

THE NATIONAL ENERGY FOUNDATION
FINANCIAL STATEMENTS
31 MARCH 2002



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THE NATIONAL ENERGY FOUNDATION
FINANCIAL STATEMENTS
YEAR TO 31 MARCH 2002

CONTENTS	PAGE
Trustees' report	1
Independent auditors' report to the Members	7
Consolidated Statement of Financial Activities	8
Balance sheet	9
Consolidated cash flow statement	10
Accounting policies	11
Notes to the financial statements	13

THE NATIONAL ENERGY FOUNDATION

TRUSTEES' REPORT

YEAR TO 31 MARCH 2002

The Trustees, who also act as directors for the purposes of the Companies Act 1985, present their report for the year ended 31 March 2002.

Company information

The National Energy Foundation is a registered charity (no.298951), incorporated as a company limited by guarantee, established to increase public awareness of the efficient and safe use of energy. The Foundation's current programme is described in detail in the Trustees' Report. The Foundation is governed by its Memorandum and Articles of Association.

President:

Dr Mary Archer

The Trustees of The National Energy Foundation are:

Professor John Chesshire (Chairman)
Christine Davis
Keith Jackson
Baroness Diana Maddock
Professor Tony Marmont
Eryl McNally MEP
Gillian Thomas
John Walker

There were no changes to the composition of the Board of Trustees during the financial year.

The Trustees hold office for an indefinite period of time and are appointed by an Annual General Meeting. Members may elect up to 18 Trustees. No Trustee has a beneficial interest in any of the capital of the Foundation or its subsidiaries.

The principal executive officers of the Foundation are:

Richard Tinson Director
Ian Byrne Deputy Director & Company Secretary

Professional advisors to the Foundation are:

Auditors Macintyre Hudson, Milton Keynes
Bankers National Westminster Bank plc, Milton Keynes
Solicitors Bates Wells and Braithwaite, London EC2
 Fennemores, Milton Keynes

THE NATIONAL ENERGY FOUNDATION

TRUSTEES' REPORT

YEAR TO 31 MARCH 2002

Company information (continued)

Registered Office:
The National Energy Foundation
The National Energy Centre
Davy Avenue
Milton Keynes
MK5 8NG

Tel No:	01908 665555	Fax No:	01908 665577
e-mail:	nef@natenergy.co.uk		
Web sites:	www.natenergy.org.uk	(General and Energy Efficiency)	
	www.greenenergy.org.uk	(Renewable Energy)	

Registered Charity Number: 298951
Registered Company Number: 2218531

Principal activities

The principal objective of the Foundation is to promote, through education, demonstration and research the innovative, efficient and safe use of energy to increase the public awareness of energy in all its aspects. In addition to its general programme of education and information, the Foundation and its subsidiary company, National Energy Services Limited, undertake specific projects to further its aims.

Renewable Energy

NEF Renewables department operate a number of projects designed to encourage the installation of renewable energy capacity in the domestic, agricultural and small commercial sectors as well as a number of educational projects. During the year under review it ran four projects part funded by the Government's Environmental Action Fund:

- **Renewable Energy for the Home** – a telephone and web based information service for the general public.
- **Wood Fuel Buyers Clubs** – a pilot to encourage sustainable wood fuel for the domestic market.
- **Renewable Energy Pictures** and the **Green Energy Mobile (GEM)** – which were used to develop the Energy Bus service providing educational visits within reach of Milton Keynes.
- **Self Build Solar** – a continuation of the EU-funded Selfsol work, to provide training in DIY solar heating techniques across the Eastern region of England.

In early 2002, the team commenced two EU-funded ALTENER projects:

- **PV-DOMSYS** – which supports the application of PV in domestic housing.
- **REST (Renewable Energy for Sustainable Tourism)** – a project to promote renewable energy in hotels.

THE NATIONAL ENERGY FOUNDATION

TRUSTEES' REPORT

YEAR TO 31 MARCH 2002

NEF Renewables is also working on a Government funded pilot project seeking to tackle rural fuel poverty by testing appropriate renewable energy technologies, working in partnership with National Energy Services and NEA (National Energy Action)

Other activities included providing the secretariat functions for the Solar Trade Association and the British Photovoltaic Association (PV-UK), offering training courses to Energy Efficiency Advice Centres and others, and providing technical support on renewable energy to local councils and others. NEF Renewables also actively participates in the national debate over ways to move towards sustainable energy sources.

Energy Efficiency – Domestic Sector

Until 31 July 2001, the Foundation acted as network manager on behalf of the Energy Saving Trust for its network of Energy Efficiency Advice Centres (EEACs). Following the completion of the national network of 52 advice centres a new network manager was appointed; the Foundation continues to manage the network's 0800 512012 Freefone number and to provide a relief energy advice. It also agreed to operate the Energy Efficiency Advice Centre for the Anglia East region, and this commenced business, from an office near Norwich, after the end of the financial year.

The Foundation continues to work on a number of smaller projects for the public and local authorities that will lead to greater energy efficiency in UK homes, and to support other independent agencies working in the sector in Milton Keynes, Kirklees and Scotland.

Energy Efficiency – Non-Domestic Sector

In 1998 the Foundation took over the administration of the Energy Efficiency Accreditation Scheme. This scheme was established by the Energy Systems Trade Association in 1993 and allows organisations in both the public and private sectors to demonstrate their achievement in minimising energy use, as well as quantified investment in energy efficiency and year on year savings.

Organisations are assessed by independent consultants and accreditation is given by the Institute of Energy. The scheme continued to grow with over 30 new accreditations in the year and, in December 2001, the one hundred and fiftieth organisation was awarded its accreditation certificate at a ceremony in Birmingham.

The National Energy Centre

The Foundation is based in the National Energy Centre, a purpose built low-energy building shared with its subsidiary company, National Energy Services Ltd, and the Milton Keynes Energy Agency. The building design incorporates high levels of insulation and thermal mass, the optimum use of natural daylighting and passive ventilation and is heated by a high efficiency condensing boiler. The building also demonstrates a small-scale photovoltaic (PV) panel and demonstration plots planted for four biomass crops: miscanthus, switchgrass, poplar and willow.

THE NATIONAL ENERGY FOUNDATION

TRUSTEES' REPORT

YEAR TO 31 MARCH 2002

National Energy Services Limited

National Energy Services Limited, which is just under two-thirds owned by the Foundation, provides a wide range of services and software that encourage the efficient use of energy in buildings.

National Energy Services operates the National Home Energy Rating Scheme, which is firmly established as the leading UK delivery system for domestic energy rating. There are over 1,500 member organisations including many of the major housebuilders, local authorities, housing associations and fuel utilities as well as the National House Building Council, architects, energy consultants and others with a professional interest in housing.

A comprehensive range of computer programs is available to members to deliver both the National Home Energy Rating (NHER) and the Government's Standard Assessment Procedure (SAP). The software also calculates CO₂ emissions for the property and has been extended to include an Affordable Warmth Index (AWI) showing whether occupants are likely to find themselves in fuel poverty. Other applications include the analysis of housing stock, especially by local authorities and housing associations; helping architects and housebuilders design more energy-effective homes; and the rating of individual dwellings, both at change of ownership and when advising householders of the benefits of improvement measures. The NHER Scheme increased turnover and reduced direct costs in the year, resulting in an improved financial performance, and invested in further enhancing products and services, including a revised web site.

The projects group within National Energy Services helps deliver cost-effective energy efficiency programmes, including assessments of energy-saving initiatives funded by Government. The group also has a research capability, working mainly on ways of modelling energy use in buildings.

In 2000, National Energy Services established a Field Operations team to provide energy surveying services for the assessment of energy efficiency measures that could be installed in properties under the Government's Warm Front (formerly HEES) Scheme in Eastern England. This contract, which is expected to run for a minimum of five years, led to a significant increase in the number of staff and the turnover of the subsidiary company and is performing profitably in line with its budgets.

More information about National Energy Services can be found on its websites:

www.nesltd.co.uk (General Company information)
www.nher.co.uk (The National Home Energy Rating Scheme)

The TXU Warm Front website can be found at www.easternhees.co.uk

THE NATIONAL ENERGY FOUNDATION

TRUSTEES' REPORT

YEAR TO 31 MARCH 2002

Risk Assessment

In accordance with the recommendations of SORP 2000, a sub-committee of the Trustees have worked with senior management to produce an assessment of the risks to which the Foundation is subject. These risks may broadly be categorised into five main areas: governance, business, operational risk, financial risk, and compliance. The review took account of the relatively small number of staff working for the National Energy Foundation and identified that most of the activities carried out by it are in the nature of giving advice and information to the general public about energy efficiency and renewable energy, so have a relatively low inherent risk as they are based upon well documented and publicised facts. In carrying out the review, Trustees also noted that, in common with many other charities, the Foundation has a high dependence on projects funded through either local or national Government or agencies funded by the Government. The Trustees will keep these and other more minor issues identified under continual review to ensure that the charity retains its ability to deliver high quality and cost-effective projects in support of its primary aims.

Reserves


The Trustees believe that adequate reserves should be held to maintain the work of the Foundation in promoting energy efficiency and renewable energy. After consideration, the Trustees have determined that free reserves equivalent to six months normal recurring expenditure will suffice, after allowing for the Foundation's investment in fixed assets and the subsidiary company.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution for the re-appointment of Macintyre Hudson as auditors to the company will be put at the forthcoming Annual General Meeting.



Trustee – J Walker
4 November 2002



Trustee – K Jackson
4 November 2002

Registered office:
The National Energy Centre
Davy Avenue
Knowlhill
Milton Keynes
MK5 8NG

THE NATIONAL ENERGY FOUNDATION

FINANCIAL STATEMENTS

YEAR TO 31 MARCH 2002

TRUSTEES' RESPONSIBILITIES

Company law requires the Trustees, as the legal directors, to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the period and of the surplus or deficiency for the period then ended.

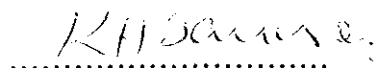
In preparing those financial statements, the Trustees are required to select suitable accounting policies, as described on pages 11 to 12, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The Trustees must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The Trustees 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.



Trustee – J Walker

4 November 2002



Trustee – K Jackson

4 November 2002

Registered office:
The National Energy Centre
Davy Avenue
Knowlhill
Milton Keynes
MK5 8NG

THE NATIONAL ENERGY FOUNDATION

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

YEAR TO 31 MARCH 2002

We have audited the financial statements on pages 8 to 24 which have been prepared under the historical cost convention and the accounting policies set out on pages 11 to 12.

RESPECTIVE RESPONSIBILITIES OF THE TRUSTEES AND THE AUDITORS

As described on page 6, the company's Trustees are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom accounting standards. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

We report our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the Trustees' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations that we require for our audit, or if information specified by law regarding Trustees' remuneration and transactions with the company is not adequately disclosed.

We read the Trustees report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF OPINION

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the company and group as at 31 March 2002 and of its surplus for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Moorgate House
201 Silbury Boulevard
Central Milton Keynes
Buckinghamshire MK9 1LZ



MACINTYRE HUDSON
Chartered Accountants
& Registered Auditors

5/11/02

THE NATIONAL ENERGY FOUNDATION

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

YEAR TO 31 MARCH 2002

	Note	Unrestricted Funds £	Restricted Revenue Funds £	Restricted Capital Funds £	Total 2002 £	Total 2001 as restated £
INCOMING RESOURCES						
Project Income		168,825	145,282	-	314,107	413,440
Other Income		159,470	-	-	159,470	114,339
Interest Income	5	20,897	-	-	20,897	28,229
Subsidiary's Non-Charitable Trading Turnover	3	4,775,321	-	-	4,775,321	4,007,351
<i>Total Incoming Resources</i>		<u>5,124,513</u>	<u>145,282</u>	<u>-</u>	<u>5,269,795</u>	<u>4,563,359</u>
RESOURCES EXPENDED						
Direct Charitable Expenditure						
Energy Advice & Education	4	264,055	145,282	-	409,337	341,985
Energy Accreditation	4	140,389	-	-	140,389	173,801
Support Costs	4	59,117	-	-	59,117	48,967
Subsidiary's Non-Charitable Costs						
Direct Trading Expenditure	3	3,071,671	-	-	3,071,671	2,523,610
Subsidiary Support Costs	4	267,772	-	-	267,772	297,512
		<u>3,803,004</u>	<u>145,282</u>	<u>-</u>	<u>3,948,286</u>	<u>3,385,875</u>
Other Expenditure: Management, Administration & Depreciation						
Charity	4	92,064	-	25,274	117,338	98,594
Subsidiary	4	748,458	-	-	748,458	799,759
<i>Total Resources Expended</i>		<u>4,643,526</u>	<u>145,282</u>	<u>25,274</u>	<u>4,814,082</u>	<u>4,284,228</u>
Net Incoming Resources before Taxation and Minority Interests						
		<u>480,987</u>	<u>-</u>	<u>(25,274)</u>	<u>455,713</u>	<u>279,131</u>
Taxation in Subsidiary	6	138,036	-	-	138,036	47,695
Amounts Attributable to Minority Interests	7	182,427	-	-	182,427	110,901
Net Incoming Resources before Investment Asset Disposals		<u>160,524</u>	<u>-</u>	<u>(25,274)</u>	<u>135,250</u>	<u>120,535</u>
Realised Gain on Disposal of Investment Assets	10	6,380	-	-	6,380	-
NET MOVEMENTS IN FUNDS		<u>166,904</u>	<u>-</u>	<u>(25,274)</u>	<u>141,630</u>	<u>120,535</u>
Fund balances brought forward		<u>492,398</u>	<u>-</u>	<u>1,722,914</u>	<u>2,215,312</u>	<u>2,094,777</u>
Fund balances at 31 March	14	<u>659,302</u>	<u>-</u>	<u>1,697,640</u>	<u>2,356,942</u>	<u>2,215,312</u>

The company has no recognised surpluses or deficits other than the results for the period as set out above.
All of the activities of the company are classed as continuing.

The accounting policies and notes on pages 11 to 24 form part of these financial statements.

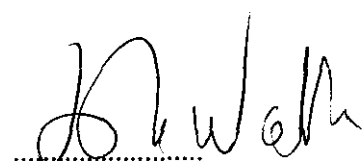
THE NATIONAL ENERGY FOUNDATION

CONSOLIDATED BALANCE SHEET

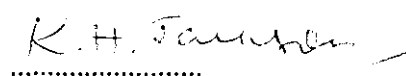
31 MARCH 2002

	Note	GROUP		COMPANY	
		2002	2001	2002	2001
		£	£	£	£
FIXED ASSETS					
Tangible Fixed Assets	8	1,870,372	1,861,188	1,713,437	1,730,148
Intangible Assets	9	5,904	11,667	-	-
Investments	10	-	-	109,427	100,003
		<u>1,876,276</u>	<u>1,872,855</u>	<u>1,822,864</u>	<u>1,830,151</u>
CURRENT ASSETS					
Stock		-	-	-	-
Debtors	11	1,422,282	1,214,565	175,110	127,285
Cash at Bank and in hand		819,728	665,104	195,351	208,364
		<u>2,242,010</u>	<u>1,879,669</u>	<u>370,461</u>	<u>335,649</u>
Creditors:					
Amounts falling due within one year	12	1,557,366	1,384,503	91,294	116,615
<i>Net Current Assets</i>		<u>684,644</u>	<u>495,166</u>	<u>279,167</u>	<u>219,034</u>
Creditors:					
Provisions for liabilities and charges	13	-	6,338	-	-
		<u>-</u>	<u>6,338</u>	<u>-</u>	<u>-</u>
Net Assets		<u>2,560,920</u>	<u>2,361,683</u>	<u>2,102,031</u>	<u>2,049,185</u>
CAPITAL AND RESERVES					
		£	£	£	£
Restricted Capital Fund	14	1,697,640	1,722,914	1,697,640	1,722,914
Minority Interest	16	203,978	146,371	-	-
Retained Surplus on Income and Expenditure Account	14	659,302	492,398	404,391	326,271
		<u>2,560,920</u>	<u>2,361,683</u>	<u>2,102,031</u>	<u>2,049,185</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium sized companies. They were approved by the Trustees on 4 November 2002, and are signed on their behalf by:



 J WALKER



 K JACKSON

THE NATIONAL ENERGY FOUNDATION
CONSOLIDATED CASH FLOW STATEMENT

31 MARCH 2002

	Note	2002 £	2001 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	17	395,492	493,722
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		20,897	28,229
Dividends paid to minority interests		(136,920)	(63,088)
Net Cash Outflow From Returns On Investments And Servicing Of Finance		(116,023)	(34,859)
TAXATION		(19,237)	(14,659)
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets		(118,184)	(138,122)
Payments for investments		(9,424)	-
Net Cash Outflow From Capital Expenditure		(127,608)	(138,122)
CASH INFLOW BEFORE FINANCING		132,624	306,082
FINANCING			
Issue of shares		22,000	-
INCREASE IN CASH	19	154,624	306,082

THE NATIONAL ENERGY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR TO 31 MARCH 2002

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements.

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice (Revised 2000) and applicable standards. The comparatives have been restated following the introduction of the Charities SORP 2000, in order to be comparable with the current year's disclosure requirements.

Income

The income shown in the Statement of Financial Activities represents grants received and amounts invoiced during the period, exclusive of Value Added Tax. Grants received are recognised as an incoming resource to the extent that they are expended during the year. Unspent grants are carried forward in the Balance Sheet to be matched against future costs. Income from consultancy in connection with specific projects of the company and the group is recognised at the time that the work is invoiced. Income from other sources is recognised at the time that the service is supplied.

Expenditure

Expenditure is allocated between direct charitable costs and management and administration expenses on the basis of specific costs incurred during the year.

Financial statements of the group

The consolidated financial statements include the financial statements of the company and its subsidiary undertaking, National Energy Services Limited, in accordance with the provisions of the applicable SORP. All significant inter-company transactions and balances have been eliminated on consolidation. In the opinion of the Trustees, the company and its subsidiaries comprise a medium group. The company has therefore taken advantage of the exemptions provided under section 248 of the Companies Act 1985 not to prepare group accounts under the definitions of the Companies Act.

Goodwill

Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Amortisation has not been provided on the acquired goodwill during the year since the Trustees consider there to have been no diminution of value since acquisition. This contravenes Schedule 4 to the Companies Act 1985, although the effect is not considered to be material as had the goodwill been amortised over a 20 year period, the annual charge would be £295.

Fixed assets: depreciation and amortisation

Depreciation and amortisation are provided by the company and the group to write off the cost or valuation less the estimated residual value of tangible fixed assets and intangible assets by equal instalments over their estimated useful economic life as follows:

Freehold Buildings	50 years
Freehold improvements	5 years
Computer equipment	2 to 3 years
Office equipment/furniture	4 to 8 years
Intellectual Property Rights	2 years

Funds

Restricted Capital Funds relate to the contribution from the Commission for the New Towns (CNT) for the construction of the National Energy Centre in 1998-9 (see also note 14). All other funds controlled by the company are for general purposes and may be used in furtherance on any of the company's charitable objects.

THE NATIONAL ENERGY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR TO 31 MARCH 2002

1. ACCOUNTING POLICIES (continued)

Operating lease agreements

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

Pension costs

The company and group contribute to personal pension plans of certain employees. The contributions are charged to the statement of financial activities as they fall due.

Taxation

The company is exempt from any corporation tax liability due to its charitable status. The results of the subsidiary include a provision for Corporation Tax at 30% (2000 - 20%).

THE NATIONAL ENERGY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR TO 31 MARCH 2002

2. COMPANY LIMITED BY GUARANTEE

The National Energy Foundation is a company limited by guarantee, and without a share capital. In the event of the company being wound up every member, while he or she is a member or within one year after he or she ceases to be a member, undertakes to contribute to the assets of the company such amount as may be required, not exceeding one pound.

3. NET INCOME FROM TRADING SUBSIDIARY

The company owns the majority shareholding in a trading subsidiary which is incorporated in England and Wales. National Energy Services Limited operates as a company with principal activities of the design and provision of energy rating services and the licensing of other parties to carry out energy ratings, the design and provision of computer software, energy surveying services, and energy consultancy. The subsidiary covenants a proportion of its taxable profits to the National Energy Foundation. A summary of its trading results is shown below. Audited financial statements have been filed with the Registrar of Companies in respect of periods up to the subsidiary's year-end date of 30th November.

National Energy Services Ltd

Profit and Loss account	Year ended 31 March 2002 £	Year ended 31 March 2001 £
Turnover	4,775,321	4,007,351
Cost of sales	3,071,671	2,523,610
<i>Gross profit</i>	<u>1,703,650</u>	<u>1,483,741</u>
Administrative expenses	1,068,697	1,146,638
Interest Payable	-	-
Interest Receivable	17,488	23,130
	<u> </u>	<u> </u>
<i>Operating profit before taxation</i>	652,441	360,233
Tax on Profit	138,036	47,695
	<u> </u>	<u> </u>
<i>Net Profit</i>	514,405	312,538
Less: Minority Interest	45,507	47,813
Less: Dividends Paid to Minority Interest	136,920	63,088
	<u> </u>	<u> </u>
Net income of trading subsidiary (attributable to company)	331,978	201,637
Minority interest retained	45,507	47,813
Amount covenanted to the National Energy Foundation	(249,572)	(114,705)
Retained in Subsidiary for the year	<u>127,913</u>	<u>134,745</u>

THE NATIONAL ENERGY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR TO 31 MARCH 2002

4. ANALYSIS OF RESOURCES EXPENDED

GROUP	Staff Costs	Other	Depreciation & Amortisation	Total
	£	£	£	£
Direct Charitable Expenditure				
Energy Advice & Education	177,859	231,478	-	409,337
Energy Accreditation	34,352	106,037	-	140,389
Support Costs	-	59,117	-	59,117
Subsidiary's Non Charitable Costs:				
Direct Trading Expenditure	1,921,719	1,149,952	-	3,071,671
Subsidiary Support costs	-	267,772	-	267,772
	<u>2,133,930</u>	<u>1,814,356</u>	<u>-</u>	<u>3,948,286</u>
Other Expenditure				
Fundraising/Publicity	-	-	-	-
Management/Administration:				
Charity	66,380	19,473	31,485	117,338
Subsidiary	469,475	192,703	86,280	748,458
Total Resources Expended	<u>2,669,785</u>	<u>2,026,532</u>	<u>117,765</u>	<u>4,814,082</u>

Staff costs include:	2002		2001	
	Group	Company	Group	Company
	£	£	£	£
Wages and Salaries	2,311,573	248,376	2,056,795	231,733
Social Security Costs	194,093	21,278	167,812	20,267
Pension Costs	164,119	8,937	117,357	8,022
	<u>2,669,785</u>	<u>278,591</u>	<u>2,341,964</u>	<u>260,022</u>

Number of staff whose emoluments fell within the following bands:

	2002		2001	
	Group	Company	Group	Company
£40,000 - £50,000	2	1	2	1
£50,001 - £60,000	-	-	1	-
£60,001 - £70,000	1	-	-	-
	<u>3</u>	<u>1</u>	<u>3</u>	<u>1</u>

The average number of employees during the year was as follows:

	2002		2001	
	Group	Company	Group	Company
Management and Administration	11	2	12	2
Projects, Sales and Technical	98	10	74	8
	<u>109</u>	<u>12</u>	<u>86</u>	<u>10</u>

THE NATIONAL ENERGY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR TO 31 MARCH 2002

4. ANALYSIS OF RESOURCES EXPENDED (continued)

	2002		2001	
	Group £	Company £	Group £	Company £
Support costs				
Office lease	-	-	-	-
Other property costs	40,053	23,052	39,751	19,781
Post, telephone & other communications	153,226	15,087	166,275	13,508
Other support costs	133,610	20,978	140,453	15,678
	<u>326,889</u>	<u>59,117</u>	<u>346,479</u>	<u>48,967</u>
Management/Administration				
Staff costs and benefits	535,855	66,380	546,678	55,043
Other staff costs	167,725	-	143,887	-
Auditors' remuneration –as auditors	6,675	3,150	8,826	2,826
Trustees' Emoluments	-	-	-	-
Depreciation and Amortisation	117,765	31,485	111,685	31,443
Loss on disposal of assets	2,900	-	7,889	-
Other management & admin costs (including insurance, legal and professional costs)	34,876	16,323	79,388	9,282
	<u>865,796</u>	<u>117,338</u>	<u>898,353</u>	<u>98,594</u>

Professor J.H. Chesshire and K Jackson claimed £152 and £534 respectively as reimbursement for direct expenses incurred while undertaking their duties as Trustees of the Foundation.

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2002		2001	
	Group £	Company £	Group £	Company £
Interest Receivable	<u>20,897</u>	<u>3,409</u>	<u>28,229</u>	<u>5,099</u>

THE NATIONAL ENERGY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR TO 31 MARCH 2002

6. TAXATION IN SUBSIDIARY

	2002 £	2001 £
In respect of the year:		
Corporation tax based on the results for the year at 30% (2000 - 20%)	144,374	41,357
(Decrease)/Increase in deferred tax provision	(6,338)	6,338
Capital allowances	<u>138,036</u>	<u>47,695</u>

7. AMOUNTS ATTRIBUTABLE TO MINORITY INTERESTS

The following amounts are attributable to the minority interests of the trading subsidiary company:

	2002 £	2001 £
Dividends paid	136,920	63,088
Retained profits	<u>45,507</u>	<u>47,813</u>
	<u>182,427</u>	<u>110,901</u>

8. TANGIBLE FIXED ASSETS

GROUP	Freehold Improvements	Plant and Machinery	Land & Buildings	Total
	£	£	£	£
Cost				
Opening balance	10,949	296,499	1,733,708	2,041,156
Additions	-	103,409	14,776	118,185
Disposals	-	(23,403)	-	(23,403)
Cost at 31 March 2002	10,949	376,505	1,748,484	2,135,938
Depreciation				
Opening balance	2,190	152,208	25,570	179,968
Charge for the year	2,190	78,634	25,274	106,098
On disposals	-	(20,500)	-	(20,500)
	<u>4,380</u>	<u>210,342</u>	<u>50,844</u>	<u>265,566</u>
Net Book Value At 31 March 2002	6,569	166,163	1,697,640	1,870,372
At 31 March 2001	8,759	144,291	1,708,138	1,861,188

THE NATIONAL ENERGY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR TO 31 MARCH 2001

8. TANGIBLE FIXED ASSETS (continued)

The group net book value at 31 March 2002 represents fixed assets used for:

	Freehold Improvements £	Plant and Machinery £	Land and Buildings £	Total £
Direct Charitable Purposes	6,569	9,229	1,697,639	1,713,437
Other Purposes	-	156,935	-	156,935
At 31 March 2002	6,569	166,164	1,697,639	1,870,372

COMPANY	Freehold Improvements £	Plant and Machinery £	Land & Buildings £	Total £
Cost				
Opening balance	10,949	33,913	1,733,708	1,778,570
Additions	-	-	14,776	14,776
Disposals	-	-	-	-
Cost at 31 March 2002	10,949	33,913	1,748,484	1,793,346
Depreciation				
Opening balance	2,190	20,662	25,570	48,422
Charge for the year	2,190	4,023	25,274	31,487
Disposals	-	-	-	-
	4,380	24,685	50,844	79,909
Net Book Value				
At 31 March 2002	6,569	9,228	1,697,640	1,713,437
At 31 March 2001	8,759	13,251	1,708,138	1,730,148

The figures for additions to Land and Buildings in the company and the group include a sum of £470,000 at valuation for the land on which the National Energy Centre building is sited. This land was granted to the Foundation by the Commission for the New Towns (see also note 14 below).

THE NATIONAL ENERGY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR TO 31 MARCH 2002

9. INTANGIBLE FIXED ASSETS

GROUP	Goodwill	Intellectual Property Rights	Total
	£	£	£
Cost			
Opening balance	-	40,000	40,000
Additions	5,904	-	5,904
Cost at 31 March 2002	5,904	40,000	45,904
Amortisation			
Opening balance	-	28,333	28,333
Charge for the year	-	11,667	11,667
	-	40,000	40,000
Net Book Value At 31 March 2002	5,904	-	5,904
At 31 March 2001	-	11,667	11,667

Intellectual property rights were acquired by the subsidiary company in November 1999 in respect of existing energy rating software. The contract provides for additional consideration to become payable in the event of certain targets being exceeded within two years of the agreement. The total consideration is restricted to a maximum of £90,000. The Trustees do not expect additional compensation to become payable.

Goodwill arises on consolidation due to the acquisition of an additional 1,333 ordinary £1 'A' shares during the year from the subsidiary company, National Energy Services Ltd.

There were no intangible fixed assets in the Company.

THE NATIONAL ENERGY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR TO 31 MARCH 2002

10. FIXED ASSET INVESTMENTS

	Group	Company
<i>Cost or valuation</i>	£	£
At beginning of year	-	100,003
Additions	-	9,424
Disposals	-	-
	<hr/>	<hr/>
At end of year	-	109,427
	<hr/>	<hr/>
<i>Net Book Value</i>		
At 31 March 2002	-	109,427
	<hr/>	<hr/>
At 31 March 2001	-	100,003
	<hr/>	<hr/>

The principal companies in which the Group's interest is more than 20% are as follows:

	Principal Activities	Percentage & Class of shares held
Energy Advisory Services Limited	Dormant	100% ordinary
The National Energy Centre Limited	Dormant	100% ordinary
The Home Energy Rating Scheme Limited	Dormant	100% ordinary
National Energy Services Limited	Energy Rating & Consultancy	100% (A ordinary)

The ordinary 'A' shares of National Energy Services Limited represented approximately 63.7% of the total issued shares and voting rights of that company at 31 March 2002 (64.5% - 2001). This company is treated as a subsidiary of the Foundation and consolidated into these accounts.

During the year National Energy Services Limited issued 4,000 new Ordinary 'C' shares to third parties under a share option agreement. This had the effect of diluting the Foundations interests in the subsidiary company and, as a consequence, the Foundation is deemed to have disposed of part of its investment. The Foundations share of the premium paid on this issue, less the share of the subsidiary's net assets effectively disposed of, is described on the Statement of Financial Activities as being a realised gain on disposal of investment assets.

Further share options are available to third parties which, if fully exercised, would dilute the Foundations interest in the subsidiary to 62.9%

The ordinary shares of Energy Advisory Services Ltd, The National Energy Centre Ltd and The Home Energy Rating Scheme Ltd represent 100% of the total issued shares of those companies; one share in each company is held by the Foundation and a second share in each by a fellow subsidiary.

In the opinion of the Trustees, the investments in and amounts due from the subsidiary undertakings are worth at least the amounts at which they are stated in the balance sheet.

All of these companies are incorporated in England & Wales.

THE NATIONAL ENERGY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR TO 31 MARCH 2002

11. DEBTORS

	GROUP		COMPANY	
	2002	2001	2002	2001
	£	£	£	£
Trade Debtors	654,120	592,214	89,265	108,891
Other Debtors	-	6,805	-	4,988
Prepayments and accrued income	768,162	615,546	26,775	2,400
Amounts owed by subsidiary undertakings	-	-	59,070	11,006
	<u>1,422,282</u>	<u>1,214,565</u>	<u>175,110</u>	<u>127,285</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP		COMPANY	
	2002	2001	2002	2001
	£	£	£	£
Trade creditors	659,185	415,564	31,825	36,553
Corporation Tax	174,335	49,198	-	-
Other Taxes and Social Security	102,369	108,672	9,360	18,678
Other Creditors	12,850	18,582	6,335	12,417
Accruals	608,627	792,487	43,774	48,967
	<u>1,557,366</u>	<u>1,384,503</u>	<u>91,294</u>	<u>116,615</u>

13. CREDITORS: PROVISIONS FOR LIABILITIES AND CHARGES

	GROUP		COMPANY	
	2002	2001	2002	2001
	£	£	£	£
Provision brought forward	6,338	-	-	-
(Decrease)/Increase in provision	(6,338)	6,338	-	-
Provision carried forward	<u>-</u>	<u>6,338</u>	<u>-</u>	<u>-</u>

The provision for deferred taxation consists of the tax effect of timing differences on capital allowances.

THE NATIONAL ENERGY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR TO 31 MARCH 2002

14. RESERVES

Group	Unrestricted Funds £	Restricted Revenue Funds £	Restricted Capital Funds £	Total 2002 £	Total 2001 £
At beginning of year	492,398	-	1,722,914	2,215,312	2,094,777
Transfer between funds	-	-	-	-	-
Net Incoming Resources	166,904	-	(25,274)	141,630	120,535
At end of year	659,302	-	1,697,640	2,356,942	2,215,312

Company	Unrestricted Funds £	Restricted Revenue Funds £	Restricted Capital Funds £	Total 2002 £	Total 2001 £
At beginning of year	326,271	-	1,722,914	2,049,185	2,015,582
Transfer between funds	-	-	-	-	-
Net Incoming Resources	78,120	-	(25,274)	52,846	33,603
At end of year	404,391	-	1,697,640	2,102,031	2,049,185

Under the terms of a Deed of Covenant with the Commission for the New Towns, the Foundation would be required to refund £1,670,000 of the Restricted Capital Funds in the event that it disposes of its interest in the National Energy Centre prior to 17th August 2015 and fails to meet certain conditions concerning the disposal. It is not the intention of the Trustees to dispose of the National Energy Centre.

THE NATIONAL ENERGY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR TO 31 MARCH 2002

15. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

Group	Unrestricted Funds £	Restricted Revenue Funds £	Restricted Capital Funds £	Total 2002 £	Total 2001 £
Tangible Fixed Assets	172,732	-	1,697,640	1,870,372	1,861,188
Intangible Fixed Assets	5,904	-	-	5,904	11,667
Current Assets	2,242,010	-	-	2,242,010	1,879,669
Less: Current Liabilities	1,557,366	-	-	1,557,366	1,384,503
Provision for liabilities and charges	-	-	-	-	6,338
Total Net Assets	863,280	-	1,697,640	2,560,920	2,361,683

16. MINORITY INTEREST IN EQUITY SHARES OF SUBSIDIARY

Minority interest included in note 15 is represented by:

	2002 £	2001 £
Tangible Fixed Assets	56,918	46,498
Intangible Fixed Assets	-	4,140
Current Assets	700,208	547,878
Less: Current Liabilities	553,148	449,896
Provision for liabilities and charges	-	2,249
Total Net Assets	203,978	146,371

THE NATIONAL ENERGY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR TO 31 MARCH 2002

17. RECONCILIATION OF NET MOVEMENTS IN FUNDS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Year to 31 Mar 02 £	Year to 31 Mar 01 £
Statement of Financial Activities:		
Net Movement in Funds	455,713	279,131
Investment income	(20,897)	(28,229)
Amortisation	11,667	20,000
Depreciation	106,097	91,686
Loss on disposal of fixed assets	2,900	7,889
Increase in debtors	(207,717)	(316,286)
Increase in creditors	47,729	439,531
Net cash inflow from operating activities	395,492	493,722

18. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2002 £	2001 £
Increase in cash in the period	154,624	306,082
Movement in net funds in the period	154,624	306,082
Net funds at 1 April 2001	665,104	359,022
Net funds at 31 March 2002	819,728	665,104

19. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Apr 2001 £	Cash flows £	At 31 Mar 2002 £
Net cash:			
Cash in hand and at bank	665,104	154,624	819,728
Net funds	665,104	154,624	819,728

THE NATIONAL ENERGY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR TO 31 MARCH 2002

20. CONTINGENT LIABILITIES

At 31st March each year the group and the company had annual commitments under non-cancellable leases as follows:

	2002		2001	
	Land & Buildings £	Other £	Land & Buildings £	Other £
Group				
Operating leases which expire:				
Within one year	-	-	-	15,245
In the second to fifth years	-	166,352	-	145,070
	<u>-</u>	<u>166,352</u>	<u>-</u>	<u>160,315</u>
Company				
Operating leases which expire:				
Within one year	-	-	-	-
In the second to fifth years	-	2,200	-	-
	<u>-</u>	<u>2,200</u>	<u>-</u>	<u>-</u>

There were no other contingent liabilities.

21. RELATED PARTY TRANSACTIONS

The National Energy Foundation is a company limited by guarantee and the Trustees consider that there is no controlling party.

During the year the group's surplus includes £39,515 (2001 - £33,153) of income and £568 (2001 - £Nil) of expenditure from/to Milton Keynes Energy Agency, a non-profit company limited by guarantee established to carry out energy efficiency and renewable energy projects in the Milton Keynes region, and of which one of the Foundation's principal officers, Ian Byrne, is a Director. At the year end Milton Keynes Energy Agency owed the Foundation £34,431 including applicable VAT.

The company received £52,476 from National Energy Services in respect of rental income and contributions towards repairs and maintenance for its offices in the National Energy Centre, and paid National Energy Services £4,464 in respect of contributions to a group life cover scheme and for the purchase of computers and postal services.