

Company Registration No. 101660 (Scotland)

Charity Registration No. Sco09280

ENERGY ACTION SCOTLAND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003



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ENERGY ACTION SCOTLAND

COMPANY INFORMATION

| | | |
|--------------------------|---|---------------|
| Directors | Jeanie Morrison MBE | Convener |
| | Prof Thomas Carbery OBE | Vice-Convener |
| | Geoffrey Jago | Treasurer |
| | Barbara Atterson | |
| | William Gillis | |
| | Sheena Glass | |
| | Michael King | |
| | John McNeil | |
| | Patricia Newman | |
| | James Thomson | |
| | Liz Marquis | |
| | Laura McGadie | |
| Secretary | Ann Loughrey | |
| Company number | 101660 | |
| Registered office | 227 Ingram Street Glasgow G1 1DA | |
| Auditors | Wylie & Bisset 135 Wellington Street Glasgow G2 2XE | |
| Business address | 227 Ingram Street Glasgow G1 1DA | |
| Bankers | Bank of Scotland 11 Renfield Street Glasgow G2 5EZ | |
| Solicitors | Burness Solicitors 242 West George Street Glasgow G2 4QY | |

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**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2003**

The directors present their report and financial statements for the year ended 31 March 2003.

Principal activities

The company is limited by guarantee and has charitable status for tax purposes under the provisions of Section 505 of the Income and Corporation Taxes Act 1988. During the year under review its main objectives were to tackle fuel poverty by promoting energy efficiency and conservation initiatives throughout Scotland.

Review of the year

The income and expenditure account for the year is summarised on page 5 of the financial statements.

Reserves policy

Energy Action Scotland has a reserves policy which is approved by the Board of Directors and reviewed by them on a regular basis. The latest review was in October 2001 and the next review is scheduled for two years from that date. The current policy is to build the free unrestricted reserves of the charity to a figure of £67,000 to provide sufficient funds to sustain operations for a period of up to three months.

Objects of the charity

Fuel poverty is the inability to afford adequate warmth due to the energy inefficiency of the dwelling. The causes of fuel poverty are house condition, price of domestic fuel and disposable household income. A third of Scottish households suffer from fuel poverty.

Energy Action Scotland is the national charity which aims to eliminate fuel poverty by:

- raising awareness of fuel poverty, particularly as it affects low income households and working towards affordable warmth for all;
- identifying effective solutions which can transform cold, damp houses into warm, dry homes;
- securing public and private investment in domestic energy efficiency initiatives.

Review of the activities and future developments

Over the last year, Energy Action Scotland (EAS) continued to offer services to members and others working in the field of fuel poverty and domestic energy efficiency.

Activities included the annual conference, which was addressed by a Minister of the Scottish Executive, briefings on fuel poverty for MSPs and Scottish MPs and a range of training courses in energy-related topics. Publications included the quarterly journal, Energy Review, manifesto proposals on fuel poverty for the Scottish Parliamentary elections and new public information leaflets. The website underwent a major redesign.

EAS has continued to progress work and training initiatives in the area of health. The organisation worked with a range of sponsors to provide three innovative projects: *Give your Child a Warm Start in Life*; the *HELP Flow Chart* which is being circulated to every GP practice in Scotland; and *Fuel Poverty and Health* training which was delivered to 300 frontline health staff in Glasgow.

EAS organised Warm Homes Week in Scotland during which MPs and MSPs visited the homes of constituents who were having their homes insulated. Warmth for the Millennium Awards continued to fund innovative energy efficiency schemes and the EAS EnergySavers Award gave recognition to examples of best practice in community energy-saving projects.

A similar programme of work is planned for the next year to take forward the organisation's aims and objectives.

ENERGY ACTION SCOTLAND

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2003

Directors

The directors who served the company during the period were as follows:-

| | |
|-------------------------|--------------------------|
| Jeanie Morrison MBE | |
| Christine Davis CBE | (Until 6 November 2002) |
| Prof Thomas Carbery OBE | |
| Barbara Atterson | |
| William Gillis | |
| Sheena Glass | |
| Geoffrey Jago | |
| Alistair Kerr | (until 9 September 2002) |
| Michael King | |
| John McNeil | |
| Patricia Newman | |
| James Thomson | |
| Liz Marquis | |
| Laura McGadie | (from 9 May 2002) |

The Energy Action Scotland Board consists of 10 Member Directors, 5 Special Directors and 1 Representative Director. The Member Directors are elected by the membership at the annual general meeting and have set terms of office which are kept under review as good practice. The Special Directors are invited to the Board by the Member Directors and have yearly appointments. Board Members are entitled to claim out of pocket expenses incurred whilst on Energy Action Scotland business. However, they do not receive any financial reimbursement or payment for their services.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Wylie & Bisset be re-appointed as auditors of the company will be put to the Annual General Meeting.

Risks

The major risks to which the company is exposed have been reviewed in the course of the year. The systems established to mitigate the risks are as follows:-

- a) regular meetings are held by the directors and senior officials of the company;
- b) monthly management accounts are prepared and are reviewed against budget;
- c) the company has reviewed its internal controls with a view to safeguarding its assets

ENERGY ACTION SCOTLAND

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2003

Directors' responsibilities

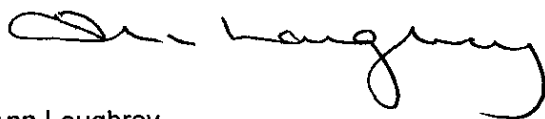
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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. 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.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board



Ann Loughrey
Secretary

Date: 7th August 2003

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ENERGY ACTION SCOTLAND**

We have audited the financial statements of Energy Action Scotland for the year ended 31 March 2003 which comprise the Income and Expenditure Account, the Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention and 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 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 directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of 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 to you 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 to you if, in our opinion, the Directors' 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 we require for our audit, or if 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 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 the company's affairs at 31 March 2003 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Wylie & Bisset

Wylie & Bisset

**Chartered Accountants
& Registered Auditor**

Date: 7th August 2003

135 Wellington Street
Glasgow
G2 2XE

A member firm of
The UK 200 Group
PRACTISING CHARTERED ACCOUNTANTS

ENERGY ACTION SCOTLAND

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2003

| INCOME AND EXPENDITURE | | Unrestricted Funds 2003 £ | Restricted Funds 2003 £ | Total 2003 £ | Total 2002 £ |
|---|------|------------------------------------|----------------------------------|--------------------|--------------------|
| Incoming Resources | Note | | | | |
| Grant income | 2 | 107,000 | - | 107,000 | 105,000 |
| Community Fund | | - | 37,202 | 37,202 | 22,298 |
| Other grants | | - | 5,000 | 5,000 | 5,000 |
| Sponsorship and donations | | 129,241 | 11,300 | 140,541 | 243,688 |
| Conference, training and consultancy | | 115,597 | - | 115,597 | 109,550 |
| Other income | | 10,491 | - | 10,491 | 13,085 |
| Investment income | 3 | 3,452 | - | 3,452 | 6,500 |
| TOTAL INCOMING RESOURCES | | <u>365,781</u> | <u>53,502</u> | <u>419,283</u> | <u>505,121</u> |
| Resources Expended | | | | | |
| Direct charitable expenditure | 4 | 241,700 | 53,502 | 295,202 | 390,763 |
| Fundraising and publicity | 5 | 40,861 | - | 40,861 | 37,788 |
| Management and administration | 6 | 78,227 | 259 | 78,486 | 71,601 |
| TOTAL RESOURCES EXPENDED | 7 | <u>360,788</u> | <u>53,761</u> | <u>414,549</u> | <u>500,152</u> |
| Net incoming resources for the year before transfers | | 4,993 | (259) | 4,734 | 4,969 |
| Transfer between funds | | (259) | 259 | - | - |
| Net incoming resources for the year after transfers | | <u>4,734</u> | <u>-</u> | <u>4,734</u> | <u>4,969</u> |
| Net movement in funds | | | | | |
| Fund balances brought forward at 1 April 2002 | | <u>53,174</u> | <u>-</u> | <u>53,174</u> | <u>48,205</u> |
| Fund balances carried forward at 31 March 2003 | | <u>57,908</u> | <u>-</u> | <u>57,908</u> | <u>53,174</u> |

The income and expenditure account is also the company's statement of financial activities and provides full information on the movements during the year on all the funds of the charity.

ENERGY ACTION SCOTLAND

BALANCE SHEET AS AT 31 MARCH 2003

| | | 2,003 | 2,002 |
|--|--------------|------------------|------------------|
| | | £ | £ |
| Fixed assets | Notes | | |
| Tangible assets | 9 | 3,647 | 12,976 |
| Current assets | | | |
| Debtors | 10 | 113,181 | 41,499 |
| Cash at bank and in hand | | 188,874 | 105,715 |
| | | <u>302,055</u> | <u>147,214</u> |
| Creditors: amounts falling due within one year | 11 | <u>(245,288)</u> | <u>(100,942)</u> |
| Net current assets | | <u>56,767</u> | <u>46,272</u> |
| Total assets less current liabilities | | 60,414 | 59,248 |
| Creditors: amounts falling due after more than one year | 12 | (2,506) | (6,074) |
| Accruals and deferred income | 13 | <u>-</u> | <u>-</u> |
| | | <u>57,908</u> | <u>53,174</u> |
| Income funds | | | |
| Restricted funds | 14 | - | - |
| Unrestricted funds | 14 | 57,908 | 53,174 |
| | | <u>57,908</u> | <u>53,174</u> |

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on the 7th August 2003.



Jeanie Morrison MBE
Director



Barbara Atterson
Director

ENERGY ACTION SCOTLAND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

1 Accounting Policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Grant income

Revenue grants are treated as incoming resources when they are receivable provided conditions for receipt have been complied with, unless they relate to a specified future period, in which case they are deferred.

Grants towards capital expenditure are released to the income and expenditure account over the expected useful life of the assets.

1.3 Donations

All donations are included in full in the income and expenditure account when receivable, provided there are no restrictions imposed as to the timing of the related expenditure, in which case recognition is deferred until the pre-condition has been met.

1.4 Investment income

Investment income is recognised when receivable.

1.5 Fund accounting

Restricted funds are to be used for specific purposes laid down by the donor. Expenditure for those purposes is charged to the fund, together with a fair allocation of overheads and support costs.

Unrestricted funds are incoming resources received or generated for expenditure on the general objectives of the charity.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

| | |
|--------------------------------|--------------------------|
| Plant and machinery | 20% straight line |
| Fixtures, fittings & equipment | 20% - 33⅓% straight line |
| Motor vehicles | 20% straight line |

1.7 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

ENERGY ACTION SCOTLAND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

1.8 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

2 Grant Income

Grants receivable during the year were as follows

| | Unrestricted Funds £ | Restricted Funds £ | Total 2003 £ | Total 2002 £ |
|------------------------|----------------------------|--------------------------|--------------------|--------------------|
| The Scottish Executive | <u>107,000</u> | <u>-</u> | <u>107,000</u> | <u>105,000</u> |

3 Investment Income

| | 2003 £ | 2002 £ |
|---------------|--------------|--------------|
| Bank interest | <u>3,452</u> | <u>6,500</u> |

4 Direct Charitable Expenditure

| | Unrestricted Funds £ | Restricted Funds £ | Total funds 2003 £ | Total 2002 £ |
|------------------------|----------------------------|--------------------------|--------------------------|--------------------|
| ScottishPower projects | - | 11,300 | 11,300 | 100,255 |
| Community Fund | - | 37,202 | 37,202 | 22,298 |
| Direct Services | <u>241,700</u> | <u>5,000</u> | <u>246,700</u> | <u>268,210</u> |
| | <u>241,700</u> | <u>53,502</u> | <u>295,202</u> | <u>390,763</u> |

5 Fundraising and Publicity

| | Unrestricted Funds £ | Restricted Funds £ | Total funds 2003 £ | Total 2002 £ |
|---------------------------|----------------------------|--------------------------|--------------------------|--------------------|
| Salaries and office costs | <u>40,861</u> | <u>-</u> | <u>40,861</u> | <u>37,788</u> |

6 Management and Administration

| | Unrestricted Funds £ | Restricted Funds £ | Total funds 2003 £ | Total 2002 £ |
|---------------------------|----------------------------|--------------------------|--------------------------|--------------------|
| Salaries and office costs | 76,808 | - | 76,808 | 70,401 |
| Bank charges and interest | 378 | - | 378 | - |
| Audit fees | <u>1,041</u> | <u>259</u> | <u>1,300</u> | <u>1,200</u> |
| | <u>78,227</u> | <u>259</u> | <u>78,486</u> | <u>71,601</u> |

ENERGY ACTION SCOTLAND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

7. Total resources expended

| | Staff | Depreciation | Other costs | Total Funds 2003 | Total 2002 |
|-------------------------------|----------------|--------------|----------------|------------------------|----------------|
| | £ | £ | £ | £ | £ |
| Direct charitable expenditure | 134,204 | 2,302 | 158,696 | 295,202 | 390,763 |
| Fundraising and publicity | 33,551 | 576 | 6,734 | 40,861 | 37,788 |
| Management and administration | 55,918 | 960 | 21,608 | 78,486 | 71,601 |
| | <u>223,673</u> | <u>3,838</u> | <u>187,038</u> | <u>414,549</u> | <u>500,152</u> |

The aggregate payroll costs were:

| | Total Funds 2003 | Total 2002 |
|-----------------------|------------------------|----------------|
| | £ | £ |
| Wages and salaries | 189,980 | 174,211 |
| Social security costs | 17,301 | 15,960 |
| Other pension costs | 16,392 | 14,542 |
| | <u>223,673</u> | <u>204,713</u> |

Particulars of employees:

| | No | No |
|----------------------------------|----------|----------|
| Operational staff – full time | 5 | 5 |
| Administrative staff – full time | 2 | 2 |
| Administrative staff – part time | 2 | 2 |
| | <u>9</u> | <u>9</u> |

Other costs:

| | 2003 | 2002 |
|------------------------|----------------|----------------|
| | £ | £ |
| Premises | 25,671 | 25,441 |
| Legal and professional | 3,635 | 3,089 |
| Other | 157,732 | 259,607 |
| | <u>187,038</u> | <u>288,137</u> |

Total resources expended

| | £ | £ |
|---------------------------------|--------|---------|
| Auditors' remuneration | 1,800 | 1,750 |
| Depreciation of tangible assets | 3,838 | 7,302 |
| Rent – premises | 17,225 | 17,225 |
| Hire of equipment | 2,020 | 2,916 |
| Government grants | - | (3,308) |

8. Taxation

The company has no tax liability as it has charitable status under the provisions of Section 505 of the Income and Corporation Taxes Act 1988.

ENERGY ACTION SCOTLAND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

9. Tangible fixed assets

| | Fixtures, fittings & office equipment | Motor Vehicles | Total |
|-----------------------|--|-------------------|---------------|
| Cost | £ | £ | £ |
| At 1 April 2002 | 27,579 | 14,315 | 41,894 |
| Additions | - | - | - |
| Disposals | (16,465) | (14,315) | (30,780) |
| At 31 March 2003 | <u>11,114</u> | <u>-</u> | <u>11,114</u> |
| Depreciation | | | |
| At 1 April 2002 | 21,525 | 7,393 | 28,918 |
| On disposals | (16,465) | (8,824) | (25,289) |
| Charge for year | 2,407 | 1,431 | 3,838 |
| At 31 March 2003 | <u>7,467</u> | <u>-</u> | <u>7,467</u> |
| Net book value | | | |
| At 31 March 2003 | <u>3,647</u> | <u>-</u> | <u>3,647</u> |
| At 31 March 2002 | <u>6,054</u> | <u>6,922</u> | <u>12,976</u> |

Included above are assets held under finance leases or hire purchase contracts as follows:

| | Computer Equipment | Motor vehicles |
|---|-----------------------|----------------|
| Net book value | £ | £ |
| At 31 March 2003 | <u>3,653</u> | <u>-</u> |
| At 31 March 2002 | <u>4,566</u> | <u>6,922</u> |
| Depreciation charge for the year | | |
| At 31 March 2003 | <u>913</u> | <u>-</u> |
| At 31 March 2002 | <u>-</u> | <u>2,860</u> |

10. Debtors

| | 2003 | 2002 |
|---------------|----------------|---------------|
| | £ | £ |
| Trade debtors | 98,368 | 31,417 |
| Other debtors | <u>14,813</u> | <u>10,082</u> |
| | <u>113,181</u> | <u>41,499</u> |

11. Creditors: amounts falling due within one year

| | 2003 | 2002 |
|--|----------------|----------------|
| | £ | £ |
| Net obligations under finance lease and hire purchase contracts | 1,488 | 4,596 |
| Trade creditors | 16,321 | 11,460 |
| Taxation and social security | 22,922 | 9,582 |
| Other creditors | <u>204,557</u> | <u>75,304</u> |
| | <u>245,288</u> | <u>100,942</u> |

ENERGY ACTION SCOTLAND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

12. Creditors: amounts falling due after more than one year

| | 2003 £ | 2002 £ |
|---|----------------|----------------|
| Net obligations under finance lease and hire purchase agreements | <u>2,506</u> | <u>6,074</u> |
| Net obligations under finance leases and hire purchase contracts | | |
| Repayable within one year | 1,756 | 5,314 |
| Repayable between one and five years | <u>2,959</u> | <u>6,915</u> |
| | 4,715 | 12,229 |
| Finance charges and interest allocated to future accounting periods | <u>(721)</u> | <u>(1,559)</u> |
| | 3,994 | 10,670 |
| Included in liabilities falling due within one year | <u>(1,488)</u> | <u>(4,596)</u> |
| | <u>2,506</u> | <u>6,074</u> |

13. Accruals and deferred income

| | Government Grants £ |
|--------------------------|---------------------------|
| Balance at 1 April 2002 | - |
| Amortisation in year | - |
| Balance at 31 March 2003 | <u>-</u> |

14. Income funds

| | Restricted Funds £ | Unrestricted Funds General £ | Total £ |
|------------------------|--------------------------|---------------------------------------|---------------|
| At 1 April 2002 | - | 53,174 | 53,174 |
| Incoming resources | 53,502 | 365,781 | 419,283 |
| Expenditure | (53,761) | (360,788) | (414,549) |
| Transfer between funds | <u>259</u> | <u>(259)</u> | - |
| At 31 March 2003 | <u>-</u> | <u>57,908</u> | <u>57,908</u> |

15. Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £16,392 (2002 - £14,542).

ENERGY ACTION SCOTLAND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

16. Financial commitments

At 31 March 2003 the company had annual commitments under non-cancellable operating leases as follows:

| | Land and buildings | | Other | |
|----------------------------|--------------------|---------------|--------------|------------|
| | 2003 | 2002 | 2003 | 2002 |
| | £ | £ | £ | £ |
| Expiry date: | | | | |
| Within one year | - | - | - | 960 |
| Between two and five years | <u>17,225</u> | <u>17,225</u> | <u>2,776</u> | - |
| | <u>17,225</u> | <u>17,225</u> | <u>2,776</u> | <u>960</u> |