

Company Registration No. 101660 (Scotland)

Charity Registration No. Sco09280

ENERGY ACTION SCOTLAND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2005



ENERGY ACTION SCOTLAND

COMPANY INFORMATION

| | | |
|--------------------------|---|---------------|
| Directors | Christine Davis CBE | Convener |
| | James Thomson | Vice-Convener |
| | Donald MacIntyre | Treasurer |
| | Prof Thomas Carbery OBE | |
| | Barbara Atterson | |
| | William Gillis | |
| | Michael King | |
| | Liz Marquis | |
| | Laura McGadie | |
| | Edward Lafferty | |
| | Hamilton Smillie MBE | |
| | Sandra Martin | |
| | Geoffrey Jago | |
| | Jeanie Morrison MBE | |
| Secretary | Norman Kerr | |
| Company number | 101660 | |
| Registered office | 227 Ingram Street Glasgow G1 1DA | |
| Auditors | Wylie & Bisset 168 Bath Street Glasgow G2 4TP | |
| 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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ENERGY ACTION SCOTLAND

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2005

The directors present their report and financial statements for the year ended 31 March 2005.

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 adopted a reserves policy in 1998. This was reviewed in 2004 with a target of increasing reserves by £9,000 between 2004-2006.

The current policy is to build the free unrestricted reserves of the charity 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;
- researching fuel poverty and related issues in order to provide in-depth understanding of the causes and effects and to promote best practice;
- 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, briefings on fuel poverty for MSPs and Scottish MPs; the delivery of energy efficiency measures to community buildings; and a range of training courses in energy-related topics. EAS also undertook major research into the problem area of self disconnection for prepayment consumers which led to the production of the Self Disconnection Report. Other publications included the quarterly journal, Energy Review; a Guide for Public Health Practitioners and at the end of the year an updated manifesto for warm homes. The website was updated on a regular basis.

EAS has continued to progress work and training initiatives in the area of health. The organisation has worked with a range of sponsors to provide projects which took fuel poverty and energy efficiency information directly into the community. Local housing strategies continued to be a main driver for housing providers and this resulted in EAS providing consultancy services for several housing associations and local authorities.

EAS organised Warm Homes Week in Scotland during which MSPs and MPs visited the homes of constituents who were having their homes insulated. Warmth for the Millennium Fund entered its last year and continued to provide funding for innovative energy efficiency schemes. The EAS EnergySavers Award again gave recognition to examples of best practice in community energy-saving projects.

ENERGY ACTION SCOTLAND

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2005

Review of the activities and future developments (contd)

The organisation lost the services of Ann Loughrey as Director in December 2004 when she moved to a new challenge working with Scottish Power. Ann's guidance has provided shape and depth to EAS over the last ten years and the organisation remains committed to the vision of eradicating fuel poverty.

This is demonstrated by a programme of work for the next year that will take forward the organisation's aims and objectives.

Directors

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

| | |
|-------------------------|-----------------------|
| Jeanie Morrison MBE | |
| Christine Davis CBE | |
| Prof Thomas Carbery OBE | |
| Barbara Atterson | |
| William Gillis | |
| Donald MacIntyre | (from November 2004) |
| Geoffrey Jago | |
| Michael King | |
| John McNeil | (until October 2004) |
| Patricia Newman | (until November 2004) |
| James Thomson | |
| Liz Marquis | |
| Laura McGadie | |
| Edward Lafferty | |
| John Wells | (until February 2005) |
| Hamilton Smillie MBE | (from May 2004) |
| Sandra Martin | (from November 2004) |

The Energy Action Scotland Board consists of 8 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, and these are independently audited on a three year cycle.

ENERGY ACTION SCOTLAND

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2005

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



Norman Kerr
Secretary

Date: 18 August 2005

**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 2005 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 2005 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: 18 August 2005

168 Bath Street
Glasgow
G2 4TP

 **UK200 Group**

ENERGY ACTION SCOTLAND

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2005

| | | Unrestricted Funds 2005 | Restricted Funds 2005 | Total 2005 | Total 2004 |
|---|------|-------------------------------|-----------------------------|----------------|----------------|
| INCOME AND EXPENDITURE | | | | | |
| Incoming Resources | Note | £ | £ | £ | £ |
| Grant income | 2 | 120,000 | - | 120,000 | 120,000 |
| Big Lottery Fund | | - | 22,838 | 22,838 | 40,326 |
| Other grants | | - | 5,000 | 5,000 | 5,000 |
| Sponsorship and donations | | 154,665 | - | 154,665 | 119,385 |
| Conference, training and consultancy | | 119,032 | - | 119,032 | 106,627 |
| Other income | | 17,738 | - | 17,738 | 14,966 |
| Investment income | 3 | 7,011 | - | 7,011 | 6,131 |
| TOTAL INCOMING RESOURCES | | <u>418,446</u> | <u>27,838</u> | <u>446,284</u> | <u>412,435</u> |
| Resources Expended | | | | | |
| Direct charitable expenditure | 4 | 284,656 | 27,917 | 312,573 | 287,115 |
| Fundraising and publicity | 5 | 117,681 | - | 117,681 | 113,599 |
| Management and administration | 6 | 2,282 | 146 | 2,428 | 3,541 |
| TOTAL RESOURCES EXPENDED | 7 | <u>404,619</u> | <u>28,063</u> | <u>432,682</u> | <u>404,255</u> |
| Net incoming resources for the year before transfers | | 13,827 | (225) | 13,602 | 8,180 |
| Transfer between funds | | (225) | 225 | - | - |
| Net incoming resources for the year after transfers | | <u>13,602</u> | <u>-</u> | <u>13,602</u> | <u>8,180</u> |
| Net movement in funds | | | | | |
| Fund balances brought forward at 1 April 2004 | 13 | <u>66,088</u> | <u>-</u> | <u>66,088</u> | <u>57,908</u> |
| Fund balances carried forward at 31 March 2005 | 13 | <u>79,690</u> | <u>-</u> | <u>79,690</u> | <u>66,088</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 2005

| | | 2005 | 2004 |
|---|--------------|------------------|------------------|
| | | £ | £ |
| Fixed assets | Notes | | |
| Tangible assets | 9 | 2,335 | 1,607 |
| Current assets | | | |
| Debtors | 10 | 70,785 | 56,643 |
| Cash at bank and in hand | | <u>126,941</u> | <u>236,729</u> |
| | | 197,726 | 293,372 |
| Creditors: amounts falling due within one year | 11 | <u>(120,371)</u> | <u>(228,891)</u> |
| Net current assets | | 77,355 | 64,481 |
| Total assets less current liabilities | | <u>79,690</u> | <u>66,088</u> |
| Income funds | | | |
| Restricted funds | 13 | - | - |
| Unrestricted funds | 13 | <u>79,690</u> | <u>66,088</u> |
| | | <u>79,690</u> | <u>66,088</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 18 August 2005.


Christine Davis CBE
Director


Donald MacIntyre
Director

ENERGY ACTION SCOTLAND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

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% - 33 1/3% 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 2005

1.8 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

2 Grant Income

Grants receivable during the year were as follows

| | Unrestricted Funds £ | Restricted Funds £ | Total 2005 £ | Total 2004 £ |
|------------------------|----------------------------|--------------------------|--------------------|--------------------|
| The Scottish Executive | <u>120,000</u> | <u>-</u> | <u>120,000</u> | <u>120,000</u> |

3 Investment Income

| | 2005 £ | 2004 £ |
|---------------|--------------|--------------|
| Bank interest | <u>7,011</u> | <u>6,131</u> |

4 Direct Charitable Expenditure

| | Unrestricted Funds £ | Restricted Funds £ | Total funds 2005 £ | Total 2004 £ |
|------------------|----------------------------|--------------------------|--------------------------|--------------------|
| Big Lottery Fund | - | 22,903 | 22,903 | 43,020 |
| Direct Services | <u>284,656</u> | <u>5,014</u> | <u>289,670</u> | <u>244,095</u> |
| | <u>284,656</u> | <u>27,917</u> | <u>312,573</u> | <u>287,115</u> |

5 Fundraising and Publicity

| | Unrestricted Funds £ | Restricted Funds £ | Total funds 2005 £ | Total 2004 £ |
|---------------------------|----------------------------|--------------------------|--------------------------|--------------------|
| Salaries and office costs | <u>117,681</u> | <u>-</u> | <u>117,681</u> | <u>113,599</u> |

6 Management and Administration

| | Unrestricted Funds £ | Restricted Funds £ | Total funds 2005 £ | Total 2004 £ |
|------------------------|----------------------------|--------------------------|--------------------------|--------------------|
| Legal and professional | 308 | 20 | 328 | 1,741 |
| Audit fees | <u>1,974</u> | <u>126</u> | <u>2,100</u> | <u>1,800</u> |
| | <u>2,282</u> | <u>146</u> | <u>2,428</u> | <u>3,541</u> |

ENERGY ACTION SCOTLAND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

7. Total resources expended

| | Staff | Depreciation | Other costs | Total Funds 2005 | Total 2004 |
|-------------------------------|----------------|--------------|----------------|------------------------|----------------|
| | £ | £ | £ | £ | £ |
| Direct charitable expenditure | 147,104 | 1,721 | 163,748 | 312,573 | 287,115 |
| Fundraising and publicity | 98,070 | 304 | 19,307 | 117,681 | 113,599 |
| Management and administration | - | - | 2,428 | 2,428 | 3,541 |
| | <u>245,174</u> | <u>2,025</u> | <u>185,483</u> | <u>432,682</u> | <u>404,255</u> |

The aggregate payroll costs were:

| | Total Funds 2005 | Total 2004 |
|-----------------------|------------------------|----------------|
| | £ | £ |
| Wages and salaries | 206,855 | 191,977 |
| Social security costs | 20,963 | 19,813 |
| Other pension costs | 17,356 | 18,534 |
| | <u>245,174</u> | <u>230,324</u> |

Particulars of employees:

| | No | No |
|----------------------------------|----------|----------|
| Operational staff – full time | 6 | 5 |
| Administrative staff – full time | 3 | 2 |
| Administrative staff – part time | - | 2 |
| | <u>9</u> | <u>9</u> |

Other costs:

| | 2005 | 2004 |
|------------------------|----------------|----------------|
| | £ | £ |
| Premises | 25,371 | 24,742 |
| Legal and professional | 2,428 | 1,495 |
| Other | 157,684 | 145,654 |
| | <u>185,483</u> | <u>171,891</u> |

Total resources expended

| | £ | £ |
|---------------------------------|--------|--------|
| Auditors' remuneration | 1,900 | 1,800 |
| Depreciation of tangible assets | 2,025 | 2,040 |
| Rent – premises | 17,225 | 17,225 |
| Hire of equipment | 5,665 | 2,020 |

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 2005

9. Tangible fixed assets

| | Fixtures, fittings & office equipment | Total |
|-----------------------|--|---------------|
| Cost | £ | £ |
| At 1 April 2004 | 11,114 | 11,114 |
| Additions | 2,786 | 2,786 |
| Disposals | (43) | (43) |
| At 31 March 2005 | <u>13,857</u> | <u>13,857</u> |
| Depreciation | | |
| At 1 April 2004 | 9,507 | 9,507 |
| On disposals | (10) | (10) |
| Charge for year | 2,025 | 2,025 |
| At 31 March 2005 | <u>11,522</u> | <u>11,522</u> |
| Net book value | | |
| At 31 March 2005 | <u>2,335</u> | <u>2,335</u> |
| At 31 March 2004 | <u>1,607</u> | <u>1,607</u> |

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

| | Computer Equipment |
|---|-----------------------|
| | £ |
| Net book value | |
| At 31 March 2005 | <u>-</u> |
| At 31 March 2004 | <u>1,607</u> |
| Depreciation charge for the year | |
| At 31 March 2005 | <u>1,607</u> |
| At 31 March 2004 | <u>2,040</u> |

10. Debtors

| | 2005 | 2004 |
|---------------|---------------|---------------|
| | £ | £ |
| Trade debtors | 50,905 | 30,871 |
| Other debtors | <u>19,880</u> | <u>25,772</u> |
| | <u>70,785</u> | <u>56,643</u> |

11. Creditors: amounts falling due within one year

| | 2005 | 2004 |
|--|----------------|----------------|
| | £ | £ |
| Net obligations under finance lease and hire purchase contracts | 2,965 | 2,975 |
| Trade creditors | 13,095 | 11,996 |
| Taxation and social security | 11,490 | 8,850 |
| Other creditors | <u>92,821</u> | <u>205,070</u> |
| | <u>120,371</u> | <u>228,891</u> |

ENERGY ACTION SCOTLAND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

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

| | 2005 £ | 2004 £ |
|---|-----------|-----------|
| Net obligations under finance lease and hire purchase agreements | - | - |
| Net obligations under finance leases and hire purchase contracts | | |
| Repayable within one year | 3,241 | 3,251 |
| Repayable between one and five years | - | - |
| | 3,241 | 3,251 |
| Finance charges and interest allocated to future accounting periods | (276) | (276) |
| | 2,965 | 2,975 |
| Included in liabilities falling due within one year | (2,965) | (2,975) |
| | - | - |

13. Income funds

| | Restricted Funds | Unrestricted Funds General | Total |
|------------------------|---------------------|----------------------------------|-----------|
| | £ | £ | £ |
| At 1 April 2004 | - | 66,088 | 66,088 |
| Incoming resources | 27,838 | 418,446 | 446,284 |
| Expenditure | (28,063) | (404,619) | (432,682) |
| Transfer between funds | 225 | (225) | - |
| At 31 March 2005 | - | 79,690 | 79,690 |

14. 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 £17,356 (2004 - £18,534).

ENERGY ACTION SCOTLAND**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2005**

15. Financial commitments

At 31 March 2005 the company had annual commitments under non-cancellable operating leases as follows:

| | Land and buildings | | Other | |
|----------------------------|--------------------|---------------|--------------|--------------|
| | 2005 | 2004 | 2005 | 2004 |
| | £ | £ | £ | £ |
| Expiry date: | | | | |
| Within one year | - | - | 1,817 | - |
| Between two and five years | <u>17,225</u> | <u>17,225</u> | <u>468</u> | <u>5,836</u> |
| | <u>17,225</u> | <u>17,225</u> | <u>2,285</u> | <u>5,836</u> |