mrs L Clinton
Mr W L Lifford

No Directors held any interest in the Company.

BOARD COMMITTEES

Audit Committee

The Audit Committee advises the Board on the strategic processes for risk management, control and governance, the organisation and supervision of the internal and external auditors' activities and the adequacy of management's responses to audit issues. The Committee also recommends to the Board the approval of the annual financial statements. The Committee met five times during the year. Committee membership comprises Mr W L Lifford (Chairman), Mrs L Clinton, Mr P H Smith and Mr J King.

HR and Remuneration Committee

The HR and Remuneration Committee is responsible for reviewing staff terms and conditions, and considering proposals for salary reviews. The Committee is also responsible for reviewing proposed changes in personnel and human resources policies and procedures. The Committee met five times during the year. Committee membership comprises Mr J King (Chairman), Mrs L Clinton, Mr P H Smith and Mr W L Lifford.

Corporate Governance

The Board has adopted a set of governance policies that are appropriate for the relationships it has with its key stakeholders. These policies are relevant to the nature of the Company's work and the role it plays in the effective working of the LCF. Appropriate processes have been put in place to cover the role of the Board and the Board's Committees, the provision of information to Directors and the identification of the key risks the Company has to manage.

Although not required to comply with the provisions of the UK Corporate Governance Code, the Board believes that this sets out the principles by which the Board would like to be measured in terms of its performance.

RISK MANAGEMENT

During the period the Directors continued to review the fundamental risks that we have to manage and risk management is a standing item at each Audit Committee meeting. The work undertaken through the review of our strategic risks undertaken by both the Board and Senior Management Team resulted in the Company amending its Strategic Risk Register in response to the changing economic climate and other issues identified during the year.

The Company is exposed to some level of credit risk, liquidity risk and cash flow risk. The Company manages these risks by financing its operations through agreed funding and retained reserves to fund expansion or capital expenditure programmes.

The management objectives are to retain sufficient liquid funds to enable it to meet its day to day requirements.

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DIRECTORS' REPORT

The Company makes little use of financial instruments other than an operational bank account and so its exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit or loss of the company.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

The Directors in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. The Directors have confirmed that they have taken all the steps that they ought to have taken as Directors in order to make them aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITORS

A resolution to appoint RSM Tenon Audit Limited will be put to the Board.

By order of the Board.



C J Welford

Company Secretary

13 July 2011

Environmental Trust Scheme Regulatory Body Limited Company Limited by Guarantee

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the surplus or deficit of the company for that period. In preparing these financial statements, the Directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent; and
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report to the Members of Environmental Trust Scheme Regularity Body Limited (Registration number: 3221000)

We have audited the financial statements of Environmental Trust Scheme Regularity Limited for the year ended 31 March 2011 on pages 9 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's Report to the Members of Environmental Trust Scheme Regulatory Body Limited (Registration Number: 3221000)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

MCrooks
RSM Tenon Audit Limited
Melanie Crooks, Senior Statutory Auditor
For and on behalf of

RSM Tenon Audit Limited
Statutory Auditor
Charterhouse
Legge Street
Birmingham
B4 7EU

Date: *25/7/11*

Environmental Trust Scheme Regulatory Body Limited
 Company Limited by Guarantee
 INCOME AND EXPENDITURE ACCOUNT
 for the year ended 31 March 2011

	<i>Notes</i>	2011 £	2010 £
TURNOVER:			
Ordinary activities		1,541,647	1,548,759
Exceptional items	2a.	130,000	0
	1	1,671,647	1,548,759
ADMINISTRATIVE EXPENSES:			
Exceptional items	2a.	0	(253,074)
Other administrative expenses		(1,552,810)	(1,552,176)
Total administrative expenses		(1,552,810)	(1,805,250)
Operating deficit before exceptional items		(11,163)	(3,417)
OPERATING SURPLUS/(DEFICIT)	2b.	118,837	(256,491)
Interest receivable and similar income		21,998	18,095
Profit/ (Loss) on disposal of fixed assets		0	13,900
SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES BEFORE TAXATION		140,835	(224,496)
Taxation	5	(4,620)	(3,800)
Surplus arising from ordinary activities before exceptional items		6,215	24,778
Surplus/(Deficit) arising from exceptional items	2a.	130,000	(253,074)
SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES AFTER TAXATION		136,215	(228,296)

The operating surplus for the year arises from the Company's continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Income and Expenditure Account.

Environmental Trust Scheme Regulatory Body Limited
 (Registration Number: 3221000)
 Company Limited by Guarantee
 BALANCE SHEET
 for the year ended 31 March 2011

	Notes	2011 £	2010 £
FIXED ASSETS			
Tangible assets	6	171,818	42,194
Investments	8	2	2
		<u>171,820</u>	<u>42,196</u>
CURRENT ASSETS			
Debtors	9	83,942	77,560
Cash in hand and bank	10	2,278,423	2,190,485
		<u>2,362,365</u>	<u>2,268,045</u>
CREDITORS: Amounts falling due within one year			
Other creditors	11	282,394	256,826
Deferred income	12	1,130,043	1,077,850
		<u>1,412,437</u>	<u>1,334,676</u>
NET CURRENT ASSETS			
		<u>949,928</u>	<u>933,369</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>1,121,748</u>	<u>975,565</u>
CREDITORS: Amounts falling due over one year			
Deferred income	12	357,130	347,162
		<u>764,618</u>	<u>628,403</u>
RESERVES			
Income and expenditure account	16	764,618	628,403
MEMBERS' FUNDS			
		<u>764,618</u>	<u>628,403</u>

These financial statements were approved by the Directors and authorised for issue on and are signed on their behalf by:



Mr P H Smith
Chairman

13 July 2011



Mr C J Welford
Company Secretary

Environmental Trust Scheme Regulatory Body Limited

Company Limited by Guarantee

CASH FLOW STATEMENT

for the year ended 31 March 2011

	<i>Notes</i>	2011 £	2010 £
Net cash in/(out)flow from operating activities	17a	220,282	(187,376)
Returns on investments and servicing of finance	17b	21,998	18,095
Taxation	17b	(3,800)	(18,921)
Capital expenditure and financial investment	17b	(150,542)	11,267
		<hr/> 87,938	<hr/> (176,935)
CASH INFLOW/(OUTFLOW) BEFORE USE OF LIQUID RESOURCES AND FINANCING			
MANAGEMENT OF LIQUID RESOURCES			
Cash withdrawn/(placed in) from short term deposits		0	(500,000)
		<hr/> 0	<hr/> (500,000)
NET CASH INFLOW/(OUTFLOW) FROM MANAGEMENT OF LIQUID RESOURCES			
		<hr/> 87,938	<hr/> (676,935)
INCREASE/(DECREASE) IN CASH IN THE PERIOD			
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
Increase/(Decrease) in cash in the period	17c	87,938	(676,935)
Cash used to decrease/(increase) liquid resources		0	500,000
		<hr/> 87,938	<hr/> (176,935)
CHANGE IN NET FUNDS			
NET FUNDS AT 1 APRIL		2,190,485	2,367,420
		<hr/> 2,278,423	<hr/> 2,190,485
NET FUNDS AT 31 MARCH			

Environmental Trust Scheme Regulatory Body Limited Company Limited by Guarantee

ACCOUNTING POLICIES

for the year ended 31 March 2011

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention.

TURNOVER AND INCOME RECOGNITION

All income received through the levy charged on contributions provided for the administration and regulation of projects under the Landfill Communities Fund (LCF) is recognised over the estimated life of a project, currently 24 months. Income relating to future periods is classed as deferred.

Income received through the levy for non-administration or regulation purposes is released in the year to which it relates.

FIXED ASSETS

All fixed assets are initially recorded at cost.

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

DEPRECIATION

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset from the date the asset is brought into use. The depreciation rates used are as follows:

Asset Type	Depreciation period
Fixture, fittings and furniture	Five Years
Information technology and communications equipment	Three Years
Software licences covering more than one year	Three Years
Internally generated assets	Five Years

ASSETS UNDER CONSTRUCTION

Capital asset expenditure is to be capitalised and included within tangible fixed assets as assets in the course of construction. Depreciation of such assets will commence when the assets are in a position for their intended use within the business. Expenditure incurred on software development is capitalised as incurred due to parts of the system being delivered in a functional format to an agreed time and payment schedule.

FIXED ASSET INVESTMENTS

Fixed asset investments are stated at historical cost less any permanent diminution in value.

OPERATING LEASE AGREEMENTS

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against income on a straight-line basis over the period of the lease.

Environmental Trust Scheme Regulatory Body Limited Company Limited by Guarantee

ACCOUNTING POLICIES

for the year ended 31 March 2011

PENSION COSTS

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company.

The Company also has a designated stakeholder pension scheme into which it makes a contribution of 1% of an annual salary for any employee who establishes an individual pension plan. The assets of the scheme are held separately from those of the Company.

The annual contributions payable are charged to the income and expenditure account.

LIQUID RESOURCES

The Company makes use of short-term bank treasury deposits, which have a maturity period of between one and twelve months.

Environmental Trust Scheme Regulatory Body Limited Company Limited by Guarantee

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2011

1. TURNOVER

All turnover arises in the UK and is attributable to activity relating to the regulation of the Landfill Communities Fund. Turnover is released from deferred income and relates to the following:

	2011	2010
	£	£
Regulatory Activities	1,525,712	1,448,759
Replenishment of legal costs	130,000	0
EOL Development	15,935	100,000
	<u>1,671,647</u>	<u>1,548,759</u>
Turnover	<u>1,671,647</u>	<u>1,548,759</u>

Exceptional turnover of £130,000 is in respect of a reimbursement of legal costs incurred in 2009/2010, arising from a case relating to an EB in administration, and has been treated as a one-off replenishment of reserves, as agreed with HMRC as part of the 2010/2011 resource requirement.

Turnover relating to ordinary activities includes an amount of £15,935 released from deferred income to fund expenditure incurred as a result of developing ENTRUST On Line.

2. OPERATING DEFICIT

Operating deficit is stated after (crediting)/charging:

a. Exceptional items:

	2011	2010
	£	£
Total expenditure on relocation	0	66,333
Total expenditure on reorganisation	0	69,138
Total expenditure on EB in Administration	0	117,603
	<u>0</u>	<u>253,074</u>
Turnover – reimbursement of legal costs, treated as a replenishment of reserves	<u>130,000</u>	-
	<u>130,000</u>	<u>253,074</u>

b. Auditor's remuneration and operating lease payments:

	2011	2010
	£	£
External auditor's remuneration:	10,200	9,998
Operating lease payments:		
land and buildings	79,452	78,048
plant and equipment	15,960	12,542
motor vehicles	0	1,143
	<u>79,452</u>	<u>78,048</u>

Environmental Trust Scheme Regulatory Body Limited

Company Limited by Guarantee

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2011

3. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2011	2010
	No	No
Administrative staff	24	24
Management staff	2	2
Directors	5	5
	<u>31</u>	<u>31</u>

The aggregate payroll costs of the above were:

	2011	2010
	£	£
Wages and salaries	975,234	1,070,879
Social security costs	94,280	100,695
Other pension costs	16,179	24,133
	<u>1,085,693</u>	<u>1,195,707</u>

Payroll costs include the cost of using temporary staff during the year of £22,524 (2010: £50,291). There were no payments made, relating to employees, to third parties in the year (2010: Nil).

4. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2011	2010
	£	£
Emoluments receivable	189,521	179,755
Directors' pension contributions	13,800	20,700
	<u>203,321</u>	<u>200,455</u>

During the year the number of directors who were accruing benefits under company pension schemes, was as follows:

	2011	2010
	£	£
	Number	Number
Money Purchase	<u>1</u>	<u>1</u>

Environmental Trust Scheme Regulatory Body Limited
 Company Limited by Guarantee
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 31 March 2011

5. TAXATION ON ORDINARY ACTIVITIES

	2011 £	2010 £
Current tax:		
UK Corporation tax at 21% based on the results for the year	<u>4,620</u>	<u>3,800</u>

Corporation tax is only chargeable on income arising from bank and cash balances. For this reason the tax assessed on the surplus on ordinary activities is not relevant to the Corporation Tax calculation of 21%.

6. TANGIBLE FIXED ASSETS

	Fixtures & Fittings £	Computer Equipment £	Assets Under Construction £	Total £
Cost:				
At 01 April 2010	98,772	230,718	0	329,490
Additions	0	46,040	104,500	150,540
Disposals	0	0	0	0
At 31 March 2011	<u>98,772</u>	<u>276,758</u>	<u>104,500</u>	<u>480,030</u>
Depreciation:				
At 01 April 2010	(68,394)	(218,901)	(0)	(287,295)
Charge for the year	(8,473)	(12,444)	(0)	(20,917)
Disposals	0	0	0	0
At 31 March 2011	<u>(76,867)</u>	<u>(231,345)</u>	<u>(0)</u>	<u>(308,212)</u>
Net Book Value:				
At 31 March 2011	<u>21,905</u>	<u>45,413</u>	<u>104,500</u>	<u>171,818</u>
At 31 March 2010	<u>30,378</u>	<u>11,817</u>	<u>0</u>	<u>42,195</u>

7. FIXED ASSET UNDER CONSTRUCTION

Fixed asset under construction relates entirely to the cost of development of the ENTRUST On Line system which became operational on 01 April 2011.

Environmental Trust Scheme Regulatory Body Limited Company Limited by Guarantee

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2011

8. INVESTMENTS

	Unlisted Investments £
Cost	
At 01 April 2010 and 31 March 2011	<u>2</u>
Net book value	
At 31 March 2011	<u>2</u>
At 31 March 2010	<u>2</u>

The unlisted investment is in a wholly-owned subsidiary, ENTRUST Limited, a dormant company.

9. DEBTORS

	2011 £	2010 £
Trade debtors	60,863	49,797
Other debtors	0	1
Prepayments and accrued income	23,079	27,762
	<u>83,942</u>	<u>77,560</u>

10. CASH IN HAND AND BANK

Cash held at Bank at the end of the financial year includes an amount provided through the levy on contributions in 2009 and 2010 to fund the development of ENTRUST ON-Line. As at 31 March 2011 cash totalling £95,268 was held to fund outstanding costs related to the development of ENTRUST ON-Line.

11. CREDITORS

	2011 £	2010 £
Trade creditors	18,016	25,469
Corporation tax	4,620	3,800
Other taxation and social security	77,510	61,662
Other creditors	4,585	4,585
Accruals	177,662	161,310
	<u>282,393</u>	<u>256,826</u>

12. DEFERRED INCOME

	2011 £	2010 £
Amounts falling due within one year – Regulatory Activities	1,045,977	977,850
Amounts falling due within one year – ENTRUST On-Line	84,065	100,000
Total amounts falling due within one year	<u>1,130,042</u>	<u>1,077,850</u>
Amounts falling due over one year	357,130	347,162
	<u>1,487,172</u>	<u>1,425,012</u>

Environmental Trust Scheme Regulatory Body Limited Company Limited by Guarantee

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2011

Administration fees receivable have been deferred over periods in which the costs of inspection and verification are anticipated to be incurred. The balance of administration fees deemed to be related in future periods have been carried forward as deferred income.

Income has also been provided through the levy on contributions in 2009 and 2010, to provide resources to fund the development of EOL (see Note 17). The amount held as at 31 March 2011 to fund expenditure to be charged in future periods totals £84,065

13. PENSIONS

The Company operates a defined contribution pension scheme, administered by AVIVA and has designated a stakeholder pension scheme operated by Standard Life. The assets of these schemes are administered by trustees in a fund independent from those of the Company.

The pension cost charged for the year represents contributions payable by the Company to the schemes of £17,363 (2010: £24,133). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

14. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2011, the Company had annual commitments under non-cancellable operating leases as set out below.

	2011		2010	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Operating leases which expire:				
Within 1 year	-	0	-	3,938
Within 2 to 5 years	<u>88,125</u>	<u>6,368</u>	<u>79,313</u>	<u>9,598</u>
	<u>88,125</u>	<u>6,368</u>	<u>79,313</u>	<u>13,536</u>

15. COMPANY LIMITED BY GUARANTEE

The liability of each of the guarantors in the event of winding up is limited to £1.

16. RESERVES

	2011 £	2010 £
At 1 April	628,403	856,699
Surplus/(Deficit) from operations after tax	<u>136,215</u>	<u>(228,296)</u>
At 31 March	<u>764,618</u>	<u>628,403</u>

The company has built up a general reserve through its operations, which is available to be used to meet exceptional non-operational expenditure and fund its liabilities and remain solvent in accordance with the TOA. There are a number of areas where general reserves could be specifically utilised, if required, such as costs relating to legal and judicial reviews.

Environmental Trust Scheme Regulatory Body Limited Company Limited by Guarantee

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2011

17. CASH FLOWS

a Reconciliation of operating deficit to net cash outflow from operating activities

	2011	2010
	£	£
Operating Surplus/(Deficit)	118,837	(256,491)
Depreciation	20,918	28,776
(Increase)/decrease in debtors	(6,382)	(40,857)
Increase in creditors	(23,805)	2,640
Increase in deferred income	62,161	63,001
Increase in provisions	48,553	15,555
	<u>220,282</u>	<u>(187,376)</u>

b Analysis of cash flows for headings netted in the cash flow

Returns on investment and servicing of finance

	2011	2010
	£	£
Interest receivable	21,998	18,095
Net cash inflow from returns on investments and servicing of finance	<u>21,998</u>	<u>18,095</u>

Taxation

	2011	2010
	£	£
Taxation	<u>(3,800)</u>	<u>(18,921)</u>

Capital expenditure

	2011	2010
	£	£
Payments to acquire tangible fixed assets	(46,042)	(2,633)
Asset under construction (ENTRUST On-Line)	(104,500)	0
Receipts from the sale of fixed assets	0	13,900
Net cash inflow/(outflow) from capital expenditure	<u>(150,542)</u>	<u>11,267</u>

c Analysis of net funds

	At 1 April 2010	Cash flows	At 31 March 2010
Cash in hand and at bank	2,190,485	87,938	2,278,423
Less: Deposits treated as liquid resources	<u>(2,000,000)</u>	0	<u>(2,000,000)</u>
	190,485	87,938	278,423
Deposits included in cash	2,000,000	0	2,000,000
Total	<u>2,190,485</u>	<u>87,938</u>	<u>2,278,423</u>

Environmental Trust Scheme Regulatory Body Limited Company Limited by Guarantee

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2011

18. OTHER COMMITMENTS

The Company has been provided with resources through the levy, in both the 2009 and 2010 financial years, to fund the development of EOL (see Notes 7 and 12). The resources held for this purpose have been used to fund the development of the system and associated infrastructure during the year.

As at 31 March 2011, costs incurred on the development of the system and associated IT infrastructure totalled £105,000 with expenditure totalling £57,000 due to be incurred in 2011/2012.

ENTRUST On-Line was brought into operation on 01 April 2011 and therefore the development cost of the system, totalling £104,500 has been treated as assets under construction within fixed assets up to the end of this reporting period.

The following pages do not form part of the statutory financial statements which are the subject of the independent auditor's report on page 8 and 9.

Environmental Trust Scheme Regulatory Body Limited
Company Limited by Guarantee
DETAILED INCOME AND EXPENDITURE ACCOUNT
for the year ended 31 March 2011

	2011 £	2010 £
TURNOVER	1,671,647	1,548,759
OVERHEADS		
Administrative expenses	(1,552,810)	(1,552,176)
Exceptional Item	0	(253,074)
Operating Surplus/(Deficit) before exceptional items	118,837	(3,417)
OPERATING SURPLUS/(DEFICIT)	118,837	(256,491)
Interest receivable and similar income	21,998	18,095
Profit/(loss) on fixed assets	0	13,900
Surplus on ordinary activities before taxation and exceptional items	140,835	28,578
Surplus/(Deficit) on exceptional items	0	(253,074)
SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES BEFORE TAXATION	140,835	(224,496)

Environmental Trust Scheme Regulatory Body Limited

Company Limited by Guarantee

NOTES TO THE DETAILED INCOME AND EXPENDITURE ACCOUNT
for the year ended 31 March 2011

	2011 £			2010 £		
	Ordinary Activities	Exceptional Item	Total	Ordinary Activities	Exceptional Item	Total
ADMINISTRATIVE EXPENSES						
Personnel costs						
Directors salaries	182,252	0	182,252	167,755	-	167,755
Wages and salaries	792,983	0	792,983	815,534	87,590	903,124
Staff national insurance contributions	94,280	0	94,280	100,009	686	100,695
Staff pension contributions	16,179	0	16,179	24,133	-	24,133
	<u>1,085,693</u>	<u>0</u>	<u>1,085,693</u>	<u>1,107,431</u>	<u>88,276</u>	<u>1,195,707</u>
Establishment expenses						
Rent, rates and water	107,308	0	107,308	107,509	-	107,509
Light and heat	6,876	0	6,876	11,957	-	11,957
Insurance	14,481	0	14,481	18,346	-	18,346
Repairs and maintenance (cost of moving offices)	16,579	0	16,579	12,916	8,178	21,094
	<u>145,244</u>	<u>0</u>	<u>145,244</u>	<u>150,728</u>	<u>8,178</u>	<u>158,906</u>
General Expenses						
Travelling expenses	65,910	0	65,910	61,364	11,489	72,853
Telephone	23,142	0	23,142	29,959	-	29,959
Computer costs	57,732	0	57,732	56,992	-	56,992
Software development	2,077	0	2,077	1,242	-	1,242
Communications	10,367	0	10,367	8,272	-	8,272
Hire of equipment	6,082	0	6,082	6,266	-	6,266
Stationery and postage	22,445	0	22,445	19,593	-	19,593
Staff training	18,635	0	18,635	13,555	-	13,555
Recruitment costs	13,558	0	13,558	5,258	10,005	15,263
EB - financial verification	559	0	559	462	-	462
Legal and professional fees	64,537	0	63,893	40,491	135,126	175,617
Internal audit fees	3,443	0	3,443	9,996	-	9,996
Auditor's remuneration	10,200	0	10,844	9,998	-	9,998
Depreciation	20,917	0	20,917	28,776	-	28,776
	<u>319,603</u>	<u>0</u>	<u>319,603</u>	<u>292,224</u>	<u>156,620</u>	<u>448,844</u>
Financial Costs						
Bank charges	2,270	0	2,270	1,793	-	1,793
	<u>2,270</u>	<u>0</u>	<u>2,270</u>	<u>1,793</u>	<u>-</u>	<u>1,793</u>
	<u>1,552,810</u>	<u>0</u>	<u>1,552,810</u>	<u>1,552,176</u>	<u>253,074</u>	<u>1,805,250</u>
INTEREST RECEIVABLE AND SIMILAR INCOME						
Sale of asset	0	0	0	13,900	-	13,900
Bank interest received	21,998	0	21,998	18,095	-	18,095
	<u>21,998</u>	<u>0</u>	<u>21,998</u>	<u>31,995</u>	<u>-</u>	<u>31,995</u>