



Environmental Trust Scheme Regulatory Body

Company Limited by Guarantee

**Financial Statements for the year ended
31 March 2018**

Company Registration Number 03221000

Directors' Report

Directors

Dr A G Limb CBE, DL (Chair)
Mr C J Welford (Chief Executive)
Mrs A East
Mr J Carlton
Mr J McCracken
Mr G McCormack

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

Pannone Corporate
378-380 Deansgate
Manchester
M3 4LY

Band Hatton Button
25 Warwick Road
Coventry
CV1 2EZ

Directors' Report

The Directors submit their report and the financial statements of Environmental Trust Scheme Regulatory Body (ENTRUST/the Company) for the year ended 31 March 2018.

Principal Activity

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

Business Review

ENTRUST is a non-profit making Company limited by guarantee, run for the public benefit 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 the Company 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 was renewed for a period of five years from 1 April 2015.

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

- A one-off non-refundable application fee of £100, paid by organisations applying for approval to enter the scheme to cover the cost of administering their application; and
- 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 in the year.

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

Our levy income for 2017/2018 was £104,985 higher than our approved funding requirement. As previously agreed with HMRC, this income will be used to offset ENTRUST's funding requirement in 2019/2020.

We delivered all of the Key Performance Indicators (KPIs) set out and agreed with HMRC in our 2016-2019 Corporate Plan. We also completed a number of quality assurance reviews, using the principles detailed in ISO 9001 – Quality Management Systems, to identify areas where we can improve the performance and quality of the services we provide. The findings of these reviews are submitted to the Audit Committee for its consideration and action.

During the year, the following reviews were undertaken, which provided the Audit Committee with independent empirical evidence regarding the quality of our operational frameworks, systems, procedures and policies:

Directors' Report

- Communications;
- Compliance;
- Facilities Management;
- Finance
- Governance;
- Registrations;
- Regulations and Training; and
- Review of ENTRUST's policies.

We also undertook the following reviews:

- A Value for Money (VfM) study of our IT hardware and software, which recommended that we replace our outdated desktop hardware and software; and
- A review of our Deferred Income Policy to test the appropriateness of the two year time frame for allocating income. The review, which gathered evidence from a number of different sources, confirmed that the current two year time frame continues to be appropriate.

In line with the National Cyber Security Centre's (NCSC) best practice (10 Steps to Cyber Security), we also completed a review of our IT infrastructure and as part of this process we engaged an independent accredited organisation to undertake a review of our systems. Following this review, we became Cyber Security Certified. To further test the resilience of our IT systems, we also engaged the services of a professional penetration testing company, which identified some lower risk issues we then corrected.

ENTRUST's Board recognises that in undertaking our regulatory role, 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.

The Board considers that our general reserves will provide for:

- The cost of winding up the Company;
- Funding regulatory activity in respect of the closure of the LCF;
- The early termination of the lease on our offices in Leamington Spa; and
- Legal fees to fund any future legal and/or judicial reviews or challenges.

Any surplus thereafter would be returned to HMRC on the Company's winding up.

General Data Protection Regulations

The General Data Protection Regulations (GDPR) came into operation on 25 May 2018. In preparation for its implementation, the Board approved a project plan to ensure that the Company was able to fully comply with our legislative requirements.

Environmental Statement

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

- Utilise technology to support stakeholder training, alongside training videos on our website;
- Promote recycling of waste materials;
- Have made available to all staff a Cycle to Work scheme; and
- Re-cycling assets

Likely Future Strategic Developments

Following Budget 2017, we noted that the Office for Budget's Responsibility (OBR) has forecast that over the next 5 years the tax generated from landfill in England and Northern Ireland will remain near the 2018/2019 level. We are aware from our discussions with Waste Management companies that there is also considerable uncertainty about the level of waste to be disposed through landfill due to uncertainties relating to the export of waste to Europe following Brexit, the potential reduction in overseas recycling markets and the postponement/delays in bringing incineration sites into operation.

Financial Results

The operating 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 £188,743 (2017: £277,102) and a surplus on ordinary activities after interest and taxation of £197,391 (2017: £287,032). A large proportion of this surplus relates to the release of funding from our Deferred Income Account to General Reserve.

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. The amount we hold as deferred income stands at £1.03m (2017 : £1.11m)

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

The actual level of qualifying contributions received by EBs in the year was £43.2m (2017: £40.4m) which was £3.9m higher than the size of the Fund (£39.3m) when the levy for the year was agreed with HMRC

Directors' Report

Directors and Guarantors

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

Dr A G Limb CBE, DL
Mr C J Welford (Chief Executive)
Mrs A East
Mr J Carlton
Mr J McCracken
Mr G McCormack

No Directors hold any beneficial interest in the Company. The Directors are the Guarantors of the Company, as referred to in Note 18 to the financial statements.

Board Committees

Audit Committee

The Committee advises the Board on the strategic processes for risk management, internal 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 G McCormack (Chair), Mr J Carlton and Dr A G Limb CBE DL.

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 human resources policies and procedures. The Committee met four times during the year. Committee membership comprises Mrs A East (Chair), Dr A G Limb CBE DL and Mr J McCracken.

General Purposes Committee

The Committee meets as and when required to discuss ENTRUST business rather than issues relating to the management of the LCF and it met twice during the financial year. The Committee comprises all of the Directors.

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 as part of the annual formal review procedure and were last approved by the Audit Committee on 20 June 2018. 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 are 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

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 produces a report on its performance and compliance with the Corporate Governance Framework, which was last presented to the Board meeting held in December 2017.

Under the TOA, any change to the Company's governing documents requires HMRC's approval. HMRC agreed on 18 September 2017 that ENTRUST could amend its constitution and delete its Memorandum of Association (which contains ENTRUST's object clause) to provide the Company with greater flexibility to diversify its activities and seek out new business opportunities. Following HMRC's approval, the Board passed the necessary resolution in December 2017.

It is also important to note that in providing full transparency and accountability of ENTRUST's activities the following documents are published on ENTRUST's web site:

- Minutes of Board meetings; and
- Details of Board and Senior Staff's Travel and Subsistence Expenses; and
- ENTRUST's Hospitality Register.

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 Board meeting as part of its review of our operational activities.

The review of our strategic risks undertaken 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's exposure to liquidity risk is mitigated by using several appropriately credit-rated banking counterparties to spread the risk of financial loss. The Company uses only basic financial instruments so its exposure to price risk and liquidity risk is not material for the assessment of the assets, liabilities, financial position and surplus or deficit of the Company.



C J Welford
Company Secretary
20 June 2018

By order of the Board

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) including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 surplus or deficit 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;
- State whether applicable UK Accounting Standards have been followed, 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 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.

There have been no significant events affecting the Company since the year end.

This report was approved by the Board on 20 June 2018 and signed on its behalf.



C J Welford
Company Secretary

Opinion

We have audited the financial statements of Environmental Trust Scheme Regulatory Body for the year ended 31 March 2018 which comprise Statement of Income and Retained Earnings, Statement of Financial Position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (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.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue

to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

- adequate accounting records have not been kept by the company, 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; or

- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



RD Darlaston, Senior Statutory Auditor.
For and on behalf of

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

Date: 20 June 2018

Statement of Income and retained earnings for the year ended 31 March 2018

	<i>Notes</i>	2018 £	2017 £
Turnover	4	1,247,643	1,531,819
Administrative Expenses		(1,058,900)	(1,254,717)
Operating Surplus		188,743	277,102
Interest receivable and similar income		10,677	12,412
Surplus on ordinary activities before taxation		199,420	289,514
Taxation	9	(2,029)	(2,482)
Surplus on ordinary activities after taxation		197,391	287,032
Retained earnings at the beginning of the year		1,672,761	1,385,729
Surplus for the year		197,391	287,032
Retained earnings at the end of the year		1,870,152	1,672,761

The notes on pages 14 to 20 form part of these financial statements

Statement of Financial Position as at 31 March 2018

	Notes	2018 £	2017 £
Fixed assets			
Property, Plant and Equipment	10	613	1,150
Intangible Assets	11	7,475	15,479
Financial Assets	12	2	2
		<u>8,090</u>	<u>16,631</u>
Current assets			
Debtors	13	69,582	23,724
Cash in hand and bank		2,952,993	2,848,700
		<u>3,022,575</u>	<u>2,872,424</u>
Creditors: Amounts falling due within one year			
Other creditors	14	132,563	101,797
Deferred income	15	827,199	938,411
		<u>959,762</u>	<u>1,040,208</u>
Net current assets		<u>2,062,813</u>	<u>1,832,216</u>
Total assets less current liabilities		2,070,903	1,848,847
Creditors: Amounts falling due over one year			
Deferred income	15	200,751	176,086
		<u>1,870,152</u>	<u>1,672,761</u>
Reserves			
Retained earnings	19	1,870,152	1,672,761
		<u>1,870,152</u>	<u>1,672,761</u>

The notes on pages 14 to 20 form part of these financial statements

These financial statements were approved by the Directors and authorised for issue on 20 June 2018, and are signed on their behalf by:

Dr A G Limb CBE, DL
Chair

Mr C J Welford
Company Secretary

Cash Flow Statement for the year ended 31 March 2018

	2018 £	2017 £
Cash flows from operating activities		
Surplus for the financial year	202,862	287,032
Adjustments for:		
Depreciation of tangible fixed assets	537	1,783
Amortisation of intangible assets	8,004	8,364
Interest receivable	(10,677)	(12,412)
Tax payable	2,029	2,482
(Increase) / decrease in debtors	(51,329)	117,101
Increase / (decrease) in creditors	31,218	(89,908)
Decrease in deferred income	(86,547)	(344,266)
Cash from/(for) operations	96,097	(29,824)
Taxation paid	(2,482)	(2,399)
Net cash generated/(used) from operating activities	93,615	(32,223)
Cash flows from investing activities		
Interest received	10,677	12,412
Net cash from investing activities	10,677	12,412
Cash flows from financing activities		
Net cash flow cash inflow from financing	-	-
Net increase/(decrease) in cash and cash equivalents	104,292	(19,811)
Cash and cash equivalents at the beginning of the year	2,848,700	2,868,511
Cash and cash equivalents at the end of the year	2,952,992	2,848,700

1. Company information

Environmental Trust Scheme Regulatory Body (ENTRUST) regulates the Environmental Bodies (EBs) within the Landfill Communities Fund (LCF).

The Company is a private company, limited by guarantee (registered number 03221000). ENTRUST is run for the public benefit and is incorporated in England and Wales. The address of the registered office is 60 Holly Walk, Leamington Spa, Warwickshire, CV32 4JE.

2. Accounting policies

2.1 Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied.

2.2 Turnover and Income Recognition

All income received through the levy charged on contributions provided for the administration and regulation of projects under the LCF is recognised, on a straight line basis, over the average life of a project, from the notification of receipt of funds by EBs to project completion, which we estimate to be 24 months. Income relating to future periods is classified as deferred.

2.3 Consolidation

The Company and its dormant subsidiary undertaking 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.

2.4 Property, plant and equipment – depreciation

All tangible fixed assets are initially recorded at cost. The carrying values of tangible fixed assets are reviewed for impairment annually if events or changes in circumstances indicate the carrying value may not be recoverable over the life of the asset.

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 periods 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

2.5 Intangible Assets – amortisation

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life.

Asset Type	Amortisation period
Internally generated software, EOL	Five years straight line

2.6 Liquid Resources

The Company makes use of overnight and short-term bank treasury deposits, which mature between one and twelve months.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.8 Creditors

Short term trade creditors are measured at the transaction price.

2.9 Financial Instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as trade and other accounts receivable and payable.

2.10 Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date.

3. Critical accounting judgements and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include the deferral period of income.

During 2017/2018, we carried out a review of our Deferred Income policy to determine whether our model, developed in 2012, remained extant. This exercise identified that the 24 month period remained an appropriate length of time.

4. Turnover

All turnover arises in the UK and is attributable to activity relating to the regulation of the LCF. Turnover includes income deferred and released to fund regulatory activity and application fees.

	2018	2017
	£	£
Regulatory Activities	1,240,843	1,525,719
Application Fees	6,800	6,100
Turnover	1,247,643	1,531,819

5. Operating Surplus

Operating surplus is stated after charging:

	2018	2017
	£	£
a. Auditor's remuneration		
Audit of financial statements	9,720	9,880
b. Operating lease payments:		
Land and Buildings	55,200	55,200
Plant and Equipment	1,306	3,259

6. Particulars of employees

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

	2018	2017
	No.	No.
Administrative and operations	12	13
Management	5	7
Directors	6	6
	23	26

The aggregate payroll costs of the above were:

	2018	2017
	£	£
Wages and salaries	698,653	870,037
Social security costs	71,101	85,788
Other pension costs	13,448	17,491
	783,202	973,316

The cost for the use of temporary staff during the year was £14,269 (2017: £690).

The cost of accrued holiday pay for the year was £6,636 (2017: £6,749)

There were no staff reorganisation and redundancy costs during the year. (2017: £37,659).

7. Directors' Emoluments

The Chief Executive and Non Executive Directors' aggregate emoluments in respect of qualifying services were:

	2018	2017
	£	£
Emoluments receivable	206,278	202,301
	<u>206,278</u>	<u>202,301</u>

8. Key Management Remuneration

	2018	2017
	£	£
Key Management Personnel Remuneration	495,634	643,127
	<u>495,634</u>	<u>643,127</u>

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company and these include the Directors, Senior Managers and Managers.

9. Taxation on Ordinary Activities

	2018	2017
	£	£
Current tax:		
UK Corporation tax	<u>2,029</u>	<u>2,482</u>

Corporation tax is chargeable only 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 19% (2017: 20%) of interest receivable.

10. Property, plant and equipment

	Fixtures & Fittings £	Computer Equipment £	Total £
Cost:			
At 1 April 2017 and 31 March 2018	<u>56,976</u>	<u>97,482</u>	<u>154,458</u>
Depreciation:			
At 1 April 2017	(55,912)	(97,396)	(153,308)
Charge for the year	(451)	(86)	(537)
At 31 March 2018	<u>(56,363)</u>	<u>(97,482)</u>	<u>(153,845)</u>
Net Book Value:			
At 31 March 2018	<u>613</u>	<u>0</u>	<u>613</u>
At 31 March 2017	<u>1,064</u>	<u>86</u>	<u>1,150</u>

11. Intangible Assets

	Computer Software £
Cost:	
At 1 April 2017 and 31 March 2018	<u>148,120</u>
Amortisation:	
At 1 April 2017	(132,641)
Charge for the year	(8,004)
At 31 March 2018	<u>(140,645)</u>
Net Book Value:	
At 31 March 2018	<u>7,475</u>
At 31 March 2017	<u>15,479</u>

12. Financial Assets

	Unlisted Investments £
Cost:	
At 1 April 2017 and 31 March 2018	<u>2</u>
Net book value	
At 31 March 2017 and 31 March 2018	<u>2</u>

The unlisted investment is in a wholly-owned subsidiary, ENTRUST Limited, a dormant Company. The address of the registered office is 60 Holly Walk, Leamington Spa, Warwickshire, CV32 4JE.

13. Debtors

	2018	2017
	£	£
Trade debtors	7,334	10,807
Prepayments	58,843	9,534
Accrued income	3,405	3,383
	<u>69,582</u>	<u>23,724</u>

14. Other Creditors

	2018	2017
	£	£
Trade creditors	48,148	4,166
Corporation tax	2,036	2,489
Other taxation and social security	22,844	46,505
Pensions	135	1,301
Accruals	59,400	47,336
	<u>132,563</u>	<u>101,797</u>

15. Deferred Income

	2018	2017
	£	£
Regulatory Activities		
Amounts falling due within one year	827,199	938,411
Amounts falling due over one year	200,751	176,086
	<u>1,027,950</u>	<u>1,114,497</u>

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

16. Pensions

The Company contributes to pension funds established for its staff. The assets of the schemes chosen by staff members are administered by trustees in funds independent from those of the Company.

As at 31 March 2018 the Company had outstanding contributions totalling £135 (2017: £1,301) and these are included in creditors.

17. Commitments under Operating Leases

At 31 March 2018, the Company had total future minimum lease payments under non-cancellable operating leases as set out below.

	2018		2017	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within 1 year	55,200	803	55,200	851
Within 2 to 5 years	-	2,407	55,200	-
	<u>55,200</u>	<u>3,210</u>	<u>110,400</u>	<u>851</u>

18. Company Limited by Guarantee

The liability of each of the guarantors, who are the Directors, in the event of a winding up is limited to £1.

19. Reserves

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 ENTRUST/HMRC 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 and to support the cost of the winding up of the LCF if the Government announces its closure.

20. Financial Instruments

	2018 £	2017 £
Financial assets		
Financial assets that are debt instruments measured at transaction price.	2,969,203	2,862,890
Financial liabilities		
Financial liabilities that are measured at transaction price.	107,683	52,803

Financial assets comprise of trade debtors, accrued income and cash.

Financial liabilities comprise of trade creditors, pensions and accruals.

The following pages do not form part of the statutory financial statements which are the subject of the independent auditor's report on pages 8 to 10.

Detailed Income Statement for the year ended 31 March 2018

	2018 £	2017 £
Turnover	1,247,643	1,531,819
Administrative Expenses	<u>(1,058,900)</u>	<u>(1,254,717)</u>
Operating Surplus	188,743	277,102
Interest receivable and similar income	10,677	12,412
Surplus on ordinary activities before taxation	<u>199,420</u>	<u>289,514</u>

Environmental Trust Scheme Regulatory Body
Company Limited by Guarantee
Detailed Income Statement for the year ended 31 March 2018

	2018	2017
	£	£
Administrative Expenses		
Personnel costs		
Directors salaries	206,278	202,301
Wages and salaries	492,375	667,736
Staff national insurance contributions	71,101	85,788
Staff pension contributions	13,448	17,491
Temporary Staff	14,269	690
	<u>797,471</u>	<u>974,006</u>
Establishment expenses		
Rent, rates and water	84,338	85,861
Light and heat	7,121	7,172
Insurance	9,789	14,165
Repairs and maintenance	11,247	11,079
	<u>112,495</u>	<u>118,277</u>
General Expenses		
Travelling expenses	27,107	38,171
Telephone	5,698	5,979
Computer costs	44,125	36,671
Software development	4,034	4,854
Communications	3,661	4,505
Hire of equipment	1,306	3,259
Stationery and postage	3,958	4,827
Staff training	10,700	3,602
Recruitment costs	13,350	10,007
EB - financial verification	61	68
Legal and professional fees	10,326	29,453
Auditor's remuneration	9,720	9,880
Depreciation and amortisation	8,540	10,147
Bad debt provision	5,471	-
	<u>148,057</u>	<u>161,423</u>
Financial Costs		
Bank charges	877	1,011
	<u>1,058,900</u>	<u>1,254,717</u>
Interest Receivable and Similar Income		
Bank interest receivable	10,677	12,412
	<u>10,677</u>	<u>12,412</u>