

COMPANY REGISTRATION NUMBER 02218531

**THE NATIONAL ENERGY FOUNDATION
COMPANY LIMITED BY GUARANTEE
FINANCIAL STATEMENTS
31 MARCH 2012**

Charity Number 298951



**THE NATIONAL ENERGY FOUNDATION
COMPANY LIMITED BY GUARANTEE**

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

CONTENTS	PAGE
Trustees Annual Report	1
Independent auditor's report to the members	8
Statement of financial activities (incorporating the income and expenditure account)	10
Balance sheet	11
Notes to the financial statements	12

THE NATIONAL ENERGY FOUNDATION COMPANY LIMITED BY GUARANTEE

TRUSTEES ANNUAL REPORT

YEAR ENDED 31 MARCH 2012

The trustees have pleasure in presenting their report and the financial statements of the charity for the year ended 31 March 2012

REFERENCE AND ADMINISTRATIVE DETAILS

Registered charity name	The National Energy Foundation
Charity registration number	298951
Company registration number	02218531
Registered office	The National Energy Centre Davy Avenue Knowlhill Milton Keynes MK5 8NG

PRESIDENT

Dr Mary Archer

THE TRUSTEES

The trustees who served the company during the period were as follows

John Walker (Chair) (appointed trustee 29 February 2012, appointed Chair 16 March 2012)
Brian White (Chair until 16 March 2012)
Godfrey Boyle
John Daggart
Christopher Gossop
David Hutchinson
Keith Jackson (retired 8 December 2011)
Dr Ann Limb (retired 19 March 2012)
Professor Kevin Lomas
Professor Tadeusz Oreszczyn
Liz Reason
Andy Reed (retired 22 September 2011)
Graham Saunders FCA
Richard Tinson
Andrew Warren
Fraser Winterbottom (appointed 25 May 2011)
Andrew Wordsworth (appointed 15 September 2011)

Secretary Ian Byrne

Auditor Keens Shay Keens MK
Chartered Accountants
& Statutory Auditor
Sovereign Court
230 Upper Fifth Street
Central Milton Keynes
MK9 2HR

Bankers National Westminster Bank Plc

THE NATIONAL ENERGY FOUNDATION COMPANY LIMITED BY GUARANTEE

TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2012

STRUCTURE, GOVERNANCE AND MANAGEMENT

Company Information

The National Energy Foundation is a registered charity (no 298951), incorporated as a company limited by guarantee, (company registration number 2218531) and has no share capital, and was 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.

The Trustees (but not the President) form the Board of Directors of the Company for the purposes of the Companies Act 2006 and hold office for an indefinite period of time. Members may elect up to 18 Trustees, who are formally appointed by an Annual General Meeting. No Trustee has a beneficial interest in any of the capital of the Foundation or its subsidiaries.

The Trustees have delegated the day to day management of the charity to the principal executive officers of the Foundation who are:

Dr Tim Lunel	Chief Executive (resigned 16 November 2012)
Dr Kerry Mashford	Chief Executive (appointed 3 December 2012)
Ian Byrne	Deputy Director & Company Secretary

Public Benefit

The Trustees consider that the activities of the Charity are carried out for the public benefit and in particular adhere to the following charitable purposes as set out by the Charity Commission in its general guidance on public benefit:

- The advancement of environmental protection or improvement

Further details of the Charity's activities during the period are set out in this Report.

Appointment of Trustees

In order to obtain a wide spread of experience and appropriate skills the recruitment of Trustees is undertaken through two main methods: a permanent advertisement on the Foundation's website seeking contact from interested parties, and through personal contacts and introductions. Trustees are elected by the members in general meeting and normally serve for a period of three years following which they may serve for further periods of three years.

Trustee Induction and training

New Trustees are provided with an induction which features a meeting with the Chair of the Board and/or another member, then with the Chief Executive to familiarise themselves with their responsibilities and legal obligations to the company and their role as a Trustee. Background information on the Company, including a briefing on the role of Trustees and responsibilities of Charitable Trustees and other relevant documents is provided by way of a written induction pack.

Volunteers

In common with most charities, the Foundation makes use of volunteers, including providing occasional opportunities for people wishing to gain work experience in the environmental sector. As far as possible volunteers are offered the chance to work on discrete activities that would not be achieved by core staff, to provide defined outcomes that benefit both the charity and the volunteer. The Trustees are very grateful to all those willing to support the charity on a voluntary basis.

THE NATIONAL ENERGY FOUNDATION COMPANY LIMITED BY GUARANTEE

TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2012

OBJECTIVES AND ACTIVITIES

The National Energy Foundation works to improve the use of energy in buildings. By doing this it meets its principal objective 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.

Trustees undertook a wide-ranging review of the activities and strategic positioning of the charity in late 2011 to ensure that the projects and programmes which it delivered provided a broad public benefit, were in keeping with its main charitable objects and offered value for money. As a result of this review, they decided to focus more on energy efficiency in all types and ages of buildings, while recognising the value of encouraging a switch to renewable energy sources and wider carbon management. They noted that there were few opportunities to add value in schools education, and reduced the commitment to delivering training, while maintaining its specific projects including the provision of advice, consultancy and support services to local and regional government, corporate bodies and the general public.

The Foundation remains keen that improving the use of energy in buildings is viewed holistically as part of the UK national strategy to limit the risks from Climate Change. The Foundation is also working to ensure that the UK is a leader internationally in the drive towards a clean and sustainable low-energy future. It uses more than 20 years' experience in both energy efficiency and renewables to provide an independent and authoritative view in helping develop energy policy and strategy and participates actively in the national debate on energy policy. However its main focus is to ensure sustainable energy policies are implemented, through practical projects and support measures to make it simpler for the public to adopt a more sustainable energy lifestyle. Much of the work of the Foundation is carried out through projects, often with the support of external funding agencies such as those of DECC, Defra, central and local Government agencies or the various programmes of the European Commission.

ACHIEVEMENTS AND PERFORMANCE

Information, Advice, Projects and Communities

Providing practical guidance on improving the use of energy the public's use of energy is highly important if the UK is to meet its target of an 80% reduction in CO2 emissions by 2050. Information is available for a wide audience through the National Energy Foundation website and the charity continues to participate in collaborative projects such as the EU web platform for domestic-scale Renewable Energy under the project name WINforRES.

The Foundation extended its work at a community level, playing a leading role in the Community Energy Practitioners' Forum (CEPF), which shares best practice and creates opportunities for community-based projects to work together. The Foundation gratefully acknowledges funding support from NESTA and the Sainsbury Family Charitable Trusts for support in developing its work in this area, such as the Local United project which brings together and supports community activists who are setting up social enterprises to address the challenges of peak oil and climate change. A common thread is to ensure that advice and information on sustainable energy is supported by appropriate legal and financial structures, including Community Interest Companies, to enable implementation of grass roots projects.

THE NATIONAL ENERGY FOUNDATION COMPANY LIMITED BY GUARANTEE

TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2012

The Foundation continues to be the project manager for the Superhomes project working closely with the Sustainable Energy Academy (SEA, registered charity no 287998). This programme aims to transform energy efficiency within existing housing stock, especially pre-1939 solid walled properties, through a demonstration programme of innovative "Superhomes" brought up to current standards of comfort. As part of the partnership with SEA, there are three Trustees who serve on the Boards of both charities.

Capacity Building

Improved energy use can only be achieved and will only gain widespread acceptance in the UK if it is supported by a strong base of installers and robust information on the associated costs, benefits and limitations. To facilitate this aim, Foundation provides capacity building through programmes, where compatible with its charitable objectives, to help develop the infrastructure around sustainable energy. These include the provision of secretariat services for the Ground Source Heat Pump Association (GSHPA) and to the Green Energy Supply Certification Scheme. Since the year end the Foundation has added similar services for the Green Deal Providers Group. Foundation staff sit on various regional, national and international advisory boards and committees, including providing the lead UK representative on the ISO standards working groups concerned with energy efficiency calculations and savings.

Granting public recognition of achievements towards sustainable energy is another important tool, so the Foundation continues to work closely with the Carbon Trust on the Carbon Trust Standard. It also works with the Trust on other activities in the fields of implementation and certification services.

Technical and Research Projects

The Foundation also provides technical support on a remunerated basis that allows it to assist local authorities, housing associations, individuals, community groups and others on a range of matters from energy policy and housing stock assessment through to feasibility studies for small-scale energy improvement projects, such as those supporting the new Renewable Heat Premium Payments (RHPP).

The Foundation has concluded its involvement in the collaborative Enerfish project, which sought to gain and transfer knowledge about the production of renewable energy (biodiesel) from fish waste and to investigate opportunities for exploitation in island communities such as the Shetlands. Foundation staff also work closely with those Trustees from academia, and transfer knowledge between the sectors wherever possible.

National Energy Services Limited Group

The Foundation sold its 56.16% stake in the National Energy Services Limited group (NES), including NES's wholly-owned subsidiary company (SAVA BX Ltd), on 30 June 2011 at a profit to book value.

NES provided a wide range of services and software that encouraged the efficient use of energy in buildings, including the operation of an approved Accreditation Scheme and the training and registration of Energy Assessors authorised to issue Energy Performance Certificates (EPCs). The Foundation nominated two Directors of NES, including its Chairman, but was not involved in the day-to-day management of the company.

THE NATIONAL ENERGY FOUNDATION COMPANY LIMITED BY GUARANTEE

TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2012

Energy Efficiency Partnership for Buildings

On 1 April 2012, immediately following the year end, the Foundation acquired Energy Efficiency Partnership for Buildings (EPPB), a company limited by guarantee, that had been newly established to carry forward projects previously undertaken by a division of the Energy Saving Trust using the trading name on Energy Efficiency Partnership for Homes. EPPB complements the Foundation's work on improving the use of energy in buildings, and is separately managed through its own Board of Directors. Two Trustees of the National Energy Foundation sit on the Board of the Energy Efficiency Partnership for Buildings.

The National Energy Centre

The National Energy Foundation is keen to follow its own advice, and to demonstrate that as an organisation it can use less energy than would be normal for a charity of its size. This is exemplified by the National Energy Centre, which consists of two purpose-built low-energy buildings. The South Building, constructed in 1999, is occupied by its former subsidiary, National Energy Services Limited. 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 gas condensing boiler. This building is owned by the charity. During the year the Foundation added a new 39 kWp photovoltaic array to the roof of the building, taking advantage of the initial design which was "PV-ready". This new array has performed well, as it is on a South facing roof and exceeded initial estimates for output. Surplus electricity is sold back into the National Grid.

The Foundation has occupied the North Building since 2004, which demonstrates a contrasting approach to low-energy buildings. This has a low thermal mass, using more natural materials (and so a lower embodied energy) and was built to an even greater standard of energy efficiency. It incorporates more renewable energy features, including heating via a Ground Source Heat Pump, a small pellet stove, 6.5kWp of photovoltaic panels and solar water heating. Energy Monitoring data shows that this building is performing exceptionally well in practice. This building is occupied by the charity but owned by a third party. To demonstrate best practice, the Foundation is experimenting with setting carbon budgets and has expanded its carbon footprint calculations to encompass all elements of its operation, in a manner that could be replicated by similarly sized organisations, including other charities and SMEs. The table below summarises the performance of the North building which is shared with United Sustainable Energy Agency.

National Energy Foundation		
Summary Energy and Carbon Use		
	2011/12	2010/11
Building Energy Use		
Net metered building energy use	26199	30955 kWh
PV generated on site	5084	4793 kWh
Gross energy consumption	31283	35748 kWh
CO ₂ from building electricity	13.7	16.2 tCO ₂
PV output	786	741 W/kWp/annum
GSHP Output to heating circuit	13901	18742 kWh
GSHP Seasonal CoP	2.37	2.52
Average Building Employees	29	36 incl USEA
NEF Employees	17.8	18.7
Net energy per square metre	60.9	72.0 kWh/m ²
Gross energy per square metre	72.8	83.1 kWh/m ²
Energy per employee	1079	993 kWh

THE NATIONAL ENERGY FOUNDATION COMPANY LIMITED BY GUARANTEE

TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2012

The Scope 3 emissions of the charity are also monitored (including transport), but there is a significant margin of error associated with them, so they are no longer reported here. Energy use fell compared to the prior year, which had been an exceptionally cold winter. It is also clear that the vast majority of energy use is associated with heating and lighting the building, and as it is an open plan single office this stays more or less constant irrespective of the number of employees, so the energy per employee rose, as the mezzanine tenant (United Sustainable Energy Agency) reduced its staff numbers following cuts by the Energy Saving Trust.

FINANCIAL REVIEW

Financial performance for the group

The charity reported a surplus for the year of £97,966 before the profit on the sale of its former subsidiary. Trustees consider this result to be a satisfactory outcome for the year, and note that it has reversed the previous year's loss. However they are aware that the current funding climate for not for profit bodies working in the field of sustainability is increasingly difficult, as organisations in both the private and public sectors are looking to limit discretionary expenditure, even though investments in energy efficiency often provide a rapid payback.

Group accounting policy is to write off development expenditure as it is incurred, even when it results in marketable intangible assets such as software.

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 the 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.

PLANS FOR FUTURE PERIODS

Following the review of its activities, the Trustees of the Foundation decided to target its activities more closely on improving the use of buildings. Operationally, this has led to splitting its work into two overlapping teams, each led by an experienced energy specialist recruited during the first half of 2012. One team is broadly responsible for capacity building programmes, including those targeted at communities or run in partnership with the Carbon Trust. The second team delivers shorter term projects, working closely with housing associations and local authorities, as well as on the more technical activities such as standards and collaborative research.

The withdrawal of most central Government funding for the two non-departmental public bodies active in the field (the Energy Saving Trust and the Carbon Trust) has created additional opportunities and risks for the Foundation. It has also noted a sharp reduction in the amount of discretionary work available from local authorities, as funding cuts have taken effect. Nonetheless, the charity retains strong reserves and a broad range of clients and partners (including other charities, trade bodies and the European Union) so is financially secure. Consequently, the Foundation believes that it remains well-positioned to use its twenty years' experience in the sector to contribute towards the major changes necessary in the UK and internationally in order to combat climate change through improving the use of energy in buildings.

THE NATIONAL ENERGY FOUNDATION COMPANY LIMITED BY GUARANTEE

TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2012

RESPONSIBILITIES OF THE TRUSTEES

The trustees (who are also the directors of the National Energy Foundation for the purposes of company law) are responsible for preparing the Trustees Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the trustees 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 charitable company and the income and expenditure of the charitable company for that period

In preparing these financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgements and accounting 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 charitable company will continue in operation

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware, and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

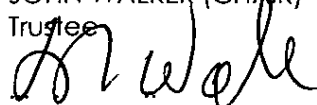
AUDITOR

Keens Shay Keens MK are deemed to be re-appointed under section 487(2) of the Companies Act 2006

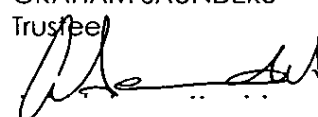
Registered office
The National Energy Centre
Davy Avenue
Knowhill
Milton Keynes
MK5 8NG

Signed on behalf of the trustees

JOHN WALKER (CHAIR)
Trustee



GRAHAM SAUNDERS
Trustee



20/12/12

**THE NATIONAL ENERGY FOUNDATION
COMPANY LIMITED BY GUARANTEE**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE
NATIONAL ENERGY FOUNDATION**

YEAR ENDED 31 MARCH 2012

We have audited the financial statements of the National Energy Foundation for the year ended 31 March 2012 on pages 10 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 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.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Trustees Annual Report, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the reports and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at year ended 31 March 2012 and of its incoming resources and application of resources for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**THE NATIONAL ENERGY FOUNDATION
COMPANY LIMITED BY GUARANTEE**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE
NATIONAL ENERGY FOUNDATION *(continued)***

YEAR ENDED 31 MARCH 2012

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

MARK RAYNER FCA (Senior Statutory Auditor)
For and on behalf of
KEENS SHAY KEENS MK
Chartered Accountants & Statutory Auditor

Sovereign Court
230 Upper Fifth Street
Central Milton Keynes
MK9 2HR

21/12/12

**THE NATIONAL ENERGY FOUNDATION
COMPANY LIMITED BY GUARANTEE**

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING THE
INCOME AND EXPENDITURE ACCOUNT)**

YEAR ENDED 31 MARCH 2012

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2012 £	Total Funds 2011 £
INCOMING RESOURCES					
Incoming resources from generating funds:					
Activities for generating funds	2	157,869	–	157,869	157,392
Incoming resources from charitable activities	3	969,386	–	969,386	811,763
TOTAL INCOMING RESOURCES		<u>1,127,255</u>	<u>–</u>	<u>1,127,255</u>	<u>969,155</u>
RESOURCES EXPENDED					
Charitable activities	4/5	(974,187)	(25,274)	(999,461)	(1,033,703)
Governance costs	6	(29,828)	–	(29,828)	(28,202)
TOTAL RESOURCES EXPENDED		<u>(1,004,015)</u>	<u>(25,274)</u>	<u>(1,029,289)</u>	<u>(1,061,905)</u>
NET INCOMING/(OUTGOING) RESOURCES FOR THE YEAR					
	8	123,240	(25,274)	97,966	(92,750)
Realised gains on disposal of investment assets		<u>1,211,693</u>	<u>–</u>	<u>1,211,693</u>	<u>–</u>
NET MOVEMENT IN FUNDS/NET INCOME/(EXPENDITURE) FOR THE YEAR		<u>1,334,933</u>	<u>(25,274)</u>	<u>1,309,659</u>	<u>(92,750)</u>
RECONCILIATION OF FUNDS					
Total funds brought forward		<u>405,143</u>	<u>1,519,387</u>	<u>1,924,530</u>	<u>2,017,280</u>
TOTAL FUNDS CARRIED FORWARD		<u>1,740,076</u>	<u>1,494,113</u>	<u>3,234,189</u>	<u>1,924,530</u>

The Statement of Financial Activities includes all gains and losses in the year and therefore a statement of total recognised gains and losses has not been prepared

All of the above amounts relate to continuing activities

The notes on pages 12 to 18 form part of these financial statements

**THE NATIONAL ENERGY FOUNDATION
COMPANY LIMITED BY GUARANTEE**

BALANCE SHEET

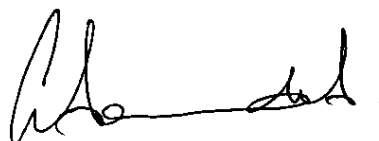
31 MARCH 2012

	Note	2012 £	2011 £
FIXED ASSETS			
Tangible assets	10	1,423,046	1,367,362
Investments	11	3	109,424
		<u>1,423,049</u>	<u>1,476,786</u>
CURRENT ASSETS			
Debtors	12	772,582	419,396
Cash at bank		<u>1,474,825</u>	<u>247,749</u>
		2,247,407	667,145
CREDITORS: Amounts falling due within one year	13	<u>(436,267)</u>	<u>(219,401)</u>
NET CURRENT ASSETS		<u>1,811,140</u>	<u>447,744</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,234,189</u>	<u>1,924,530</u>
NET ASSETS		<u>3,234,189</u>	<u>1,924,530</u>
FUNDS			
Restricted income funds	15	1,494,113	1,519,387
Unrestricted income funds	16	<u>1,740,076</u>	<u>405,143</u>
TOTAL FUNDS		<u>3,234,189</u>	<u>1,924,530</u>

These financial statements were approved by the trustees on the 20/12/12 and are signed on their behalf by



JOHN WALKER (CHAIR)
Trustee



GRAHAM SAUNDERS FCA
Trustee

Company Registration Number 02218531

The notes on pages 12 to 18 form part of these financial statements.

THE NATIONAL ENERGY FOUNDATION COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, except for investments which are included at market value and the revaluation of certain fixed assets, and in accordance with applicable United Kingdom accounting standards, the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 (SORP 2005) and the Companies Act 2006

Cash flow statement

The trustees have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is small

Incoming resources

The income shown in the Statement of Financial Activities represents grants received and amounts receivable for services provided during the period, exclusive of VAT

- Performance related grants received are recognised as an incoming resource to the extent that they are expended during the year. Unspent grants are carried forward as deferred income in the Balance Sheet to be matched against further costs
- Income from consultancy in connection with specific projects of the company and the group is recognised at the time that the work is provided
- Income from other sources is recognised at the time that the service is supplied

Resources expended

Resources expended are recognised when a liability is incurred

- Costs of generating funds are those costs incurred in trading activities that raise funds
- Charitable activities include expenditure associated with the tasks to satisfy the objectives and include both the direct costs and support costs relating to these activities
- Governance costs include those costs incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity

Designated funds are unrestricted funds earmarked by the trustees for particular purposes

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

THE NATIONAL ENERGY FOUNDATION COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

1. ACCOUNTING POLICIES *(continued)*

Donations and gift aid

There is an option for the public to make donations to the charity on the website, but this is not actively pursued by the charity

Fixed assets

All fixed assets are initially recorded at cost

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Freehold property	- 50 years straight line
Freehold and leasehold improvements	- 5 years straight line
PV panels	- 20 years straight line
Equipment	- 2 to 8 years straight line

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 charity contributes to defined contribution 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

2. INCOMING RESOURCES FROM ACTIVITIES FOR GENERATING FUNDS

	Unrestricted Funds	Total Funds 2012	Total Funds 2011
	£	£	£
Other activities for generating funds	<u>157,869</u>	<u>157,869</u>	<u>157,392</u>

3. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted Funds	Total Funds 2012	Total Funds 2011
	£	£	£
Project income	854,333	854,333	695,321
Consultancy	<u>115,053</u>	<u>115,053</u>	<u>116,442</u>
	<u>969,386</u>	<u>969,386</u>	<u>811,763</u>

**THE NATIONAL ENERGY FOUNDATION
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

4. COSTS OF CHARITABLE ACTIVITIES BY FUND TYPE

	Unrestricted Funds £	Restricted Funds £	Total Funds 2012 £	Total Funds 2011 £
Support costs	<u>974,187</u>	<u>25,274</u>	<u>999,461</u>	<u>1,033,703</u>

5. COSTS OF CHARITABLE ACTIVITIES BY ACTIVITY TYPE

	Support costs £	Total Funds 2012 £	Total Funds 2011 £
Charitable activities	<u>999,461</u>	<u>999,461</u>	<u>1,033,703</u>

6. GOVERNANCE COSTS

	Unrestricted Funds £	Total Funds 2012 £	Total Funds 2011 £
Audit fees	14,548	14,548	23,834
Legal fees	14,611	14,611	3,869
Trustee expenses	669	669	499
	<u>29,828</u>	<u>29,828</u>	<u>28,202</u>

7. SUPPORT COSTS

	2012 £	2011 £
Property costs	96,895	84,885
Depreciation	33,010	32,773
Office costs	42,359	47,888
Staff costs	666,338	705,645
Other support costs	160,859	162,512
	<u>999,461</u>	<u>1,033,703</u>

8. NET INCOMING/(OUTGOING) RESOURCES FOR THE YEAR

This is stated after charging

	2012 £	2011 £
Staff pension contributions	18,610	14,824
Auditors' remuneration		
- audit of the financial statements	14,548	23,834
Depreciation	<u>33,010</u>	<u>32,773</u>

**THE NATIONAL ENERGY FOUNDATION
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

9. STAFF COSTS AND EMOLUMENTS

Total staff costs were as follows:

	2012 £	2011 £
Wages and salaries	587,488	630,843
Social security costs	60,240	59,978
Other pension costs	18,610	14,824
	<u>666,338</u>	<u>705,645</u>

No trustees of the charity received emoluments during the year

Particulars of employees:

The average number of employees during the year, calculated on the basis of full-time equivalents, was as follows

	2012 No	2011 No
Number of management and administration staff	3	3
Number of other staff - project, sales and technical	15	19
	<u>18</u>	<u>22</u>

Trustees received reimbursed expenses of £669 (2011 £499)

The number of employees whose remuneration for the year fell within the following bands, were

	2012 No	2011 No
£90,000 to £99,999	1	1

10. TANGIBLE FIXED ASSETS

	Freehold property & Freehold improvements £	Equipment £	Leasehold improvements £	Total £
COST				
At 1 April 2011	1,647,892	57,318	–	1,705,210
Additions	80,000	3,883	4,811	88,694
At 31 March 2012	<u>1,727,892</u>	<u>61,201</u>	<u>4,811</u>	<u>1,793,904</u>
DEPRECIATION				
At 1 April 2011	292,598	45,250	–	337,848
Charge for the year	27,488	5,255	267	33,010
At 31 March 2012	<u>320,086</u>	<u>50,505</u>	<u>267</u>	<u>370,858</u>
NET BOOK VALUE				
At 31 March 2012	<u>1,407,806</u>	<u>10,696</u>	<u>4,544</u>	<u>1,423,046</u>
At 31 March 2011	<u>1,355,294</u>	<u>12,068</u>	<u>–</u>	<u>1,367,362</u>

**THE NATIONAL ENERGY FOUNDATION
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

10. TANGIBLE FIXED ASSETS (continued)

The cost figures for land and buildings in the company include a sum of £352,500 (2011 £352,500) at valuation for the land on which the National Energy Centre building is situated. This land was granted to the Foundation by the Commission for the New Towns.

11. INVESTMENTS

Movement in market value

	2012 £	2011 £
Market value at 1 April 2011	109,424	109,424
Disposals at opening value	(109,421)	-
Market value at 31 March 2012	<u>3</u>	<u>109,424</u>
Historical cost at 31 March 2012	<u>3</u>	<u>109,424</u>

Analysis of investments at 31 March 2012 between funds

	Unrestricted Funds £	Restricted Funds £	Total Funds 2012 £	Total Funds 2011 £
Other investments				
UK Group undertakings	<u>3</u>	<u>-</u>	<u>3</u>	<u>109,424</u>

The principal companies in which the charity has an interest of more than 20% are as follows:

Company	Principal Activity
Energy Advisory Services Limited	Dormant company
The National Energy Centre Limited	Dormant company
The Home Energy Rating Scheme Limited	Dormant company

All of the above companies are 100% subsidiaries. The charitable company owns one share in each company and a second share in each is owned by a fellow subsidiary. All of the above companies are incorporated in England and Wales.

12. DEBTORS

	2012 £	2011 £
Trade debtors	448,265	188,092
Amounts owed by group undertakings	-	33,221
Other debtors	253,348	153,375
Prepayments	<u>70,969</u>	<u>44,708</u>
	<u>772,582</u>	<u>419,396</u>

Included in other debtors is an amount of £nil (2011 - £150,000) due in more than one year.

**THE NATIONAL ENERGY FOUNDATION
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

13 CREDITORS: Amounts falling due within one year

	2012 £	2011 £
Trade creditors	29,199	3,199
Taxation and social security	93,986	52,488
Other creditors	252,452	120,851
Accruals	60,630	42,863
	<u>436,267</u>	<u>219,401</u>

14. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2012 the company had annual commitments under non-cancellable operating leases as set out below

	2012		2011	
	Land and buildings £	Other items £	Land and buildings £	Other items £
Operating leases which expire:				
Within 2 to 5 years	-	1,736	-	2,140
After more than 5 years	56,500	-	56,500	-
	<u>56,500</u>	<u>1,736</u>	<u>56,500</u>	<u>2,140</u>

15 RESTRICTED INCOME FUNDS

	Balance at 1 Apr 2011 £	Outgoing resources £	Balance at 31 Mar 2012 £
Restricted Endowment Funds	1,519,387	(25,274)	1,494,113

16. UNRESTRICTED INCOME FUNDS

	Balance at 1 Apr 2011 £	Incoming resources £	Outgoing resources £	Gains and losses £	Balance at 31 Mar 2012 £
General Funds	405,143	1,129,359	(1,006,119)	1,211,693	1,740,076

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible fixed assets £	Investments £	Net current assets £	Total £
Restricted Income Funds:				
Restricted Funds	1,326,543	-	167,570	1,494,113
Unrestricted Income Funds	96,503	3	1,643,570	1,740,076
Total Funds	<u>1,423,046</u>	<u>3</u>	<u>1,811,140</u>	<u>3,234,189</u>

THE NATIONAL ENERGY FOUNDATION COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2012

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

Under the terms of a Deed of Covenant with the Commission for the New Towns, the Foundation would be required to refund up to £1,670,000 of the original Restricted Capital Funds in the event that it disposes of its entire interest in the National Energy Centre prior to 17 August 2015 and fails to meet certain conditions concerning the disposal

Due to the depreciation policy, the restricted endowment fund is below the maximum Sum under the Deed of Covenant. In the opinion of the Trustees the market value of the Property is in excess of this maximum sum refundable

18. RELATED PARTY TRANSACTIONS

During the year, the company entered into the following transactions with National Energy Services Limited, its former trading subsidiary

	2012	2011
	£	£
Inter-company balance debtor	–	33,221
Income received	40,680	119,285
Expenditure	1,422	22,565

During the year, the company entered into the following transactions with United Sustainable Energy Agency, a non-profit company limited by guarantee with officers in common

	2012	2011
	£	£
Trade debtor	24,106	21,153
Income received	29,067	30,386

During the year, the company entered into the following transactions with Sustainable Energy Academy, a charity incorporated as a company limited by guarantee with officers in common

	2012	2011
	£	£
Trade debtor	10,476	17,345
Income received	42,508	87,385

19. REALISED GAIN ON DISPOSAL OF INVESTMENT ASSETS

During the year, the charity sold both of its trading subsidiaries, National Energy Services Limited and SAVA BX Limited. These were sold for a consideration of £1.368m. After costs and the original cost of investment a gain of £1.212million (including retention) was realised.

20. COMPANY LIMITED BY GUARANTEE

The charity is a company limited by guarantee. The members of the company are the trustees, and in the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.