



Environmental Trust Scheme Regulatory Body

Company Limited by Guarantee

**Financial Statements for the year ended
31 March 2022**

Company Registration Number 03221000

Directors

Dame Ann G Limb DBE, DL (Chair)
Mr C J Welford (Chief Executive)
Mr J Atkins (appointed 01 September 2021)
Mrs A East (tenure ended 16 June 2021)
Mr J Carlton
Mr C Lewis OBE, DL (appointed 01 December 2021)
Mr G McCormack
Mr J McCracken (tenure ended 16 June 2021)

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

The Directors submit their report and the financial statements of Environmental Trust Scheme Regulatory Body (ENTRUST/the Company) for the year ended 31 March 2022.

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 shortfalls or benefit from 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 2021/2022 was £1.113m, £24k higher than our approved funding requirement. As previously agreed with HMRC, this excess will be used to offset ENTRUST's 2023/2024 funding requirement.

We delivered all the Key Performance Indicators (KPIs) set out and agreed with HMRC in our 2021-2024 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.

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);

Directors' Report

- Compliance;
- Finance;
- Health and Safety;
- Human Resources;
- Information Technology (IT);
- Managing Breaches (previously Enforcement);
- Registrations;
- Regulations and Training; and
- Staff “working from home” documentation.

We also undertook the following reviews:

- The effectiveness of our 2021/2022 revised and updated Compliance programme, which assessed its effectiveness and identified areas for further improvement;
- ENTRUST's compliance with our Regulator Standards, including a review of the previous framework, which updated the previous version to ensure that it complied with best regulatory practice;
- An assessment of the effectiveness of the delivery of the 2020/2021 Form 4 Strategy, which assessed its effectiveness and identified further areas for improvement;
- An external penetration test was completed on our IT infrastructure, which tested the ability of our infrastructure to withstand attack, which did not identify any high-risk areas;
- A survey of stakeholder Satisfaction levels to help develop our customer focus;
- A review of ENTRUST's policies, which ensured that they were being reviewed on a regular basis; and
- The effectiveness of the delivery of our 2021/2022 Training for EBs, which assessed its effectiveness and identified some areas for improvement.

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:

Directors' Report

- 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

As a small organisation, ENTRUST is limited in relation to the actions we can take to mitigate our environmental impact. However, despite this restriction, we are still committed to reducing our environmental impact through our business model. To support this objective, we:

- Utilise technology to support stakeholder training, alongside training videos on our website;
- Promote recycling of waste materials
- Require Staff to use public transfer where possible;
- Wherever possible minimise our utility consumption by fitting energy saving devices, for example installing thermostatic radiator valves;
- Have made available to all staff a Cycle to Work scheme; and
- Re and up-cycle our assets

Streamline Energy Carbon Reporting (SECR)

SECR is a mandatory reporting requirement for large Companies. However, ENTRUST's Board considers that it is important that the Company provides Stakeholders with information relating to our energy efficiency and emissions. This is the first year that ENTRUST has reported this information and therefore it establishes a benchmark to be used in future years and allows ENTRUST to develop and refine our reporting mechanism. The following table reports the two main areas of energy use by the Company in 2021/2022:

UK Energy use Kwh (calculated on the basis of electricity and gas consumption)	101,436 kWh
Associated Greenhouse gas emissions Tonnes CO2 equivalent *	19.29 Tonnes
Intensity ratio Emissions per employee	1.07 Tonnes per employee

* Greenhouse gas reporting: conversion factors 2021 used based on Scope 1 for natural gas usage and Scope 2 for electricity usage

Likely Future Strategic Developments

In 2021/2022, the impact of the pandemic on the volume of waste being disposed to landfill, started to diminish. We found that the level of waste being managed by waste companies was returning to the 2019/2020 level. From our discussions with EBs and LOs in the latter half of 2021/2022, we were advised that the volume of waste disposed to landfill should remain at these levels for the foreseeable future.

Additionally, we also note that some LOs are also taking steps to refine their business models to reflect the introduction of the Environment Bill 2021, but we do not envisage that this will have any impact on our current business model.

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 (SMT) 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
 - Collective Staff training and development.
- Recognising their duty of care to Staff, reviewing annually the following assessments:
 - Health and Safety (H&S);
 - Office;
 - Fire; and
 - Legionella.
- Ensuring that Staff working at home are fully supported and their H&S concerns are addressed.

Directors' Report

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 the quarterly feedback that Stakeholders provide on ENTRUST's Compliance and Registrations experience;
- Approve and review the findings of ENTRUST's annual Stakeholder Satisfaction Survey;
- Approve an annual communications and marketing strategy, which segments Stakeholders into target groups;
- 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 H&S 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 contract terms.

Community and the Environment

ENTRUST takes its community responsibilities seriously and promotes and encourages community and charitable contributions. 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, for example, where possible requesting Staff to use sustainable transport.

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.

Directors' Report

We are reporting an operating deficit before interest and taxation of £260,453 (2021: £82,522 deficit) and a deficit on ordinary activities after interest and taxation of £257,987 (2021: £74,327 deficit). The vast majority of this deficit relates to the Pandemic driven shortfall in levy fee income in 2020/2021 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 £1.0m (2021: £0.72m)

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 £38.4m (2021: £32.0m) which was £4.0m higher than the size of the Fund of £34.4m 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 remained at a low level due the continuing low Bank of England base rate, although there are signs of increasing returns following increases in the Bank's base rate.

Directors and Guarantors

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

Dame Ann G Limb DBE, DL
Mr C J Welford
Mr J Atkins (appointed 01 September 2021)
Mrs A East (tenure ended 16 June 2021)
Mr J Carlton
Mr C Lewis OBE, DL (appointed 01 December 2021)
Mr G McCormack
Mr J McCracken (tenure ended 16 June 2021)

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. From 1 September 2021 membership comprised of all of the Non-Executive Directors, prior to which it was Mr G J McCormack (Chair), Dame Ann G Limb DBE DL and Mr J Carlton.

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. From 1 September 2021 membership comprised of all of the Non-Executive Directors, prior to which it was Mrs A East (Chair), Dame Ann G Limb DBE 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 Board.

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 Committees self-assessment reports were submitted to the Board in September 2021.

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

The review of our strategic risks undertaken by both the Board and 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.

Pandemic

In response to the Pandemic 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 secure 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 the Pandemic.

During 2021/2022, ENTRUST continued to fully comply with the UK Government's Pandemic guidance and updated our business model to reflect the various policy changes that were implemented throughout the year. In January 2022, ENTRUST's Staff returned to working on a flexible/hybrid working model and this model remained in operation at the year end.

Finally, at the year end, ENTRUST had incurred additional pandemic costs of only £2k.



By order of the Board
C J Welford
Company Secretary

22 June 2022

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 22 June 2022 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 2022 which comprise a Statement of Income and Retained Earnings, Statement of Financial Position, Statement of Cash Flows 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 2022 and of its deficit 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.

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 directors' 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 directors 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.



Dave Darlaston, Senior Statutory Auditor.

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

Date: 7 July 2022

Statement of Income and retained earnings for the year ended 31 March 2022

	<i>Notes</i>	2022 £	2021 £
Turnover	4	836,437	1,003,024
Administrative Expenses		<u>(1,096,890)</u>	<u>(1,085,546)</u>
Operating (Deficit)	5	(260,453)	(82,522)
Interest receivable and similar income		3,044	10,117
(Deficit) on ordinary activities before taxation		(257,409)	(72,405)
Taxation	9	(578)	(1,922)
(Deficit) on ordinary activities after taxation		<u>(257,987)</u>	<u>(74,327)</u>
Retained earnings at the beginning of the year		2,100,931	2,175,258
(Deficit) for the year		(257,987)	(74,327)
Retained earnings at the end of the year		<u>1,842,944</u>	<u>2,100,931</u>

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

Statement of Financial Position as at 31 March 2022

	Notes	2022 £	2021 £
Fixed assets			
Property, Plant and Equipment	10	9,064	14,932
Intangible Assets	11	4,583	6,201
Financial Assets	12	2	2
		<u>13,649</u>	<u>21,135</u>
Current assets			
Debtors	13	62,305	52,890
Cash in hand and at bank		2,885,299	2,877,530
		<u>2,947,604</u>	<u>2,930,420</u>
Creditors: Amounts falling due within one year			
Other creditors	14	115,467	127,415
Deferred income	15	742,333	614,823
		<u>857,800</u>	<u>742,238</u>
Net current assets		<u>2,089,804</u>	<u>2,188,182</u>
Total assets less current liabilities		2,103,453	2,209,317
Creditors: Amounts falling due over one year			
Deferred income	15	260,509	108,386
		<u>1,842,944</u>	<u>2,100,931</u>
Reserves			
Retained earnings	20	1,842,944	2,100,931
		<u>1,842,944</u>	<u>2,100,931</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 22 June 2022, and are signed on their behalf by:

Dame Ann G Limb DBE, DL
Chair

Mr C J Welford
Company Secretary

Statement of Cash Flows for the year ended 31 March 2022

	2022	2021
	£	£
Cash flows from operating activities		
(Deficit) for the financial year	(257,987)	(74,327)
Adjustments for:		
Depreciation of tangible fixed assets	10,999	13,537
Amortisation of intangible assets	1,618	1,617
Interest receivable	(3,044)	(10,117)
Tax payable	578	1,922
Decrease /(Increase) / in debtors	(9,415)	951
Increase /(Decrease)/ in creditors	(10,604)	18,046
Decrease /(Increase)/ in deferred income	279,633	(275,881)
Taxation paid	(1,922)	(4,012)
Net cash generated by / (used in) operating activities	9,856	(328,264)
Cash flows from investing activities		
Purchase of tangible fixed assets	(5,131)	0
Interest received	3,044	10,117
Net cash (for) / from investing activities	(2,087)	10,117
Net increase / (decrease) in cash and cash equivalents	7,769	(318,147)
Cash and cash equivalents at the beginning of the year	2,877,530	3,195,677
Cash and cash equivalents at the end of the year	2,885,299	2,877,530

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 2021/2022, 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.

	2022	2021
	£	£
Regulatory Activities	833,337	1,001,224
Application Fees	3,100	1,800
Turnover	<u>836,437</u>	<u>1,003,024</u>

5. Operating Surplus/(Deficit)

Operating deficit is stated after charging:

	2022	2021
	£	£
a. Auditor's remuneration		
Audit of financial statements	10,260	9,720
b. Operating lease payments:		
Land and Buildings	72,000	72,000
Plant and Equipment	995	1,011

6. Particulars of employees

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

	2022	2021
	No.	No.
Administrative and operations	13	13
Management	5	5
Directors	5	6
	<u>23</u>	<u>24</u>

The aggregate payroll costs of the above were:

	2022	2021
	£	£
Wages and salaries	778,387	775,652
Social security costs	75,337	71,535
Other pension costs	18,347	18,167
	<u>872,071</u>	<u>865,354</u>

The cost of accrued holiday pay for the year was £18,884 (2021: £27,521). Included in, the above costs are reorganisation costs of £37,847 (2021: £0) incurred during the year following a management review of the organisation.

7. Directors' Emoluments

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

	2022	2021
	£	£
Emolument's receivable	<u>206,292</u>	<u>210,876</u>

8. Key Management Remuneration

	2022	2021
	£	£
Key Management Personnel Remuneration	<u>230,292</u>	<u>231,697</u>

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

	2022	2021
	£	£
Current tax:		
UK Corporation tax	<u>578</u>	<u>1,922</u>

Corporation tax is chargeable only on income arising from bank and cash balances. For this reason, the tax assessed is 19% (2021: 19%) of interest receivable.

10. Property, plant and equipment

	Fixtures & Fittings	Computer Equipment	Total
	£	£	£
Cost:			
At 1 April 2021	70,726	129,844	200,570
Additions for the year	0	5,131	5,131
<i>Less Disposals during the year</i>	(2,499)	(18,914)	(21,413)
	<u>68,227</u>	<u>116,061</u>	<u>184,288</u>
At 31 March 2022			
Depreciation:			
At 1 April 2021	(62,476)	(123,162)	(185,638)
Charge for the year	(2,750)	(8,249)	(10,999)
<i>Less depreciation on disposals</i>	2,499	18,914	21,413
	<u>(62,727)</u>	<u>(112,497)</u>	<u>(175,224)</u>
At 31 March 2022			
Net Book Value:			
At 31 March 2021	<u>8,250</u>	<u>6,682</u>	<u>14,932</u>
At 31 March 2022	<u>5,500</u>	<u>3,564</u>	<u>9,064</u>

11. Intangible Assets

	Computer Software
	£
Cost:	
At 1 April 2021	156,208
Additions for the year	0
At 31 March 2022	<u>156,208</u>
Amortisation:	
At 1 April 2021	(150,007)
Charge for the year	(1,618)
At 31 March 2022	<u>(151,625)</u>
Net Book Value:	
At 31 March 2021	<u>6,201</u>
At 31 March 2022	<u><u>4,583</u></u>

12. Financial Assets

	Unlisted Investments
	£
Cost:	
At 1 April 2021 and 31 March 2022	<u>2</u>
Net book value	
At 31 March 2021 and 31 March 2022	<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

	2022	2021
	£	£
Trade debtors	9,870	6,699
Prepayments	52,369	45,916
Accrued income	66	275
	<u>62,305</u>	<u>52,890</u>

14. Other Creditors

	2022	2021
	£	£
Trade creditors	38,414	42,705
Corporation tax	578	1,922
Other taxation and social security	30,517	25,232
Pensions	1,283	1,253
Accruals	44,675	56,303
	<u>115,467</u>	<u>127,415</u>

15. Deferred Income

	2022	2021
	£	£
Regulatory Activities		
Amounts falling due within one year	742,333	614,823
Amounts falling due over one year	260,509	108,386
	<u>1,002,842</u>	<u>723,209</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 2022 the Company had outstanding contributions totalling £1,283 (2021: £1,253) and these are included in creditors.

17. Commitments under Operating Leases

At 31 March 2022, the Company had total future minimum lease payment commitments under non-cancellable operating leases as set out below.

	2022		2021	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Operating leases which expire:				
Within 1 year	74,400	722	72,000	1,011
Within 2 to 5 years	74,400	722	148,800	0
	<u>148,800</u>	<u>1,444</u>	<u>220,800</u>	<u>1,011</u>

18. Analysis of Net Cash

	At 1 April 2021	Cash Flows	At 31 March 2022
	£	£	£
Cash at bank and in hand:	2,877,530	7,769	2,885,299
	<u>2,877,530</u>	<u>7,769</u>	<u>2,885,299</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.

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 2022

	2022 £	2021 £
Turnover	836,437	1,003,024
Administrative Expenses	<u>(1,096,890)</u>	<u>(1,085,546)</u>
Operating Surplus/(Deficit)	(260,453)	(82,522)
Interest receivable and similar income	3,044	10,117
(Deficit) on ordinary activities before taxation	<u>(257,409)</u>	<u>(72,405)</u>

Environmental Trust Scheme Regulatory Body
Company Limited by Guarantee
Detailed Income Statement for the year ended 31 March 2022

	2022	2021
	£	£
Administrative Expenses		
Personnel costs		
Directors salaries	206,292	210,877
Wages and salaries	534,248	564,775
Staff national insurance contributions	75,337	71,535
Staff pension contributions	18,347	18,167
Reorganisation cost	37,847	0
	872,071	865,354
Establishment expenses		
Rent, rates and water	103,236	103,246
Light and heat	6,853	6,187
Insurance	12,603	12,125
Repairs and maintenance	7,608	7,540
	130,300	129,098
General Expenses		
Travelling expenses	7,147	3,534
Telephone	7,799	7,699
Computer costs	32,023	28,139
Software development	3,239	3,083
Communications	3,228	3,648
Hire of equipment	995	1,011
Stationery and postage	1,729	1,648
Staff training	7,085	4,992
Recruitment costs	156	156
Legal and professional fees	7,493	11,367
Auditor's remuneration	10,260	9,720
Depreciation and amortisation	12,617	15,154
Miscellaneous income	(193)	0
	93,578	90,151
Financial Costs		
Bank charges	941	943
	1,096,890	1,085,546
Interest Receivable and Similar Income		
Bank interest receivable	3,044	10,117