

THE ENERGY SAVING TRUST LIMITED
Registered Number 2622374

DIRECTORS' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2009

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Contents

	Page
Directors' report	1 - 6
Statement of directors' responsibilities	7
Independent auditors' report	8 – 9
Income and Expenditure account	10
Balance sheet	11
Cash flow statement	12
Notes to the financial statements	13 – 20

The Energy Saving Trust Limited

Directors' Report for the Year Ended 31 March 2009

The directors present their annual report on the affairs of the Energy Saving Trust ("EST") together with the financial statements and auditors report for the period from 1 April 2008 to 31 March 2009.

Principal Activity

The Energy Saving Trust ("EST") is one of the UK's leading independent bodies working to help people save energy and reduce their personal carbon emissions to address the damaging effects of climate change. EST's mission is to lead 60 million people to act on climate change – simple changes in the way we use energy in our homes and our travel can make a major contribution to reducing carbon emissions and tackling climate change. These changes also contribute to developing sustainable energy and help people manage the rising cost of fuel.

EST focuses on delivering practical solutions for households, small firms and the road transport sector – solutions which reduce carbon emissions and can save money. It works with a wide range of partners: government, energy suppliers, manufacturers, retailers, local authorities, installers and converters, energy advisers, non-governmental organisations ("NGOs") and trade associations. EST's primary audience is consumers.

Membership

Members at 31 March 2009 were:

The Secretary of State for Energy and Climate Change
The Secretary of State for Transport
The First Minister for Scotland
The Secretary of State for Northern Ireland
The National Assembly for Wales
BP plc
Centrica plc
EDF Energy plc
Firmus Energy
RWE Npower PLC
National Grid Transco plc
NIE Energy
Phoenix Natural Gas
E.ON
ScottishPower plc
Scottish and Southern Energy plc

The Energy Saving Trust Limited

Directors' Report for the Year Ended 31 March 2009 (continued)

Corporate Governance Report

At 31 March 2009, in addition to the Chairman and Chief Executive, there were five Directors elected by Members (one each from Centrica, EDF Energy, Scottish Power, BP and E.ON) one further elected Director (Energy Retail Association) and ten Independent Directors.

The Directors who have served during the 2008/09 year are as follows:

Edward Hyams (Chairman)
Philip Sellwood (Chief Executive)
Sir John Harman
Sir Ian McAllister
Dame Helena Shovelton (left 30 April 2009)
Peter Hofman (left 30 April 2009)
Peter Mather
Catherine Meredith MBE (left 30 April 2009)
Lesley Mason (left 30 April 2009)
Gearoid Lane
William MacDiarmid (left 30 April 2009)
Michael Fairey
Sir Simon Milton
Garry Felgate (wef 14 January 2009)
Judith Hackitt (wef 14 January 2009)
David King (wef 14 January 2009)
Andrea Cook (wef 14 January 2009)
David Topping (wef 14 January 2009)

Statement of Compliance with the Combined Code on Corporate Governance

Whilst the company is not a listed company, it has complied to the extent relevant throughout the last financial year with the provisions of the Combined Code on Corporate Governance (June 2006).

The company applies the relevant Supporting Principles as set out in Section A of the Code Provisions:

- The Company is led by the Board of Directors which meets regularly and for which there is a schedule of matters specifically reserved for its decision.
- There is a clear division of responsibilities between the Chairman and the Chief Executive.
- There is a good balance amongst the Board members. There is one Executive Director (the Chief Executive), an average of four Member Representatives and an average of eight Independent Directors (including the Chair) contributing a wide range of experience from industry and other organisations.
- The Board considers that the Independent Directors who do not represent members or government departments are independent of the Energy Saving Trust.
- The Senior Independent Director is Sir John Harman.
- New directors are offered induction on joining the Board.

The Energy Saving Trust Limited

Directors' Report for the Year Ended 31 March 2009 (continued)

Audit Committee

At the year end, there were seven members on this committee, namely Lesley Mason (Chair), Mike Fairey, Sir John Harman, Sir Simon Milton, Peter Hoffman, William MacDiarmid and Catherine Meredith.

The main responsibilities of the Audit Committee are to oversee the effectiveness of the system of internal control and risk management, and the accuracy of reporting making recommendations to the Board as appropriate. The Audit Committee meets at least three times each year.

Maintenance of a sound system of internal control

The Board is responsible for the Energy Saving Trust's system of internal control and for reviewing its effectiveness. The system is designed to manage risk to a reasonable limit rather than to eliminate all risk of failure to achieve the Trust's policies, aims and objectives. The Audit Committee assists the Board in discharging these responsibilities. The Audit Committee Chair reports the outcome of Audit Committee meetings to the Board.

The Board, supported by the Audit Committee, has reviewed the effectiveness of the Energy Saving Trust's systems of internal control for the financial year 2008/09 and up to the date of approval of the Annual Report and Accounts.

The main features of the Energy Saving Trust's risk and control framework are set out below:

- A control environment is in place for all aspects of the business, defined in a framework of policies, procedures and organisational structures
- The Internal Audit function which reviews a number of internal control and risk management areas each year
- Performance management through the use of a Balanced Scorecard. There were 17 KPI's covering Key Outcomes, Customer Programmes, Stakeholders and Internal Processes used to review the business during the year.
- The continuing ISO 9001 and ISO 14001 accreditations for the Energy Saving Trust's quality and environmental management systems.

During 2008/09, risk management activities included:

- A comprehensive review of the corporate risk register which is subject to regular review by the Executive Management Group, Audit Committee and Board
- The launch of new risk management guidelines for use across the whole business
- A series of risk workshops with management teams to identify operational risks
- Development of the business continuity plan.

The Energy Saving Trust Limited

Directors' Report for the Year Ended 31 March 2009 (continued)

Remuneration Committee

The Board has delegated responsibility for determining and agreeing the framework or broad policy for the remuneration of the Chief Executive, the Chairman and other members of the executive management to the Remuneration Committee. This Committee meets regularly and reports to the Board of Directors. Membership during the entire year consisted of Peter Mather (Chair), Edward Hyams and Dame Helena Shovelton.

Equal Opportunities

The EST is an equal opportunity employer, committed to ensuring that our workplace and employment practices are free from discrimination, harassment or victimisation on the grounds of colour, race, nationality, ethnic or national origin, sex (including gender reassignment), marital status, sexual orientation, disability, religion or religious beliefs, political beliefs and age. Recruitment and employment decisions are always made on the basis of fair and objective criteria.

The requirements of job applicants and existing members of staff who have or have had a disability are reviewed to ensure that reasonable adjustments that can be made to enable them to enter into or remain in employment with us, including training and career development.

Employee consultation

The EST places great value on the involvement of its staff, and continues to keep them informed on matters affecting them as employees and on the performance and work of the Trust as a whole using the balanced scorecard. This is achieved through both formal and informal meetings and an annual staff satisfaction survey.

The Energy Saving Trust Limited

Directors' Report for the Year Ended 31 March 2009 (continued)

Finance Directors' Report

EST's income of £63m for the year ended 31 March 2009 (2008: £56.9m) is analysed in the Income and Expenditure Account.

Financially, EST had a successful year in 2008/09, with total income at £63 million up some £6 million, or 11%, from 2007/08. This was largely due to an additional £7 million of funding from DECC / DEFRA to conduct technological field trials (£1m) and roll out the Energy Saving Trust advice centres (£5.3m). Furthermore, our funding from the Scottish Government increased by nearly £2.2 million or 21%, as EST was awarded extra resources to manage the Energy Saving Scotland Home Help Programme (£477k) and three new transport programmes (£941k). However, our funding from DfT reduced by a similar amount (£2.2m) partly due to the closing down of the Low Carbon Research and Development Programme.

The total income received in the year included £9.6 million for the payment of grants. This was £5 million, or 33% lower than last year due to the closing of the Low Carbon Research and Development Programme (£2.4m) and closure of the Innovation and Local Authority Support Programmes (£1m). This means that income received for EST's added-value use in delivering programmes of work increased by some £11 million. The operational outcomes generated from these funds are described in detail within EST's Annual Review.

The majority of EST's income continues to be in the form of grants from government departments, although we seek to diversify our income and generate matched funds where opportunities arise that match with our strategic and operational goals. For example, EST successfully bid for funding from the European Commission under the LIFE+ instrument. EST has also received funding from various industry organisations and energy companies.

EST's overall cost base increased in line with net income (income less grants payable). The year on year increase in third party operating costs largely reflects roll out of the Energy Saving Trust advice centres, the majority of which are contracted to third parties. EST contracts with third parties where appropriate, to deliver services and outcomes related to our programmes of work. EST's in house operating and administrative expenses include the cost of all direct operating activities that have not been contracted out to third parties. The year on year increase in staff related and other operating costs reflects the decision to bring more core work in-house, including the advice centre for Wales.

EST made a small net operating loss of £229k which reflects a Board decision that, as a not for profit organisation and after a few years of building up our reserves, we should seek to maximise the resources that we channel into delivering our primary objectives.

The principal risks managed by EST relate to government policy and its work with households, small firms and the transport sector to save energy and reduce carbon emissions.

The Energy Saving Trust Limited

Directors' Report for the Year Ended 31 March 2009 (continued)

Finance Directors' Report (continued)

As EST is largely funded by grant income from government departments, it has limited liquidity and cash flow risk. Credit and fraud risks relating to its main suppliers are managed using credit checking and contract management procedures; those risks for the energy saving loans scheme are actively managed using formal credit checking procedures, and loan payment following certified completion of the work. Price risk on the income derived from Energy Efficiency accreditation, and bad debts are minimal.

Auditors

In the case of each of the persons who are directors of the company at the date when this report was approved:

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware; and

- each of the directors has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

By Order of the Board



Judith Abbott FCMA
Company Secretary

Date: 15/7/09
Registered Office:
21 Dartmouth Street
London
SW1H 9BP

The Energy Saving Trust Limited

Statement of Directors' Responsibilities in respect of the Accounts

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, 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 accounting standards have been followed, subject to any material departure disclosed and explained in the accounts;
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The Energy Saving Trust Limited

Independent Auditors' Report to the Members of The Energy Saving Trust Limited

We have audited the accounts of The Energy Saving Trust Limited for the year ended 31 March 2009 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 17. These accounts have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

The Energy Saving Trust Limited

Independent Auditors' Report to the Members of The Energy Saving Trust Limited (continued)

Opinion

In our opinion:

- the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its result for the year then ended;
- the accounts have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the accounts.

Nexia Smith & Williamson

Nexia Smith & Williamson
Chartered Accountants
Registered Auditors

25 Moorgate
London
EC2R 6AY

Date 15 / 7 / 09

The Energy Saving Trust Limited

Income and Expenditure Account for the Year Ended 31 March 2009

	Note	2009 £'000s	2008 £'000s
Income			
DECC / DEFRA		36,748	29,800
DfT		6,333	8,526
BERR		5,867	6,466
Scottish Government		12,301	10,149
Membership fees		334	340
Other	2	1,416	1,575
		<u>62,999</u>	<u>56,856</u>
Expenditure			
Grants Payable		9,687	14,610
Third party Operating Costs		35,515	28,328
<i>In House Operating & Administrative expenses</i>			
- Staff Related	3	11,721	9,686
- Other Operating Costs		6,305	4,246
		<u>63,228</u>	<u>56,870</u>
Operating Deficit		(229)	(14)
Interest receivable and similar income		117	146
(Deficit)/Surplus on Ordinary Activities before taxation	5	(112)	132
Taxation	6	(38)	(48)
(Deficit)/Surplus on Ordinary Activities after taxation		(150)	84
Retained Surplus Brought Forward		526	442
Retained Surplus Carried Forward		<u>376</u>	<u>526</u>

The company has no recognised gains and losses other than those included above, and therefore no separate statement of total recognised gains and losses has been presented.

All amounts relate to continuing activities.

The notes on pages 13 - 20 form part of these financial statements.

The Energy Saving Trust Limited


Balance Sheet as at 31 March 2009

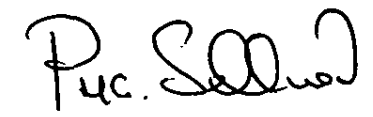
	Note	2009 £'000s	2008 £'000s
Tangible Fixed Assets	7	882	362
Current Assets			
Debtors – due within one year	8	5,094	7,174
– due after one year	8	1,771	-
Short term investment – Cash term deposit	9	2,000	2,000
Cash at bank and in hand		9,942	-
		18,807	9,174
Current Liabilities			
Bank loans and overdrafts	9	-	(72)
Creditors: Amounts falling due within one year	10	(9,211)	(4,709)
Net Current Assets		9,596	4,393
Total Assets Less Current Liabilities		10,478	4,755
Creditors: Amounts falling due after more than one year	10	(6,217)	-
Provisions for liabilities and charges	11	(182)	(526)
Net Assets		4,079	4,229
Capital & Reserves			
Capital Contributions	12	3,703	3,703
Income & Expenditure Account		376	526
Members' Funds	17	4,079	4,229

Approved by the Board and signed on its behalf by:

Edward Hyams

Philip Sellwood


Director
 Date: 15 July 2009


Director
 Date: 15 July 2009.

The notes on pages 13 - 20 form part of these financial statements.

The Energy Saving Trust Limited

Cash flow Statement for the Year Ended 31 March 2009

	Note	2009 £'000s	2008 £'000s
Net Cash Inflow from Operating Activities	16(1)	<u>10,778</u>	<u>613</u>
Returns on Investments and Servicing of Finance			
Interest received		<u>117</u>	<u>146</u>
Taxation			
Corporation tax		<u>(38)</u>	<u>(48)</u>
Capital Expenditure			
Payments to acquire tangible fixed assets		<u>(843)</u>	<u>(259)</u>
Net cash outflow from capital expenditure		<u>(843)</u>	<u>(259)</u>
Management of liquid resources			
Movement in short term cash deposits	9	<u>-</u>	<u>3,000</u>
Increase in net cash		<u>10,014</u>	<u>3,452</u>

Reconciliation of net cash flow to Movement in Net Funds

Increase in net cash	16(2)	10,014	3,452
Net Funds at 1 April		(72)	(3,524)
Net Funds at 31 March	16(2)	<u>9,942</u>	<u>(72)</u>

The notes on pages 13 - 20 form part of these financial statements.

The Energy Saving Trust Limited

Notes to the Financial Statements - 31 March 2009

1. Accounting Policies

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards. The following accounting policies have been applied consistently during both the current and the previous years.

The Trust has availed itself of Paragraph 3 (3) of Schedule 4 of the Companies Act and adapted the Companies Act formats to reflect the special nature of the Trust's activities.

Income

Income is recognised when the Trust has entitlement to the income, there is reasonable certainty of receipt and the amount can be measured. Income represents all grant income, invoiced services and fees receivable in the period net of value added tax. The Trust is entitled to grant income when it has made the related expenditure.

Expenditure

Expenditure includes grant and grant related expenditure for which conditional terms have been met, as defined by the funder. Grants are paid at the point at which installation has occurred and supporting paperwork has been submitted and verified. Other expenditure relates to directly and indirectly provided services and administration costs. These expenditures are recognised in the accounts as incurred.

Fixed Assets

Fixed assets are shown in the financial statements at cost less attributable depreciation. The rates of depreciation applied are estimated to reduce the cost of the asset to its residual value over its useful economic life and are as follows:

Leasehold Improvement	-	Minimum Lease Term
Computer Equipment	-	40% per annum straight line
Fixtures and Fittings	-	20% per annum straight line
Motor Vehicles	-	25% per annum straight line

Foreign Currency

Transactions during the year are translated at rates ruling on the date of the transaction. Balances at the year-end are translated at rates ruling at the year-end date. Any resulting foreign exchange profit or loss is dealt with through the income and expenditure account.

The Energy Saving Trust Limited

Notes to the Financial Statements - 31 March 2009 (continued)

Deferred Taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Pensions

The Trust makes contributions directly to the providers of employees' personal pension schemes. Contributions are charged in the income and expenditure account when payable. The Trust contributes a defined sum to pensions schemes for the benefit of employees.

Operating Leases

Amounts payable in respect of operating leases are charged in the income and expenditure account on a straight line basis over the term of the lease.

Scottish Government Small Business Loans Scheme

During the year the Scottish Government transferred to the Trust responsibility for administering the Energy Saving Scotland Small Business Loans Scheme.

The Trust recognises revenue grants to fund the administration of the scheme as income in accordance with the accounting policy for Income on page 13.

Under the scheme, funding has been provided to enable EST to make further loans available to small businesses. In addition, the responsibility for existing loans has been transferred to the Trust from the previous manager. On receipt of such transferred loans a debtor is recognised on the balance sheet of EST and an equal creditor accounted for. On receipt of additional funding, cash is recognised together with a matching creditor. As new loans are advanced to businesses a debtor is recognised in the accounts of the Trust. Loan repayments are utilised to reduce the scheme debtors. EST understands that whilst the lending risk is, in the first instance, borne by EST the Scottish Government recognises that any losses can be funded from the un-utilised cash loan pool and following appropriate authorisation releases EST from any obligation to return or transfer the relevant matching funding.

Accordingly, where a bad debt is incurred the Trust will recognise this as an expense which is matched, following appropriate authorisation, by a release from the creditor held for the overall loan pool for the scheme held by the Trust, up to the level of funding held for the scheme. During the year there have been no bad debts incurred by EST.

The Energy Saving Trust Limited

Notes to the Financial Statements - 31 March 2009 (continued)

2. Other Income

The other income figure of £1.4m relates to a number of smaller income streams generated from sources other than the main funders listed in the Income and Expenditure account. The biggest of these are £314k from the North West Regional Development Agency for the Climate Change Action Plan programme. Others include £167k from O2 for the O2 Energy Saver programme and £145k from various energy companies for the Heat Pump Installation Monitoring programme.

3. Staff Costs

	2009 £'000s	2008 £'000s
Wages and Salaries	9,682	7,931
Social Security costs	888	696
Pension costs	569	476
Training and Recruitment costs	582	583
	<u>11,721</u>	<u>9,686</u>

The average monthly number of employees in the year was 252 (2008: 199).

The 2008 comparative figures have been adjusted for temporary staff which are included in the 2009 figures, but were not included in the published 2008 statutory accounts. The year on year increase in staff reflects decisions to bring certain operating activities in-house.

4. Directors' Emoluments

	2009 £'000s	2008 £'000s
Aggregate Emoluments	324	296
Company contributions to money purchase pension schemes	18	17
Total	<u>342</u>	<u>313</u>

The highest paid director received aggregate emoluments of £181,795 (2008: £182,880) and retirement benefits of £18,095 (2008: £17,452) under a money purchase pension scheme.

The company gives interest-free loans for season tickets to employees. Philip Sellwood was loaned £3,140 for this purpose of which £2,878 was outstanding at the year-end.

Those Directors representing members receive no emoluments as Directors.

The Energy Saving Trust Limited

Notes to the Financial Statements - 31 March 2009 (continued)

5. Surplus on Ordinary Activities before Taxation

This is stated after charging the following:

	2009 £'000s	2008 £'000s
Depreciation	323	234
Property rentals payable under operating leases	707	609
Fees payable to the company's auditors for the audit of the company's annual accounts	36	30
Total audit fees	<u>36</u>	<u>30</u>
Other non-audit services		
- Tax services	-	9
- Other services	123	116
Total non-audit fees	<u>123</u>	<u>125</u>

The other services of £123k represent monies paid to Deloitte & Touche LLP for non-audit services relating to consultancy on project management and a capability review.

6. Tax charge on ordinary activities

	2009 £'000s	2008 £'000s
(a) UK corporation tax at 21% (2008: 19%)		
Current	50	48
Deferred	-	-
Over provision in respect of prior years	(12)	-
	<u>38</u>	<u>48</u>
(b) Factors affecting tax charge for period:		
(Deficit)/Surplus on ordinary activities before tax	<u>(112)</u>	<u>132</u>
(Deficit)/Surplus on ordinary activities multiplied by standard rate of corporation tax in the UK 21% (2008: 19%)	(24)	25
Effects of:		
Expenses not deductible for tax purposes	31	23
Capital allowances for period in excess of depreciation	48	-
Other short term timing difference	(5)	-
Prior year adjustment	(12)	-
Current tax charge for period	<u>38</u>	<u>48</u>

The Energy Saving Trust Limited

Notes to the Financial Statements – 31 March 2009 (continued)

6. Tax charge on ordinary activities (continued)

A potential deferred tax asset of £118k (2008:£75k) arising primarily on differences between the timing of depreciation in the accounts and capital allowances for tax purposes has not been recognised as an asset in these accounts.

7. Tangible Fixed Assets

	Leasehold Improvements £'000s	Computer Equipment £'000s	Fixtures And Fittings £'000s	Motor Vehicles £'000s	Total £'000s
Cost					
At 1 April 2008	162	1,492	413	11	2,078
Additions	-	512	331	-	843
Disposals	-	(362)	-	-	(362)
At 31 March 2009	162	1,642	744	11	2,559
Depreciation					
At 1 April 2008	162	1,240	303	11	1,716
Charge for year	-	250	73	-	323
Disposals	-	(362)	-	-	(362)
At 31 March 2009	162	1,128	376	11	1,677
Net Book Amount					
At 31 March 2009	-	514	368	-	882
At 31 March 2008	-	252	110	-	362

8. Debtors

	2009 £'000s	2008 £'000s
Loan Fund Debtors (see note 10 below)	2,589	-
Trade debtors	3,313	6,514
Value Added Tax	6	53
Other debtors and prepayments	957	607
	<u>6,865</u>	<u>7,174</u>

The Scottish Government Small Business Loan Scheme Loan Fund Debtors balance includes loans falling due after more than one year totalling £1,771k.

The decrease in trade debtors reflects timing differences at year-end on receipt of monies from funding bodies. All amounts are due within one year.

The Energy Saving Trust Limited

Notes to the Financial Statements - 31 March 2009 (continued)

9. Cash and short term investments

Where surplus funds are identified short term deposits are placed with financial institutions in order to gain maximum benefit from these surpluses. EST ensures that any such deposit is at low risk by periodically reviewing their financial status and by spreading funds across more than one institution.

The cash balance includes £3,189k which relates to the Energy Saving Scotland Small Business Loans Scheme. This amount is restricted for this purpose and can only be used to make loans available to small businesses in Scotland.

10. Creditors

	2009 £'000s	2008 £'000s
Amounts falling due within one year		
Trade creditors	6,448	596
Accruals and deferred income	2,763	4,113
	<u>9,211</u>	<u>4,709</u>
Amounts falling due after one year		
Loan Funds	6,217	-
	<u>6,217</u>	<u>-</u>

The Loan Funds represented amounts granted to fund interest free loans to small businesses in Scotland. This amount includes small business loan debtors of £2,589k and cash of £3,189k.

11. Provisions for liabilities and charges

	Corporation Tax £'000s	Disallowable Programme Expenditure £'000s	Other £'000s	Total £'000s
At 1 April 2008	60	160	306	526
Charged to Income and Expense account	38	-	56	94
Released Unused	-	(160)	(50)	(210)
Utilised in year	(48)	-	(180)	(228)
At 31 March 2009	<u>50</u>	<u>-</u>	<u>132</u>	<u>182</u>

Other includes £117k for dilapidations and £15k legal fees provisions.

The Energy Saving Trust Limited

Notes to the Financial Statements - 31 March 2009 (continued)

12. Capital Contributions

	£'000s
Balance at 1 April 2008 & 31 March 2009	<u>3,703</u>

Capital contributions represent contributions from members to fund the long term working capital requirements of the Trust. The sums were paid in the early years following the establishment of the Trust and the directors are aware of no ongoing rights or obligations arising from the receipt of these funds. However, the directors consider it appropriate to maintain the contributions as a separate reserve in recognition of the original intention behind the contributions and the ongoing necessity for the Trust to retain sufficient funding to support its working capital and risk management requirements.

13. Incorporation

The Trust is incorporated as a company limited by guarantee and has no power to pay dividends. Members have the right to vote at annual general meetings of the Trust and the obligation to contribute a maximum of £1 on a winding-up should there be a call on the guarantee they provide.

14. Related party transactions

There were no material related party transactions.

15. Financial Commitments

	2009 £'000s	2008 £'000s
Annual commitments in respect of operating leases on office premises which expire:		
Current	23	109
Between two and five years	-	81
Over 5 years	738	658
	<u>761</u>	<u>848</u>

The Energy Saving Trust Limited

Notes to the Financial Statements - 31 March 2009 (continued)

16. Notes to the Cash Flow Statement

1) Reconciliation of operating surplus to net cash inflow (outflow) from operating activities

	2009 £'000s	2008 £'000s
Operating deficit	(229)	(14)
Depreciation charges and result of disposals	323	234
Decrease in debtors	309	4,188
Increase/(Decrease) in creditors	10,375	(3,795)
Net cash inflow from operating activities	<u>10,778</u>	<u>613</u>

2) Analysis of Change in Net Funds

	At 1 April 2008 £'000s	Cash flow £'000s	At 31 March 2009 £'000s
Cash in hand, and at bank	<u>(72)</u>	<u>10,014</u>	<u>9,942</u>

17. Movements in Members' Funds

	2009 £'000s	2008 £'000s
(Deficit)/Surplus for the year	(150)	84
Net (Reduction)/Addition to members' funds	<u>(150)</u>	<u>84</u>
Opening members' funds	4,229	4,145
Closing members' funds	<u>4,079</u>	<u>4,229</u>

The £150k deficit for the year (2008: £84k surplus) has resulted in a decrease in total members' funds to £4,079k (2008: £4,229k).