



Environmental Trust Scheme Regulatory Body

Company Limited by Guarantee

**Financial Statements for the year ended
31 March 2021**

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 U.K. 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 LLP
Earlsdon Park
55 Butts Road
Coventry
CV1 3BH

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 2021.

Principal Activity

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

Business Review

ENTRUST is a 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 July 2020 and includes provision for a two year notice period.

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 2020/2021 was £136,657 lower than our approved funding requirement. As previously agreed with HMRC, this shortfall will be recovered from the excess income we received in 2019/2020 and an increase in the levy in 2021/2022.

We delivered all the Key Performance Indicators (KPIs) set out and agreed with HMRC in our 2020-2023 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 actioned as appropriate.

Directors' Report

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:

- Communications and General Data Protection Regulations (GDPR);
- Compliance;
- Finance;
- Health and Safety;
- Human Resources;
- Information Technology (IT); and
- Regulations and Training;

We also undertook the following reviews:

- The effectiveness of our revised and updated 2019/2020 Compliance Inspection programme;
- ENTRUST's compliance with our Regulator Standards;
- An assessment of the effectiveness of the delivery of the 2019/2020 Form 4 Strategy;
- A survey of stakeholder Satisfaction levels;
- A review of ENTRUST's policies; and
- The effectiveness of the delivery of our 2020/2021 Training for EBs.

In line with the National Cyber Security Centre's (NCSC) best practice (10 Steps to Cyber Security), we also retained our Cyber Security essentials accreditation in the year. The Audit Committee also received quarterly IT Assurance Reports.

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. In this respect the Audit Committee received the following quarterly updates on:

- Management Assurance Framework
- Quality Assurance; and
- Risk Management.

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 (GDPR)

ENTRUST has policies and procedures in operation to comply with our statutory requirements. During the year, we did not identify any incidents where the Company had not complied with the law.

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-cycle assets

Likely Future Strategic Developments

In 2020/2021, COVID-19 clearly impacted on the volume of waste being disposed of in landfill, which had a material impact on our income, primarily in quarter one. We also note that there is still considerable uncertainty regarding the level of waste to be disposed through landfill and its impact on landfill tax over the next five years. This uncertainty is due to a number of factors including the unknown level of waste to be exported from the UK, the potential reduction in overseas recycling markets and the postponement/delays in bringing incineration sites into operation.

Section 172 Statement

ENTRUST's Directors believe that in discharging their duties that they act in good faith in making decisions, which they consider will be most likely to promote the continued and long-term success of the Company.

In achieving this objective, the Directors carefully consider amongst other matters, the impact on and interests of all of the Company's Stakeholders, which they factor into their decision-making processes.

Employees

ENTRUST Human Resources and Remuneration Committee provides the Directors with the ability to provide clear direction to the Senior Management Team on human resources issues, which include:

- Monitoring Staff metrics, for example Staff absence levels;
- Approving the following annual Company Plans:
 - Succession
 - Wellbeing and fitness; and

Directors' Report

- Collective training and development.
- Recognising their duty of care to Staff, reviewing annually the following assessments:
 - Health and Safety;
 - Fire; and
 - Legionella.

Stakeholders

The Directors are fully committed to understanding and responding to the needs of ENTRUST's Stakeholders to ensure that the Company delivers high quality service levels. In achieving this objective, the Directors:

- Review and approve an annual Stakeholder Satisfaction Survey;
- Approve an annual communication and marketing strategy, which targets Stakeholders in different ways;
- Approve an annual Landfill Operator (LO) Engagement Strategy;
- Meet the Boards of the top ten Environmental Bodies (EBs) and representatives of the larger contributing LOs; and
- Facilitate an annual meeting with the top ten EBs and HMRC.

Suppliers

ENTRUST has developed policies and procedures, which the Directors believe provide a proportionate due diligence process to help ensure that ENTRUST's suppliers comply with their statutory and regulatory requirements, for example, relating to health and safety and financial.

The Company seeks to pay all suppliers any undisputed amounts due and that conform with the Company's agreed policies and procedures in accordance with the Contractor terms.

Community and the Environment

ENTRUST takes its role within the community very seriously and promotes and encourages community and charitable contribution. The Company also recognises the importance of its environmental responsibilities and has measures in place to monitor and control its impact on the local environment and its compliance with any regulatory environmental standards. The Company seeks to implement policies aimed at reducing any potential detrimental environmental impact of its activities.

Standards and Conduct

To ensure that the conduct and standards of the Directors and Staff comply with recognised best practice, the Company has defined codes of practice regarding the ethical standards that ENTRUST expects them to comply with. These standards have been communicated to all Staff and their adherence to them is expected and enforced.

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 deficit before interest and taxation of £82,522 (2019: £133,136 surplus) and a deficit on ordinary activities after interest and taxation of (£74,327) (2019: £150,249 surplus). A large proportion of this deficit relates to the shortfall in levy fee income due to lower contributions being reported than was forecast when our funding requirement was agreed.

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, currently 24 months, taken by EBs to commit and spend contributions on projects 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 at year end stands at £0.72m (2019: £1.0m)

Turnover recorded in the year relates to levy income released from deferred income and 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 £32.0m (2019: £36.3m) which was £3.0m lower than the size of the Fund of £35.0m forecast when the levy for the year was agreed with HMRC

It should also be noted that during the year the income that we received from interest on investments dramatically reduced following further reductions in the Bank of England's base rate in March 2020.

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 19 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 and Finance 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 three times 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 15 March 2021. 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.

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. The Committee's self-assessment reports were submitted to the Board in September 2020.

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.

COVID-19

In response to the COVID-19 outbreak in March 2020, ENTRUST implemented its Business Continuity Plan (BCP). As a 24/7 e-delivery organisation, ENTRUST can deliver its operations electronically from anywhere in the world, provided there are the necessary power and communication links in operation. This e-delivery framework is supported by our Quality Management System (QMS), which provides policies and procedures to ensure that ENTRUST has an effective operational framework. These factors combined with the business resilience that has already been built into the framework by multi-skilling Staff across the organisation, provides a robust model to allow business continuity and ensure a duty of care to our Staff.

As part of this process, we also developed and implemented a specific COVID-19 Plan, which fully complies with the United Kingdom Government's (UKG) and Public Health England's (PHE) advice and guidance relating to COVID-19.

In this respect, ENTRUST immediately took appropriate action to ensure that our Staff were able to work from home, but recognising the need to retain a skeleton Staff at our office. The Plan enabled ENTRUST to continue to operate efficiently and effectively during the COVID-19 outbreak in the short, medium and longer term, providing:

- Continuity of Operations;
- Delivery of ENTRUST's key priorities;
- communication links maintained across the business and with stakeholders; and
- Support for the wellbeing of ENTRUST's Staff.

Directors' Report

We also undertook the following activities:

- Updated the SRR for a new risk to manage our business during the COVID-19 outbreak;
- Assessed the various scenarios impacting on our financial resilience to ensure that we could continue to operate in the longer term if we did not receive any LCF funding during 2020/2021;
- Determined that due to our operational model, we did not have to furlough any of our Staff;
- Allowed Staff to carry forward additional untaken leave from 2020/2021 into 2021/2022;
- Provided the Audit Committee with a report from the Executive assessing the impact of the pandemic on ENTRUST and identifying those areas, which were managed effectively and those areas which could have been more effectively managed; and
- Recorded the additional costs of £6.6k that we incurred directly relating to COVID-19.



C J Welford
Company Secretary
16 June 2021

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 16 June 2021 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 2021 which comprise a Statement of Income and Retained Earnings, Statement of Financial Position, Statement of Cash Flow 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 2021 and of its deficit 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 Financial Reporting Council'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

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on

the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 10, 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 controls as the directors determine are 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.

Auditors 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the company for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR), Anti-fraud, bribery and corruption legislation, Environmental protection legislation, Health and safety legislation, Taxation legislation and Employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Audit Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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 Darlston, Senior Statutory Auditor.

**For and on behalf of
Crowe U.K. LLP
Black Country House
Rounds Green Road
Oldbury B69 2DG**

Date: 16 June 2021

Statement of Income and retained earnings for the year ended 31 March 2021

		2021	2020
	<i>Notes</i>	£	£
Turnover	4	1,003,024	1,206,690
Administrative Expenses		<u>(1,085,546)</u>	<u>(1,073,554)</u>
Operating (Deficit)/ Surplus		(82,522)	133,136
Interest receivable and similar income		10,117	21,118
(Deficit) /Surplus on ordinary activities before taxation		(72,405)	154,254
Taxation	9	(1,922)	(4,005)
(Deficit)/ Surplus on ordinary activities after		<u>(74,327)</u>	<u>150,249</u>
Retained earnings at the beginning of the year		2,175,258	2,025,009
(Deficit)/ Surplus for the year		(74,327)	150,249
Retained earnings at the end of the year		<u>2,100,931</u>	<u>2,175,258</u>

The notes on pages 18 to 24 form part of these financial statements

Statement of Financial Position as at 31 March 2021

	Notes	2021 £	2020 £
Fixed assets			
Property, Plant and Equipment	10	14,932	28,469
Intangible Assets	11	6,201	7,818
Financial Assets	12	2	2
		<u>21,135</u>	<u>36,289</u>
Current assets			
Debtors	13	52,890	53,841
Cash in hand and bank		2,877,530	3,195,677
		<u>2,930,420</u>	<u>3,249,518</u>
Creditors: Amounts falling due within one year			
Other creditors	14	127,415	111,465
Deferred income	15	614,823	824,401
		<u>742,238</u>	<u>935,866</u>
Net current assets		<u>2,188,182</u>	<u>2,313,652</u>
Total assets less current liabilities		<u>2,209,317</u>	<u>2,349,941</u>
Creditors: Amounts falling due over one year			
Deferred income	15	108,386	174,689
		<u>2,100,931</u>	<u>2,175,252</u>
Reserves			
Retained earnings	20	2,100,931	2,175,252
		<u>2,100,931</u>	<u>2,175,252</u>

The notes on pages 18 to 24 form part of these financial statements

These financial statements were approved by the Directors and authorised for issue on 16 June 2021, and are signed on their behalf by:

Dr A G Limb CBE, DL
Chair

Mr C J Welford
Company Secretary

Statement of Cash Flows for the year ended 31 March 2021

	2021 £	2020 £
Cash flows from operating activities		
(Deficit)/ Surplus for the financial year	(74,327)	150,249
Adjustments for:		
Depreciation of tangible fixed assets	13,537	13,699
Amortisation of intangible assets	1,617	1,614
Interest receivable	(10,117)	(21,118)
Tax payable	1,922	4,005
Decrease /(Increase) / in debtors	951	(6,280)
Increase in creditors	18,046	1,523
Decrease in deferred income	(275,881)	(159,057)
Taxation paid	(4,012)	(3,306)
Net cash used by operating activities	<u>(328,264)</u>	<u>(18,671)</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	0	(13,750)
Purchase of intangible fixed assets	0	(8,088)
Interest received	10,117	21,118
Net cash from investing activities	<u>10,117</u>	<u>(720)</u>
Net decrease in cash and cash equivalents	<u>(318,147)</u>	<u>(19,391)</u>
Cash and cash equivalents at the beginning of the year	3,195,677	3,215,068
Cash and cash equivalents at the end of the year	<u>2,877,530</u>	<u>3,195,677</u>

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
Fixtures and fittings	Five years straight line
Computer equipment	Three years straight line

2.5 Intangible Assets – amortisation

Intangible assets are initially recognised at cost. After recognition, under the historic 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 period of income deferral.

During 2017/2018, the Deferred Income policy was reviewed and the 24-month deferral period was confirmed as an appropriate length of time. The Directors remain of the opinion that this is an appropriate estimation.

4. Turnover

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

	2021	2020
	£	£
Regulatory Activities	1,001,224	1,202,590
Application Fees	1,800	4,100
Turnover	<u>1,003,024</u>	<u>1,206,690</u>

5. Operating Surplus

Operating surplus is stated after charging:

	2021	2020
	£	£
a. Auditor's remuneration		
Audit of financial statements	9,720	9,720
b. Operating lease payments:		
Land and Buildings	72,000	72,000
Plant and Equipment	1,011	1,011

6. Particulars of employees

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

	2021	2020
	No.	No.
Administrative and operations	13	13
Management	5	5
Directors	6	6
	<u>24</u>	<u>24</u>

The aggregate payroll costs of the above were:

	2021	2020
	£	£
Wages and salaries	772,652	734,411
Social security costs	71,535	72,085
Other pension costs	18,167	17,514
	<u>865,354</u>	<u>824,010</u>

The cost of accrued holiday pay for the year was £27,521 (2020: £16,815). Some of this increase is due to staff being unable to take leave as a direct consequence of the COVID-19 outbreak.

7. Directors' Emoluments

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

	2021	2020
	£	£
Emolument's receivable	210,876	214,958

8. Key Management Remuneration

	2021	2020
	£	£
Key Management Personnel Remuneration	231,697	237,990

Key management personnel are the Directors, being persons having authority and responsibility for planning, directing and controlling the activities of the Company.

9. Taxation on Ordinary Activities

	2021	2020
	£	£
Current tax:		
UK Corporation tax	1,922	4,005

Corporation tax is chargeable only on income arising from bank and cash balances. For this reason, the tax assessed is 19% (2020: 19%) of interest receivable.

10. Property, plant and equipment

	Fixtures & Fittings	Computer Equipment	Total
	£	£	£
Cost:			
At 1 April 2020	70,726	129,844	200,570
Additions for the year	0	0	0
At 31 March 2021	70,726	129,844	200,570
Depreciation:			
At 1 April 2020	(59,726)	(112,375)	(172,101)
Charge for the year	(2,750)	(10,787)	(13,537)
At 31 March 2021	(62,476)	(123,162)	(185,638)
Net Book Value:			
At 31 March 2020	11,000	17,469	28,469
At 31 March 2021	8,250	6,682	14,932

11. Intangible Assets

	Computer Software £
Cost:	
At 1 April 2020	156,208
Additions for the year	0
At 31 March 2021	<u>156,208</u>
Amortisation:	
At 1 April 2020	(148,390)
Charge for the year	(1,617)
At 31 March 2021	<u>(150,007)</u>
Net Book Value:	
At 31 March 2020	7,818
At 31 March 2021	<u>6,201</u>

12. Financial Assets

	Unlisted Investments £
Cost:	
At 1 April 2020 and 31 March 2021	<u>2</u>
Net book value	
At 31 March 2020 and 31 March 2021	<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

	2021 £	2020 £
Trade debtors	6,699	15,536
Prepayments	45,916	37,288
Accrued income	275	1,017
	<u>52,890</u>	<u>53,841</u>

14. Other Creditors

	2021	2020
	£	£
Trade creditors	42,705	32,660
Corporation tax	1,922	4,013
Other taxation and social security	25,232	24,179
Other Creditor	0	435
Pensions	1,253	1,267
Accruals	56,303	48,911
	<u>127,415</u>	<u>111,465</u>

15. Deferred Income

	2021	2020
	£	£
Regulatory Activities		
Amounts falling due within one year	614,823	824,401
Amounts falling due over one year	108,386	174,689
	<u>723,209</u>	<u>999,090</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 2021 the Company had outstanding contributions totalling £1,253 (2020: £1,267) and these are included in creditors.

17. Commitments under Operating Leases

At 31 March 2021, the Company had total future minimum lease payment commitments under non-cancellable operating leases as set out below.

	2021		2020	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Operating leases which expire:				
Within 1 year	72,000	1,011	72,000	1,011
Within 2 to 5 years	148,800	0	220,800	1,011
	<u>220,800</u>	<u>1,011</u>	<u>292,800</u>	<u>2,022</u>

18. Analysis of Net Cash

	At 1 April 2020	Cash Flows	At 31 March 2021
	£	£	£
Cash at bank and in hand:	3,195,677	(318,147)	2,877,530
	<u>3,195,677</u>	<u>(318,147)</u>	<u>2,877,530</u>

19. 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.

20. 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 a going concern in accordance with the ENTRUST/HMRC Terms of Approval (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 and to support the cost of the winding up of the LCF if the Government announces its closure.

21. Financial Instruments

	2021	2020
	£	£
Financial assets		
Financial assets that are debt instruments measured at transaction price.	2,884,504	3,212,230
Financial liabilities		
Financial liabilities that are measured at transaction price.	100,261	82,838

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 11 to 14.

Detailed Income Statement for the year ended 31 March 2021

	2021 £	2020 £
Turnover	1,003,024	1,206,690
Administrative Expenses	<u>(1,085,546)</u>	<u>(1,073,554)</u>
Operating Surplus/(Deficit)	(82,522)	133,136
Interest receivable and similar income	10,117	21,118
Surplus/(Deficit) on ordinary activities before taxation	<u>(72,405)</u>	<u>154,254</u>

Environmental Trust Scheme Regulatory Body
Company Limited by Guarantee
Detailed Income Statement for the year ended 31 March 2021

	2021	2020
	£	£
Administrative Expenses		
Personnel costs		
Directors salaries	210,877	214,958
Wages and salaries	564,775	519,453
Staff national insurance contributions	71,535	72,085
Staff pension contributions	18,167	17,514
	<u>865,354</u>	<u>824,010</u>
Establishment expenses		
Rent, rates and water	103,246	102,724
Light and heat	6,187	8,677
Insurance	12,125	10,659
Repairs and maintenance	7,540	7,666
	<u>129,098</u>	<u>129,726</u>
General Expenses		
Travelling expenses	3,534	19,682
Telephone	7,699	6,745
Computer costs	28,139	26,259
Software development	3,083	3,286
Communications	3,648	3,395
Hire of equipment	1,011	1,011
Stationery and postage	1,648	3,030
Staff training	4,992	6,089
Recruitment costs	156	9,478
Legal and professional fees	11,367	14,949
Auditor's remuneration	9,720	9,720
Depreciation and amortisation	15,154	15,312
Bad debt provision	0	143
Miscellaneous income	0	(200)
	<u>90,151</u>	<u>118,899</u>
Financial Costs		
Bank charges	943	919
	<u>1,085,546</u>	<u>1,073,554</u>
Interest Receivable and Similar Income		
Bank interest receivable	<u>10,117</u>	<u>21,118</u>