



**Environmental Trust Scheme
Regulatory Body Limited**

Company Limited by Guarantee

**Financial Statements for the year ended
31 March 2014**

Directors' Report

Directors

Dr P H Smith (Chairman)
Mr C J Welford (Chief Executive)
Mrs L Clinton
Mr W L Lifford
Dr A Limb OBE
Mrs A East

Company Secretary

Mr C J Welford

Registered office

60 Holly Walk
Royal Leamington Spa
Warwickshire
CV32 4JE

External Auditors

Crowe Clark Whitehill LLP
Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

Principal Bankers

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

Legal Advisors

BandHattonButton
25 Warwick Road
Coventry
CV1 2EZ

Directors' Report

The Directors submit their report and financial statements of Environmental Trust Scheme Regulatory Body Limited (ENTRUST) for the year ended 31 March 2014.

Principal Activities

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

Business Review

ENTRUST is a non-profit making Company limited by guarantee and was set up for the purpose of becoming the Regulator of the Landfill Tax Credit Scheme (LTCS), renamed the 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 activities of EBs to facilitate their compliance with the Landfill Tax Regulations 1996 (Regulations). To ensure that the LCF is regulated to appropriate standards, ENTRUST's performance is monitored by HMRC through a Terms of Approval (TOA), which ran for three years until 31 March 2014 and which has been renewed for a further three year period.

The income that we require to fund our operations is provided through two sources:

- A one-off application fee of £100, paid by organisations applying for approval to enter the scheme to cover the cost of administering their application; and
- From a levy paid by EBs which is reviewed and agreed with HMRC each year based on a forecast of qualifying contributions to be paid directly from Landfill Operators (LOs) to EBs.

To ensure that we are not penalised by or benefit from shortfall's and surpluses in the amount of levy we receive, due to fluctuations in the level of qualifying contributions paid to EBs, we have agreed a mechanism with HMRC to adjust for such variations in future resource bids to HMRC.

Due to a significant change in the payment profile of qualifying contributions made to a large EB during 2013/2014, our income from the levy was £58,000 lower than funding requirement, HMRC approved. To ensure we are funded at an appropriate level, we have increased our 2014/2015 resource bid by £12,000 to offset part of the shortfall and the remaining £46,000 will be adjusted as part of our 2015/2016 bid.

At the start of 2013/2014, we reviewed our organisational structure, resulting in changes to several staff positions and the implementation of these changes has significantly contributed to the reported surplus for the year.

Directors' Report

We did not deliver all of the Key Performance Indicators (KPIs) set out in 2013-2016 Corporate Plan. However, having carefully reviewed the reasons why some targets were not achieved, we have implemented changes to our monitoring and control framework to mitigate the risk of not delivering KPI's in the future.

During the year we also renegotiated a number of key contracts with suppliers, which resulted in a number of reductions in our operating budget and these were incorporated into our 2014/2015 budget.

The Board recognises that in undertaking our regulatory functions, we carry a risk that our work may be open to legal challenge, although our risk management and governance framework aims to mitigate this exposure. However, the Board has considered it prudent that we have sufficient level reserve in place to fund any legal challenges.

Our general reserves have therefore been allocated by the Board to provide for:

- The cost of winding up the Company;
- The early termination of the lease on our offices in Leamington Spa; and
- Legal provision.

Environmental Statement

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

- Use paper from renewable sources in the production of corporate documents and for other Company purposes;
- Hold on-line training sessions where appropriate, reducing the need for delegates to travel and impacting on the carbon footprint of both ENTRUST and EBs;
- Utilised e-technology to minimise the need to distribute paper documents;
- Promote recycling of waste materials wherever possible;
- Ensure, where possible, that no products are purchased which contain ozone-depleting substances;
- Have made available to all staff a Cycle to Work scheme; and
- Where possible re-cycle assets, including donating surplus IT equipment to charities.

Likely Future Developments

After submitting our 2014/2015 resource requirement to HMRC in December 2013, we were advised by them in March 2014, that our funding requirement was to be reduced by 5%.

We therefore identified a number of areas where we reduced and adjusted our provisional budget expenditure to meet this shortfall in our funding.

Directors' Report

As we get closer to the closure of the LCF in Scotland from April 2015, we are committed to working with HMRC to implement the closure framework that we submitted to them in November 2013.

Linked to the closure in Scotland we have also been informed that the devolution of Landfill Tax to the Welsh Government is planned for 2018 and the UK scheme will come to an end in Wales and as a result we will begin to develop a plan for the closedown transition period.

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 are reporting an operating surplus before interest and taxation of £22,805 (2013: £35,447) and a surplus on ordinary activities after interest and taxation of £34,199 (2013: £55,507).

We invoice EBs for levy payments when they receive and notify us of contributions that have been paid directly to them from LOs. In many cases contributions are used to fund projects with a life span exceeding one year and therefore, we defer our levy income over the average time taken by EBs to commit and spend contributions on projects, currently 24 months, and ensure that income is released from the provision held to match expenditure incurred on the regulatory operations of the Company.

Turnover recorded in the year relates to levy income released from our deferred income provision, from application fees received from organisations seeking approval to enter the fund as an EB and other miscellaneous sources.

The actual level of qualifying contributions received by EBs in the year was £68.8m (2013: £75.7m) and was £2.85m lower than the amount required to meet our operational expenditure requirement due to a significant change in the contribution payments to a large EB explained in page 2. The shortfall in levy will be recovered through the agreed mechanism as part of our future resource requirement submissions to HMRC.

The shortfall in levy has also impacted on the level of deferred income we hold to fund the closure of the scheme across the UK, should the Government make that decision. The lower level of income has reduced the amount we hold for this purpose to £1.326m at the year-end (2013: £1.404m), which we estimate is less than we would require to undertake closure activity for a period of one year.

Directors' Report

Directors

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

Dr P H Smith (Chairman)

Mr C J Welford (Chief Executive)

Mrs L Clinton

Mrs A East

Mr W L Lifford

Dr A Limb OBE

No Directors held any interest in the Company.

Board Committees

Audit Committee

The Committee advises the Board on the strategic processes for risk management, control and governance, the organisation and supervision of the external auditors' activities and the adequacy of management's responses to recommendations arising from our quality assurance reviews. The Committee also recommends to the Board the approval of the annual financial statements. The Committee met four times during the year. Committee membership comprises Mr W L Lifford (Chairman), Mrs L Clinton and Dr P H Smith.

Human Resources and Remuneration Committee

The 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 four times during the year. Committee membership comprises Dr A Limb OBE (Chairman), Mrs A East and Dr P H Smith.

General Purposes Committee

The Committee meets as and when required and met three times during the last financial year. The Committee comprises all of the Company's Board members.

Corporate Governance

The Board has adopted a set of governance policies that are appropriate for the relationships it has with its key stakeholders and these were reviewed and as part of the annual formal review procedure, this was submitted to the Audit Committee for approval in December 2013. 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.

Directors' Report

There are a number of Board changes to report. Dr P H Smith retires in July, having served as a Director for twelve years, which include seven years as Board Chairman. Lorraine Clinton also retires in July, having served for six years. Their Board colleagues thank them both for their significant contributions to ENTRUST.

Dr A Limb OBE becomes Chairman in July and J McCracken and J Carlton have been appointed to the Board.

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 and to demonstrate this the Board and each Committee produce a report on their performance and compliance with the Corporate Governance Framework, which is presented to the Board meeting held in June each year.

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. Risk management is also discussed at the full Board meeting as part of its review of our operational activities.

The work undertaken through the review of our strategic risks by both the Board and Senior Management Team (SMT) resulted in the Company amending its Strategic Risk Register (SRR) in response to the changing economic and operational environment and other issues identified during the year.

The Company is exposed to some level of credit risk, liquidity risk and cash flow risk and management objectives are to retain sufficient liquid funds to enable it to meet our day to day requirements and provide funds to audit out the fund should the Government choose to close the LCF.

The Company makes limited use of financial instruments other than an operational bank account and so its exposure to price risk and liquidity risk is not material for the assessment of the assets, liabilities, financial position and profit or loss of the Company and we spread the risk of financial loss through the use of various banking counterparties

By order of the Board.



C J Welford
Company Secretary
18 June 2014

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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent; and
- 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with 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.

In so far as the Directors are, individually, aware:

- There is no relevant audit information of which the Company's Auditor is unaware; and
- The Directors have taken all steps that they need to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

We have audited the financial statements of Environmental Trust Scheme Regulatory Body Limited for the year ended 31 March 2014, set out on pages 10 to 20. 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 shareholders, 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 shareholders 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 shareholders 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, 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 the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2014 and of its profit 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.



RD Darlaston, Senior Statutory Auditor
For and on behalf of

Crowe Clark Whitehill LLP
Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

Date: 20 June 2014 .

Environmental Trust Scheme Regulatory Body Limited
Company Limited by Guarantee

Income and Expenditure Account for the year ended 31 March 2014

| | Notes | 2014 £ | 2013 £ |
|--|-------|---------------------------|--------------------|
| Turnover | 1 | 1,473,317 | 1,540,783 |
| Administrative Expenses | | <u>(1,450,512)</u> | <u>(1,505,336)</u> |
| Operating Surplus | | 22,805 | 35,447 |
| Interest receivable and similar income | | 14,242 | 24,979 |
| Profit on disposal of fixed assets | | 0 | 77 |
| | | <hr/> | <hr/> |
| Surplus on ordinary activities before taxation | | 37,047 | 60,503 |
| Taxation | | (2,848) | (4,996) |
| | | <hr/> | <hr/> |
| Surplus on ordinary activities after taxation | | <u>34,199</u> | <u>55,507</u> |

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 2014

| | Notes | 2014 £ | 2013 £ |
|---|-------|------------------|-----------|
| Fixed assets | | | |
| Tangible assets | 6 | 80,945 | 87,583 |
| Investments | 7 | 2 | 2 |
| | | 80,947 | 87,585 |
| Current assets | | | |
| Debtors | 8 | 32,021 | 42,114 |
| Cash in hand and bank | | 2,227,158 | 2,238,266 |
| | | 2,259,179 | 2,280,380 |
| Creditors: Amounts falling due within one year | | | |
| Other creditors | 9 | 115,019 | 99,041 |
| Deferred income | 10 | 1,021,213 | 1,067,857 |
| | | 1,136,232 | 1,166,898 |
| Net current assets | | 1,122,947 | 1,113,482 |
| Total assets less current liabilities | | 1,203,894 | 1,201,067 |
| Creditors: Amounts falling due over one year | | | |
| Deferred income | 10 | 304,437 | 335,809 |
| | | 899,457 | 865,258 |
| Reserves | | | |
| Income and expenditure account | 14 | 899,457 | 865,258 |
| Members' funds | | 899,457 | 865,258 |

These financial statements were approved by the Directors and authorised for issue on 18 June 2014, and are signed on their behalf by:



Dr P H Smith
Chairman



Mr C J Welford
Company Secretary

Cashflow Statement as at 31 March 2014

| | <i>Notes</i> | 2014 £ | 2013 £ |
|--|--------------|------------------|------------------|
| Net cash in/(out)flow from operating activities | 15a | 16,072 | 74,873 |
| Returns on investments and servicing of finance | 15b | 14,242 | 24,979 |
| Taxation | 15b | (4,996) | (4,053) |
| Capital expenditure and financial investment | 15b | (36,426) | (4,778) |
| | | <hr/> | <hr/> |
| Cash inflow/(outflow) before use of liquid resources and financing | | (11,108) | 91,021 |
| Management of liquid resources | | | |
| Cash withdrawn/(placed in) from short term deposits | | 0 | 0 |
| | | <hr/> | <hr/> |
| Net cash inflow/(outflow) from management of liquid resources | | 0 | 0 |
| | | <hr/> | <hr/> |
| Increase/(decrease) in cash in the period | | (11,108) | 91,021 |
| | | <hr/> <hr/> | <hr/> <hr/> |
| Reconciliation of net cash flow to movement in net funds | | | |
| Increase/(decrease) in cash in the period | 15c | (11,108) | 91,021 |
| Cash used to decrease/(increase) liquid resources | | 0 | 0 |
| | | <hr/> | <hr/> |
| Change in net funds | | (11,108) | 91,021 |
| Net funds at 1 April 2013 | | 2,238,266 | 2,147,245 |
| | | <hr/> | <hr/> |
| Net funds at 31 March 2014 | | 2,227,158 | 2,238,266 |
| | | <hr/> <hr/> | <hr/> <hr/> |

Accounting Policies

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 average life of a project, from the receipt of contributions by EBs to project completion, which we estimate to be 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.

Consolidation

The company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided by Section 398 of the Companies Act 2006 not to prepare group accounts.

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 straight line |
| Information technology and communications equipment | Three years straight line |
| Software licences covering more than one year | Three years straight line |
| Internally generated software, EOL | Five years straight line |

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.

Accounting Policies

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.

Pension Costs

The Company has a designated stakeholder pension scheme into which it makes a contribution 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.

The staging date for ENTRUST in respect of changes introduced through the Pensions Act 2010 is 01 October 2015.

Liquid Resources

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

Notes to the Financial Statements for the year ended 31 March 2014

1. Turnover

All turnover arises in the UK and is attributable to activity relating to the regulation of the Landfill Communities Fund. Turnover includes income deferred and released to fund regulatory activity, application fees and other miscellaneous income:

| | 2014 | 2013 |
|--|------------------|------------------|
| | £ | £ |
| Regulatory Activities | 1,447,825 | 1,473,229 |
| Website/EOL Development - Depreciation | 1,278 | 33,313 |
| Application Fees | 20,900 | 21,700 |
| Miscellaneous Income | 3,314 | 12,541 |
| | <u>1,473,317</u> | <u>1,540,783</u> |
| Turnover | 1,473,317 | 1,540,783 |

2. Operating Surplus

Operating deficit is stated after (crediting)/charging:

a. Auditor's remuneration:

| | 2014 | 2013 |
|-------------------------------|--------------|-------|
| | £ | £ |
| Audit of financial statements | 9,800 | 9,800 |

b. Operating lease payments:

| | | |
|---------------------|---------------|--------|
| land and buildings | 81,328 | 81,328 |
| plant and equipment | 3,346 | 4,292 |

3. Particulars of employees

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

| | 2014 | 2013 |
|----------------------|------------------|-----------|
| | No | No |
| Administrative staff | 21 | 21 |
| Management staff | 2 | 2 |
| Directors | 6 | 6 |
| | <u>29</u> | <u>29</u> |

Notes to the Financial Statements for the year ended 31 March 2014

The aggregate payroll costs of the above were:

| | 2014 | 2013 |
|-----------------------|-------------------------|------------------|
| | £ | £ |
| Wages and salaries | 892,526 | 945,608 |
| Redundancy Costs | 0 | 18,970 |
| Social security costs | 93,580 | 99,043 |
| Other pension costs | 42,880 | 16,444 |
| | <u>1,028,986</u> | <u>1,080,065</u> |

There have been no redundancy costs incurred during the year.

The cost for the use of temporary staff during the year was £28,320 (2013: NIL).

4. Directors' Emoluments

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

| | 2014 | 2013 |
|----------------------------------|-----------------------|----------------|
| | £ | £ |
| Emoluments receivable | 190,078 | 180,151 |
| Directors' pension contributions | 22,529 | 2,782 |
| | <u>212,607</u> | <u>182,933</u> |

Retirement benefits are accruing to the following number of directors under:

| | | |
|------------------------------|-----------------|----------|
| Defined contribution schemes | <u>1</u> | <u>1</u> |
|------------------------------|-----------------|----------|

5. Taxation on Ordinary Activities

| | 2014 | 2013 |
|--|---------------------|--------------|
| | £ | £ |
| Current tax: | | |
| UK Corporation tax based on the results for the year | <u>2,848</u> | <u>4,996</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 20% (2013: 20%).

6. Tangible Fixed Assets

| | Fixtures & Fittings | Computer Equipment | Total |
|------------------------|--|-------------------------------|-------------------------|
| | £ | £ | £ |
| Cost: | | | |
| At 01 April 2013 | 55,544 | 198,779 | 254,323 |
| Additions | - | 36,427 | 36,427 |
| Disposals | - | - | - |
| At 31 March 2014 | <u>55,544</u> | <u>235,206</u> | <u>290,750</u> |
| Depreciation: | | | |
| At 01 April 2013 | (47,884) | (118,856) | (166,740) |
| Charge for the year | (6,492) | (36,573) | (43,065) |
| Disposals | 0 | 0 | 0 |
| At 31 March 2014 | <u>(54,376)</u> | <u>(155,429)</u> | <u>(209,805)</u> |
| Net Book Value: | | | |
| At 31 March 2014 | <u>1,168</u> | <u>79,777</u> | <u>80,945</u> |
| At 31 March 2013 | <u>7,660</u> | <u>79,923</u> | <u>87,583</u> |

7. Investments

| | Unlisted Investments £ |
|------------------------------------|------------------------------|
| Cost | |
| At 01 April 2013 and 31 March 2014 | <u>2</u> |
| Net book value | |
| At 31 March 2014 | <u>2</u> |
| At 31 March 2013 | <u>2</u> |

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

8. Debtors

| | 2014 | 2013 |
|--------------------------------|---------------|---------------|
| | £ | £ |
| Trade debtors | 16,383 | 20,387 |
| Prepayments and accrued income | 15,638 | 21,727 |
| | <u>32,021</u> | <u>42,114</u> |

9. Other Creditors

| | 2014 | 2013 |
|------------------------------------|----------------|---------------|
| | £ | £ |
| Trade creditors | 18,421 | 6,988 |
| Corporation tax | 2,848 | 4,996 |
| Other taxation and social security | 27,533 | 26,478 |
| Pensions | 32,105 | 6,440 |
| Accruals | 34,112 | 54,139 |
| | <u>115,019</u> | <u>99,041</u> |

10. Deferred Income

| | 2014 | 2013 |
|---|------------------|------------------|
| | £ | £ |
| Amounts falling due within one year – Regulatory Activities | 1,021,213 | 1,067,857 |
| Total amounts falling due within one year | <u>1,021,213</u> | <u>1,067,857</u> |
| Amounts falling due over one year | 304,437 | 335,809 |
| | <u>1,325,650</u> | <u>1,403,666</u> |

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 relate to future periods has been carried forward as deferred income.

11. Pensions

The Company has designated a stakeholder pension scheme operated by Standard Life. The assets of these schemes are administered by trustees in funds independent from those of the Company.

The pension cost charged for the year represents contributions payable by the Company to these schemes of £42,880 (2013: £16,444). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

12. Commitments under Operating Leases

At 31 March 2014, the Company had annual commitments under non-cancellable operating leases as set out below.

| | 2014 | | 2013 | |
|--------------------------------|--------------------|--------------|--------------------|--------------|
| | Land and buildings | Other | Land and buildings | Other |
| | £ | £ | £ | £ |
| Operating leases which expire: | | | | |
| Within 1 year | 0 | 0 | 0 | 0 |
| Within 2 to 5 years | 52,200 | 3,211 | 90,000 | 3,211 |
| | <u>52,200</u> | <u>3,211</u> | <u>90,000</u> | <u>3,211</u> |

13. Company Limited by Guarantee

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

14. Reserves

| | 2014 | 2013 |
|-----------------------------------|----------------|----------------|
| | £ | £ |
| | Total | Total |
| At 1 April | 865,258 | 809,751 |
| Surplus from operations after tax | 34,199 | 55,507 |
| At 31 March | <u>899,457</u> | <u>865,258</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 its Terms of Approval. There are a number of areas where general reserves could be specifically utilised, if required, such as costs relating to legal and judicial reviews.

15. Cash Flows

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

| | 2014 | 2013 |
|--|---------------|-----------------|
| | £ | £ |
| Operating Surplus | 22,805 | 35,447 |
| Depreciation | 43,064 | 45,241 |
| (Increase)/decrease in debtors | 10,093 | 5,910 |
| Increase/(decrease) in creditors | 18,126 | (17,007) |
| Increase/(decrease) in deferred income | (78,016) | 5,283 |
| Net cash outflow from operating activities | <u>16,072</u> | <u>(74,874)</u> |

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

Returns on investment and servicing of finance

| | 2014 | 2013 |
|--|---------------|---------------|
| | £ | £ |
| Interest receivable | 14,242 | 24,979 |
| Net cash inflow from returns on investments and servicing of finance | <u>14,242</u> | <u>24,979</u> |

Taxation

| | 2014 | 2013 |
|----------|----------------|----------------|
| | £ | £ |
| Taxation | <u>(4,996)</u> | <u>(4,053)</u> |

Capital expenditure

| | 2014 | 2013 |
|--|-----------------|----------------|
| | £ | £ |
| Payments to acquire tangible fixed assets | (36,427) | (4,855) |
| Receipts from the sale of fixed assets | 0 | 77 |
| Net cash inflow/(outflow) from capital expenditure | <u>(36,427)</u> | <u>(4,778)</u> |

c Analysis of net funds

| | At 1 April 2013 | Cash flows | At 31 March 2014 |
|--|--------------------|-----------------|------------------------|
| Cash in hand and at bank | 2,238,266 | (11,108) | 2,227,158 |
| Less: Deposits treated as liquid resources | (2,000,000) | | (2,000,000) |
| | <u>238,266</u> | <u>(11,108)</u> | <u>227,158</u> |
| Deposits included in cash | 2,000,000 | | 2,000,000 |
| Total | <u>2,238,266</u> | <u>(11,108)</u> | <u>2,227,158</u> |

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 2014

| | 2014 £ | 2013 £ |
|---|------------------|------------------|
| Turnover | 1,473,317 | 1,540,783 |
| Overheads | | |
| Administrative expenses | (1,450,512) | (1,505,336) |
| | <hr/> | <hr/> |
| Operating Surplus/(Deficit) | 22,805 | 35,447 |
| Interest receivable and similar income | 14,242 | 24,979 |
| Profit/(loss) on fixed assets | 0 | 77 |
| | <hr/> | <hr/> |
| Surplus/(Deficit) on Ordinary Activities Before Taxation | 37,047 | 60,503 |

Environmental Trust Scheme Regulatory Body Limited
Company Limited by Guarantee

Notes to the Detailed Income and Expenditure Account for the year ended
31 March 2014

| | 2014 £ | 2013 £ |
|---|------------------|------------------|
| Administrative Expenses | | |
| Personnel costs | | |
| Directors salaries | 190,078 | 180,151 |
| Wages and salaries | 703,031 | 784,427 |
| Staff national insurance contributions | 93,580 | 99,043 |
| Staff pension contributions | 42,880 | 16,444 |
| Temporary Staff | 28,320 | 0 |
| | <u>1,057,889</u> | <u>1,080,065</u> |
| Establishment expenses | | |
| Rent, rates and water | 112,541 | 111,680 |
| Light and heat | 8,146 | 10,030 |
| Insurance | 13,490 | 12,777 |
| Repairs and maintenance | 12,249 | 11,567 |
| | <u>146,426</u> | <u>146,054</u> |
| General Expenses | | |
| Travelling expenses | 55,463 | 72,837 |
| Telephone | 11,253 | 12,524 |
| Computer costs | 55,264 | 44,475 |
| Software development | 9,493 | 3,375 |
| Communications | 5,617 | 8,344 |
| Hire of equipment | 3,346 | 4,292 |
| Stationery and postage | 12,262 | 8,509 |
| Staff training | 14,911 | 21,523 |
| Recruitment costs | 10,620 | 6,986 |
| EB - financial verification | 167 | 346 |
| Legal and professional fees | 18,117 | 39,358 |
| Internal audit fees | 0 | 0 |
| Auditor's remuneration | 9,800 | 10,000 |
| Depreciation | 43,064 | 45,241 |
| | <u>249,377</u> | <u>277,810</u> |
| Financial Costs | | |
| Bank charges | 1,473 | 1,407 |
| | <u>1,473</u> | <u>1,407</u> |
| | <u>1,445,165</u> | <u>1,505,336</u> |
| Interest Receivable and Similar Income | | |
| Sale of asset | 0 | 77 |
| Bank interest received | 14,672 | 24,979 |
| | <u>14,672</u> | <u>25,056</u> |