

Register

COMPANY REGISTRATION NUMBER 2219673

**CENTRE FOR SUSTAINABLE ENERGY
COMPANY LIMITED BY GUARANTEE
FINANCIAL STATEMENTS
31 MARCH 2008**



Charity Number 298740

ELLIOTT BUNKER LIMITED
Chartered Accountants & Registered Auditors
3-8 Redcliffe Parade West
Redcliffe
Bristol
BS1 6SP

**CENTRE FOR SUSTAINABLE ENERGY
COMPANY LIMITED BY GUARANTEE**

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2008

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**CENTRE FOR SUSTAINABLE ENERGY
COMPANY LIMITED BY GUARANTEE**

TRUSTEES ANNUAL REPORT

YEAR ENDED 31 MARCH 2008

The trustees, who are also directors for the purposes of company law, have pleasure in presenting their report and the financial statements of the charity for the year ended 31 March 2008

REFERENCE AND ADMINISTRATIVE DETAILS

Registered charity name	Centre for Sustainable Energy
Charity registration number	298740
Company registration number	2219673
	3 St Peter's Court Bedminster Parade Bristol BS3 4AQ
Registered office	3 St Peter's Court Bedminster Parade Bristol BS3 4AQ

THE TRUSTEES

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

Peter Lipman	
Robin Copeland	
Andrew Garrad	
Colin Palmer	
Cheryl Hiles	
Catherine Mitchell	
Brenda Boardman	
David Bunker	(Appointed 1 October 2007)
Peter Capener	(Appointed 23 November 2007)
Roger Levett	(Retired 2 April 2007)
Alison Stenton	(Retired 26 June 2007)
Pat Meehan	(Retired 1 September 2007)

Secretary Robin Copeland

Auditor Elliott Bunker Limited
Chartered Accountants
& Registered Auditors
3-8 Redcliffe Parade West
Redcliffe
Bristol, BS1 6SP

Bankers HSBC Bank PLC
P O Box 120
49 Corn Street
Bristol, BS99 7PP

CENTRE FOR SUSTAINABLE ENERGY COMPANY LIMITED BY GUARANTEE

TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2008

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Centre for Sustainable Energy (CSE) is a registered charity and company limited by guarantee, having no share capital

Policies and Structure

The charity operates with a board of trustees that meets on a quarterly basis. Trustees have overall responsibility for financial management, organisation and compliance with the purposes of the charity. However this responsibility is devolved on a day to day basis to the Chief Executive and the Senior Management Team within a clearly documented framework of delegated powers. The Chief Executive reports to the trustees at each quarterly meeting.

The Board of Trustees also has one sub-committee – the Finance and Development Committee – which meets quarterly with relevant staff members to explore the financial results and development activity in more depth and report to the full Board. Individual Trustees provide occasional support and expertise to particular staff, for example on policy matters and development.

The charity has an equal opportunities officer, health and safety officer and environment officer, and makes every effort to ensure that the policies are positively implemented.

OBJECTIVES AND ACTIVITIES

Principal activity

CSE's mission as an independent charity is to share our knowledge and practical experience to enable people to change the way they think and act about energy. Our core charitable objectives are to end the misery of cold homes and tackle the threat of climate change.

Our vision is of a world where sustainability is second nature, carbon emissions have been cut to safe levels and fuel poverty has been replaced by energy justice.

CSE achieves this mission by

- delivering effective projects, mainly in our locality, which enable individuals and organisations to make their energy supply and use more sustainable,
- empowering and supporting effective action by others in their organisations and communities across the UK, and,
- using our experience and evidence to shape local, regional and national policy through expert analysis and research.

Work is delivered in partnership with national and local government and associated agencies, the energy industry, business, community groups, schools and the general public on a range of initiatives that include

- the development of pilot projects identifying new ideas and approaches to dealing with the constraints facing sustainable energy development.

CENTRE FOR SUSTAINABLE ENERGY COMPANY LIMITED BY GUARANTEE

TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2008

- the delivery of a range of community based energy projects encouraging greater local awareness of, and engagement with, the issues relating to energy including health, comfort, housing, fuel poverty, and the environment
- the delivery of both telephone and face-to-face energy advice to householders and community groups as part of the national network of Energy Efficiency Advice Centres
- education work with schools and colleges that emphasises the role of the pupil/student as an environmental decision maker
- the production of teaching resources that encourage a questioning approach to problem solving within the environment
- the delivery of energy awareness training projects aimed at the energy industry, local authorities and the wider business sector
- technical consultancy services which help clients understand and implement low carbon solutions appropriate to their energy needs
- action orientated research work that develops understanding of energy and environmental issues and fuel poverty
- influencing policy makers locally, regionally and nationally with the experience and results gained from delivering practical projects

At any given time, CSE may have some 60 – 70 different and separately funded projects underway. More than 100 projects were delivered during 2007/08.

ACHIEVEMENTS AND PERFORMANCE DURING 2007/08

CSE had a successful year in 2007/08, sustaining our growth as an organisation and having a significant impact and influence on the development of effective sustainable energy policies and practices at local, regional and national level.

The need for our work has never been greater with ever stronger evidence of the urgency of action on climate change and dramatic rises in fuel prices dragging millions of households into fuel poverty.

Our impact in terms of carbon emission reductions, fuel poverty alleviation, supporting effective work by other organisations, and policy influence – four key targets for our three year organisational strategy – is described at the end of this section.

Highlights of our activities in 2007/08 include

Delivering advice, education and energy saving locally

- We delivered energy efficiency advice to more than 20,000 households in the Avon and Somerset area, helping them to cut their lifetime carbon dioxide emissions by more than 100,000 tonnes
- Somerset Warm and Well – a project which we developed for a consortium of local authorities – provided a streamlined service to install nearly 1,900 insulation measures in homes vulnerable to fuel poverty
- With support from Defra and Scottish and Southern Energy we piloted a more ambitious scheme – called Warm Streets – which will roll out during 2008, combining increased levels of insulation activity with interventions to help households obtain their full entitlement to benefits
- We kicked off new projects – Warming Bristol and Warming Mendip – to target assistance on fuel poor households through effective partnerships with advice organisations, voluntary groups, health and social services

CENTRE FOR SUSTAINABLE ENERGY COMPANY LIMITED BY GUARANTEE

TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2008

- Improved energy management practices and staff 'energy champion' schemes have been implemented over the second year of 'Our Big Energy Challenge' project with public sector organisations in Bath and North East Somerset Local Strategic Partnership – from the Council to the universities and hospital. Funded by HM Treasury's 'Invest to Save' programme over three years, the project has identified measures to hit its 10% energy savings target and significant effort is planned across the partnership for the final year to implement the recommendations in full.
- We helped 160 local teachers improve their teaching of energy issues, enabled 7 schools in Bristol achieve the coveted Green Flag Eco-school status, and ran the second Climate Change Challenge for local sixth formers to raise the stakes with council leaders and senior officials.
- Our Co-ordinated Woodfuel Initiative, supported by SWRDA and AONBs across the South West, exceeded its ambitious target of supporting the installation of more than 1 MW (thermal) of smaller-scale wood fuelled heating systems – across 18 different sites, including field study centres, community buildings and large farmhouses.

Empowering and supporting other organisations to act – across the UK

- As managing agent of the national Community Action for Energy (CAfE) programme of the Energy Saving Trust, we advised, trained, and expertly supported more than 3,000 activists across the UK to help them improve the effectiveness of their community-based energy and climate change initiatives.
- Our management of Regen SW's 'Bioheat' programme with input from engineering consultancy Black and Veatch has stimulated and supported the development of more than 40 MW of new large-scale wood heating systems in the South West region. These are expected to be built over the next 12 – 24 months.
- We continued our BERR-funded training programme on planning and renewable energy for planning officers and councillors from across England, training more than 200 of these key local decision-makers on wind power planning issues and supporting their work through the first national web-based resource bank at www.planningrenewables.org.uk
- Our education materials were downloaded free from our website more than 1,300 times. This ensures widespread application in schools across the UK of these resources designed to put children at the heart of energy management in their schools and homes.

Testing new ideas to accelerate change

- In response to the challenge of engaging new audiences in the challenge of tackling climate change, we developed the 100 ideas house (see www.100ideashouse.com). Designed as a 'stop-and-talk' mechanism for use in shopping malls, the initiative sought to appeal beyond the 'green-and-keen' usually addressed by government messaging on the environment. A smart and stylish display house, combined with a carbon-cutting competition between footballers from Bristol Rovers and Bristol City, found a ready welcome from shoppers and plenty of media interest (see <http://uk.youtube.com/watch?v=DEfdjyIXDFo>). The project is having a lasting impact on thinking in national organisations developing their future marketing and communications strategies.
- Carbon 60, a project we have been undertaking with the Sanford Housing Co-op in South East London since 2004, successfully completed in 2008 its radical plans to cut its household carbon emissions by 60% during the refurbishment of its buildings. Sharing our knowledge and practical insight, we helped them to make pragmatic decisions about insulation choices and renewable heating options, to find and secure funding, and to develop their own knowledge and capacity to manage their future energy use.

CENTRE FOR SUSTAINABLE ENERGY COMPANY LIMITED BY GUARANTEE

TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2008

Influential research and policy analysis

- Building on our work on Personal Carbon Allowances for Defra in 2006, we teamed up with the University of Bristol to examine the distributional impacts of this approach to cutting carbon emissions and with global management consultancy Accenture to assess the feasibility and likely costs. While Defra has backed away from its involvement in further research, we continue to examine the implications of sharing out the burden of cutting carbon emissions across the population.
- Our pioneering work to define the role of local authorities in supporting local action to cut carbon emissions (see www.cse.org.uk/matrix) was developed further with work for the Local Government Association's Climate Change Commission and the Energy Saving Trust.
- 100 local strategic partnerships in England have, for the first time, set themselves targets to reduce carbon emissions from their communities in line with the new local government performance indicator introduced in 2008 as a direct result of research led by CSE in 2005-06.
- Energy regulator, Ofgem, sought our help in undertaking an official evaluation of the approach of energy suppliers to so-called 'social tariffs'. Building on our work in 2005-06 which exposed the poor value for money which many such schemes represent (particularly when compared with other tariffs available on the market), we ensured Ofgem focused on the value for the customer and quality of targeting on vulnerable households. Ofgem's resulting report has been used by the Government to pressurise the energy suppliers to improve their social tariffs and offer them more routinely to vulnerable households.

Our website at www.cse.org.uk has details of all of our activities. It now routinely enjoys more than 7,500 'unique visitors' a month, more than 2,100 of whom have signed up for the monthly e-news about our work. We publish our project reports and studies on the website, making them available for free download.

CSE works to promote its charitable aims at local, regional and national level, particularly through activities to influence policy. We are well represented and active in the Energy Minister's Renewables Advisory Board, the DTI's Regional Energy Group (as South West representative), the Energy Efficiency Partnership for Homes, the National Right to Fuel Campaign, the Fuel Poverty Advisory Group, Communities and Local Government Committee, the Government's Fuel Poverty Monitoring and Technical Group, the Public Utilities Access Forum (as chair of the Energy Group), the Board of Regen SW (the South West's Sustainable Energy Agency), and other initiatives in Bristol and the South West.

During the year, we were summoned to give evidence to two Parliamentary committees: firstly on personal carbon allowances to the Environmental Audit Committee, then to the House of Lords European Committee on the Renewable Energy Directive. We have also provided more formal input to the academic study of energy-related behaviours, with our Chief Executive appointed to the Advisory Board of the ESRC Research group on Lifestyles, Values and Environment (RESOLVE) at University of Surrey and through routine engagement with elements of the UK Energy Research Centre.

In 2007/08, CSE successfully secured nearly £2.3 million for its activities from national and local government and associated agencies, industry and charitable sources. Some activities were grant funded whilst others were, in effect, paid as project or consultancy services. However, this distinction between 'funder' and 'client' is not particularly germane since all of the activities are designed to meet CSE's charitable purposes, irrespective of funding source. The trustee body would like to thank all CSE's major funding partners and clients (listed below) for their support for projects undertaken during the year.

**CENTRE FOR SUSTAINABLE ENERGY
COMPANY LIMITED BY GUARANTEE****TRUSTEES ANNUAL REPORT** *(continued)***YEAR ENDED 31 MARCH 2008**

Accenture
Action Renewables
AEA Energy & Environment
Association for the Conservation of Energy
Bath & North East Somerset Council
Big Lottery Fund
Birmingham City Council
Bournemouth & Poole Primary Care Trust
Bristol City Council
The Carbon Consultancy Ltd
Central Office of Information
Crest Nicholson
Dairy Crest Direct
Department of Health
Department for Business, Enterprise and Regulatory Reform (BERR)
Department for Environment, Food and Rural Affairs (Defra)
Department for Innovation, Universities and Skills (DIUS)
Devon County Council
Devon Wildlife Trust
Dorset County Council
EAGA Home Services Ltd
EAGA Partnership Charitable Trust
EDF Energy
Energywatch
Energy Efficiency Partnership for Homes
Energy Saving Trust
Every Action Counts
Forestry Commission (SW Conservancy)
Gastec at CRE Ltd
Government Office for the South West
Greater London Authority
HM Treasury
Home Energy Officers Network (HEON)
Learning Southwest
Local Government Association
London Borough of Islington
Magna Housing Association
Mendip District Council
Mendip Housing Ltd
National Consumer Council
National Energy Action (NEA)
National Right to Fuel Campaign
nPower
North Somerset Council
Ofgem
Plymouth City Council
Quartet Community Foundation
Regen SW
Scottish & Southern Energy

CENTRE FOR SUSTAINABLE ENERGY COMPANY LIMITED BY GUARANTEE

TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2008

Scottish Power Energy People Trust
 Sedgemoor District Council
 Simply Switch
 Silvanus Trust
 South Gloucestershire Council
 South Somerset District Council
 South West Regional Development Agency
 South West Regional Assembly
 Severn Wye Energy Agency
 Taunton Deane Borough Council
 Tenant Participation Advisory Service (TPAS)
 Taylor Wilson Developments
 UK Public Health Association
 Unison
 Wakefield Metropolitan District Council
 Wear Valley District Council
 Welsh Assembly Government
 West Country Energy Action
 West Somerset District Council
 WWF UK
 Yeo Valley Group

CSE also worked with approximately 100 other local authorities, energy agencies and organisations on a smaller scale through education, training, advice and strategic guidance

The trustees would like to thank the staff and volunteers for their commitment and dedication to CSE through this successful year and for the continuing excellent and vital work they are delivering, day in, day out, in pursuit of our charitable objectives

To provide for our growth and create a better working environment, CSE moved to new offices in October 2007. Alongside investment in movement and light-level sensitive lighting, high efficiency appliances, and good quality facilities for cyclists, we also purchased art work from 4 local artists to create visual interest in the office and stimulate debate on artistic merit amongst staff and visitors

CSE'S IMPACT DURING 2007/08

2007/08 was the second year of CSE's 3 year business strategy. The strategy identified four types of impact from our work and set specific targets – key performance indicators – to achieve by end March 2009

- To be responsible for projects which have cut carbon dioxide emissions by 150,000 tonnes CO₂ per year by 2009
- To be responsible for projects which have significantly improved the affordability of energy services for 10,000 people in fuel poverty
- To support more than 10,000 people to take action through their own organisations to deliver sustainable energy
- To secure specific policy changes to focus effort on energy demand reduction, behavioural change (and education) and the need for community-engaged renewables

CENTRE FOR SUSTAINABLE ENERGY COMPANY LIMITED BY GUARANTEE

TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2008

Having set these indicators, it has proved difficult to establish straightforward ways of measuring the carbon emission reductions caused by our projects against the first of these targets. This is because nationally available figures (e.g. from the Energy Saving Trust and Defra) tend to use 'lifetime' (rather than 'annual') carbon emission reductions. In addition, it is sometimes impossible to trace the impact of a project, particularly whether our advice and technical input (often two or three years ago) has led to installations.

In spite of these caveats, we have been able to make calculations which we consider provide a reasonable picture of our impact during 2007/08 against these 3 year targets and to show progress over the last two years.

Carbon emission reductions resulting from CSE projects in 2007/08

294,500 'lifetime' tonnes of CO₂ (2006/07 - 255,000 'lifetime' tonnes of CO₂)

(From energy advice activities and known energy efficiency and renewable energy installations. Estimated to be equivalent to annual reduction of 13,000 tonnes of CO₂)

Achievement to date: 16% of 3 year target after 2 years

Numbers of households assisted during 2007/08 to improve the affordability of their energy services and reduce the risk of fuel poverty

8,722 (2006/07 - 7,517)

(Includes qualifying Warm Front referrals, direct installations through Warm & Well, and households provided with benefits claims assistance)

= 162% of 3 year target after 2 years

Number of people assisted during 2007/08 to take action on sustainable energy in their own organisations

4,772 (2006/07 - 4,675)

(Includes support through training, Community Action for Energy, local authority strategic input, technical advice on site, and schools activities. This figure does not include several thousand additional attendees at events, visitors to the 100 ideas house, 1,350 school pupils involved in education projects, or the 3,600 web downloads of free resources for schools, local authorities and researchers)

= 94% of 3 year target after 2 years

Specific policy changes secured principally through CSE research and policy analysis in 2007/08

- Adoption of community carbon emission reduction performance indicator for local authorities, with 100 Local Strategic Partnerships choosing it as a priority for target setting when establishing new Local Area Agreements (more than any other of the 198 new performance indicators)
- Use by energy regulator Ofgem and Government of CSE's test for the effectiveness of social tariffs offered by energy suppliers, leading to demand on suppliers for wider availability of better deals
- Key proposals within the Renewable Energy Strategy Consultation backing stronger community benefits from renewable energy developments (building on our Community

CENTRE FOR SUSTAINABLE ENERGY COMPANY LIMITED BY GUARANTEE

TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2008

Benefits Toolkit, published in 2007) and support for the planning community (building on our work for BERR over the last 4 years)

We are pleased with progress against these indicators. While the carbon emission reduction target currently appears to be 'behind schedule', there are several projects initiated over the last 2 years which should result in a significant increase in this figure over the next 12 months.

COMMENTARY ON ACCOUNTS

These accounts cover the 12 month period from April 2007 to March 2008. The organisation made a surplus of £68,177 during the year (£99,668 in 2006/07). This has been added to reserves, increasing them from £588,470 to £656,647.

The surplus for the year represents a healthy financial performance, combined with a growth in income of nearly 50%.

We continued to see growth in funding from government departments and agencies (national and regional). This sector provides a significant proportion of our total funding but represents a diverse range of public sector funding sources and programmes, including DTI, Defra, Department for Health, DWP, GOSW, HM Treasury, SWRDA, Ofgem, Energy Efficiency Partnership for Homes and, most significantly, the Energy Saving Trust.

FUTURE STRATEGY

2007/08 was the second year of the charity's latest three year business strategy, taking us to March 2009. The strategy identifies significant opportunities for the charity to continue to grow in influence and impact, many of which have already been acted upon during the first two years.

Key to our future development was a re-structuring of management responsibilities in 2007 which gave a more central role to our work engaging communities with energy, an area we expect to feature strongly in our development in future years.

Specific areas for development in 2008/09 include:

- i identifying and delivering the full range of activities which are needed to deliver step changes in individual, community and organisational engagement with sustainable energy issues, and,
- ii being clearer about our messages and more sophisticated in communicating with those we seek to influence (householders, clients, funders, policy-makers),
- iii being smarter in our lobbying and policy input, promoting our evidence and analysis more widely to expand our influence,
- iv ensuring our internal systems are upgraded to meet the needs of our growing staff group, in particular in work planning and appraisal systems.

We will continue to report our impact against the key performance indicators described earlier in this report.

Early in 2008, CSE formed a new joint venture company, Energy Advice South West Ltd, with three other charities in the South West of England to bid to run the Energy Saving Trust's new energy advice service across the region from September 2008. Following a successful tender, the partners will also be examining other opportunities this provides for working together to deliver sustainable energy services across the South West.

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TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2008

We will be developing a new 3 year strategy towards the end of 2008, with a view to maximising our impact to address the increasingly urgent problems of climate change and fuel poverty

RESERVES POLICY

During the year the trustees developed a new reserves policy to take a more sophisticated approach to maintaining the organisation's financial resilience in the face of potential risks and to managing any reserves. This was in response to the increasing complexity of the organisation and also the steady growth in reserves over the last 5 years, resulting in reserves standing in excess of £550,000 (roughly six months running costs)

The trustees took account of (a) the liabilities which would be faced by the charity if it ceased operating, (b) the financial 'cushion' it would need to give space to respond to a serious but possible funding crisis without immediately losing valuable staff capacity, and, (c) any longer-term objectives which might require significant investment. Following detailed assessment of each of these factors, a target for our reserves of £500,000 was considered adequate

Our current reserves exceed this figure. The exciting implications of this for future strategy will be considered as part of the new 3 year strategy in late 2008. In the mean time, the organisation will not seek to increase its reserves further by ensuring that any predicted budget surpluses are re-applied within the financial year to additional unfunded works which meet the charity's mission

All cash reserves are held in an interest-bearing deposit account to minimise risk whilst earning a reasonable return in the current investment climate. The trustees have agreed that up to one third of these cash reserves should be held in a longer notice interest-bearing account with a strong ethical dimension. To this end, an account will be opened with Triodos Bank in 2008/09

RISK REVIEW

The trustees undertook a major review of the risks to which the charity is exposed and the systems in place to mitigate those risks in early 2008. There was a focus in the assessment process on internal risks and procedures for managing them, following both a period of steady expansion of staff numbers and a move to new premises. To address some of the more potentially significant risks for the organisation, particular attention will be given during 2008/09 to improving workload planning, reviewing our template contracts with third parties, disaster recovery planning and internal project review and quality control procedures. A review of key external risk factors will be a major component of the three year business planning in late 2008

RESPONSIBILITIES OF THE TRUSTEES

The trustees 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). The financial statements are required by law to give a true and fair view of the state of affairs of the charity and of the surplus or deficit of the charity for that period

In preparing these financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,

**CENTRE FOR SUSTAINABLE ENERGY
COMPANY LIMITED BY GUARANTEE**

TRUSTEES ANNUAL REPORT *(continued)*

YEAR ENDED 31 MARCH 2008

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with Companies Act 1985. The trustees are also responsible for safeguarding the assets of the charity 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 charity's auditors are 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 auditors are aware of that information

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

AUDITOR

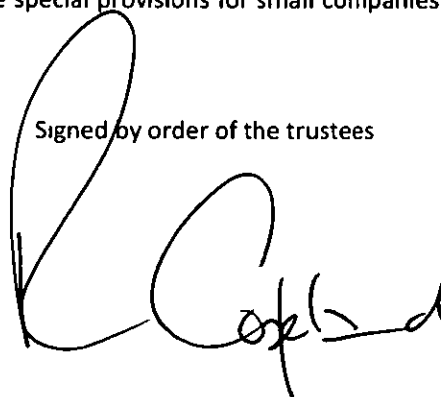
A resolution to re-appoint Elliott Bunker Limited as auditor for the ensuing year will be proposed at the Annual General Meeting.

SMALL COMPANY PROVISIONS

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

Registered office
3 St Peter's Court
Bedminster Parade
Bristol
BS3 4AQ

Signed by order of the trustees



ROBIN COPELAND
Charity Secretary

**CENTRE FOR SUSTAINABLE ENERGY
COMPANY LIMITED BY GUARANTEE**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CENTRE
FOR SUSTAINABLE ENERGY**

YEAR ENDED 31 MARCH 2008

We have audited the financial statements of Centre for Sustainable Energy for the year ended 31 March 2008 on pages 14 to 24 which have been prepared under the historical cost convention and the accounting policies set out on pages 16 to 17

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 THE TRUSTEES AND AUDITORS

The responsibilities of the trustees (who also act as directors of Centre for Sustainable Energy for the purposes of company law) for preparing the Trustees Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Responsibilities of the Trustees on pages 10 to 11.

Our responsibility is to audit the financial statements 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 financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985, and whether the information given in the Trustees Annual Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable 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 remuneration of the trustees and other transactions is not disclosed.

We read the Trustees Annual Report and consider the implications for our report if we become aware of any apparent misstatements 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable 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.

**CENTRE FOR SUSTAINABLE ENERGY
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CENTRE
FOR SUSTAINABLE ENERGY *(continued)***

YEAR ENDED 31 MARCH 2008

OPINION

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 March 2008 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Trustees Annual Report is consistent with the financial statements

Elliott Bunker Ltd

ELLIOTT BUNKER LIMITED
Chartered Accountants
& Registered Auditors

3-8 Redcliffe Parade West
Redcliffe
Bristol
BS1 6SP

8 October 2008

**CENTRE FOR SUSTAINABLE ENERGY
COMPANY LIMITED BY GUARANTEE**

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

YEAR ENDED 31 MARCH 2008

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2008 £	Total Funds 2007 £
INCOMING RESOURCES					
Incoming resources from generating funds					
Activities for generating funds	2	1,727,745	529,337	2,257,082	1,533,790
Investment income - interest		33,590	—	33,590	21,134
TOTAL INCOMING RESOURCES		1,761,335	529,337	2,290,672	1,554,924
RESOURCES EXPENDED					
Costs of generating funds					
Costs of generating voluntary income – Fund raising and publicity		(70,253)	—	(70,253)	(74,223)
Charitable activities	3/4	(1,607,752)	(518,125)	(2,125,877)	(1,357,627)
Governance costs	5	(26,365)	—	(26,365)	(23,406)
TOTAL RESOURCES EXPENDED		(1,704,370)	(518,125)	(2,222,495)	(1,455,256)
NET INCOMING RESOURCES BEFORE TRANSFERS					
Transfer between funds	7	56,965	11,212	68,177	99,668
	8	11,212	(11,212)	—	—
NET INCOME FOR THE YEAR		68,177	—	68,177	99,668
RECONCILIATION OF FUNDS					
Total funds brought forward		588,470	—	588,470	488,802
TOTAL FUNDS CARRIED FORWARD		656,647	—	656,647	588,470

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

**CENTRE FOR SUSTAINABLE ENERGY
COMPANY LIMITED BY GUARANTEE**

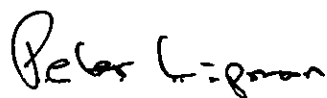
BALANCE SHEET

31 MARCH 2008

	Note	2008 £	2007 £
FIXED ASSETS			
Tangible assets	10	151,246	46,469
Investments	11	6	6
		<u>151,252</u>	<u>46,475</u>
CURRENT ASSETS			
Debtors	12	714,169	497,841
Cash at bank		298,211	614,299
		<u>1,012,380</u>	<u>1,112,140</u>
CREDITORS: Amounts falling due within one year	13	<u>(506,985)</u>	<u>(570,145)</u>
NET CURRENT ASSETS		<u>505,395</u>	<u>541,995</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>656,647</u>	<u>588,470</u>
NET ASSETS		<u>656,647</u>	<u>588,470</u>
FUNDS			
Restricted income funds	16	-	-
Unrestricted income funds	17	656,647	588,470
TOTAL FUNDS		<u>656,647</u>	<u>588,470</u>

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

These financial statements were approved by the members of the committee on the 6th October 2008 and are signed on their behalf by


PETER LIPMAN
Director and Trustee

**CENTRE FOR SUSTAINABLE ENERGY
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2008

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 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 1985

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 charity is small

Incoming resources

Incoming resources from projects are included when receivable. In accordance with accounting standard UITF40 (contracts for services), un-invoiced costs on contracts at the balance sheet date that are capable of being invoiced are included as income at full value and included in debtors

Funds received in the period which are relevant to future periods are deferred

Interest receivable

Incoming resources from investments is included when receivable. Funds received in the period which are relevant to the future periods are deferred

Fund accounting

Unrestricted funds are donations and other incoming resources receivable or generated for the objects of the charity without further specified purposes and are available as general funds

Designated funds are unrestricted funds earmarked by the management committee for particular purposes. The Trustees operate a policy of retaining sufficient funds in order to create an Operating Reserve to cover six months running costs

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund, together with a fair allocation of management and support costs

**CENTRE FOR SUSTAINABLE ENERGY
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2008

1. ACCOUNTING POLICIES *(continued)*

Resources expended

Resources expended are recognised in the period in which they are incurred and include attributable VAT which cannot be recovered

Resources expended are allocated to the particular activity where the cost relates directly to that activity

Staff costs and overhead expenses are allocated on the basis of staff time spent on those activities

Costs of generating funds are those costs incurred in attracting voluntary income

Governance costs relate to the costs of running the charity not applicable to a project such as audit and statutory compliance. These costs include any costs which cannot be specifically identified to another expenditure classification

Fixed assets

All fixed assets are initially recorded at cost

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows

Leasehold improvements - over life of the lease

Office equipment - over 2 - 4 years

Fixtures and fittings - over 4 - 5 years

Where assets are purchased for use for a specific project they are written off in the year of purchase

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 operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the charity. The annual contributions payable are charged to the statement of financial activities

**CENTRE FOR SUSTAINABLE ENERGY
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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2008

2. INCOMING RESOURCES FROM ACTIVITIES FOR GENERATING FUNDS

	Unrestricted Funds £	Restricted Funds £	Total Funds 2008 £	Total Funds 2007 £
Education projects	28,643	–	28,643	26,760
Training projects	206,583	–	206,583	226,682
Technical projects	408,790	316,673	725,463	285,387
Policy and research projects	314,648	58,813	373,461	312,405
Advice and community projects	504,342	230,457	734,799	454,451
Managing as agent	256,478	–	256,478	216,365
Others	8,261	–	8,261	11,740
Deferred grant income	–	(76,606)	(76,606)	–
	<u>1,727,745</u>	<u>529,337</u>	<u>2,257,082</u>	<u>1,533,790</u>

For details of restricted fund income see note 16

3. COSTS OF CHARITABLE ACTIVITIES BY FUND TYPE

	Unrestricted Funds £	Restricted Funds £	Total Funds 2008 £	Total Funds 2007 £
Education projects	78,359	–	78,359	53,556
Training projects	146,361	–	146,361	181,093
Technical projects	303,399	272,103	575,502	237,566
Policy and research projects	191,833	45,658	237,491	223,150
Advice and community projects	452,657	200,364	653,021	371,438
Managing as agent	196,476	–	196,476	160,510
Other sundry projects	(1,420)	–	(1,420)	(3,434)
Support costs	240,087	–	240,087	133,748
	<u>1,607,752</u>	<u>518,125</u>	<u>2,125,877</u>	<u>1,357,627</u>

**CENTRE FOR SUSTAINABLE ENERGY
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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2008

4. COSTS OF CHARITABLE ACTIVITIES BY ACTIVITY TYPE

	Activities undertaken directly £	Support costs £	Total Funds 2008 £	Total Funds 2007 £
Education projects	78,359	3,062	81,421	55,890
Training projects	146,361	22,084	168,445	200,860
Technical projects	575,502	72,789	648,291	262,452
Policy and research projects	237,491	38,517	276,008	250,392
Advice and community projects	653,021	75,334	728,355	411,066
Managing as agent	196,476	27,418	223,894	179,377
Other sundry projects	(1,420)	883	(537)	(2,410)
	<u>1,885,790</u>	<u>240,087</u>	<u>2,125,877</u>	<u>1,357,627</u>

The support costs have been allocated to projects on the basis of income receivable

5. GOVERNANCE COSTS

	Unrestricted Funds £	Total Funds 2008 £	Total Funds 2007 £
Audit fees	4,388	4,388	5,600
Professional fees	1,765	1,765	3,622
Costs of trustees' meetings	869	869	486
Insurances	12,784	12,784	10,140
Staff welfare	6,559	6,559	3,558
	<u>26,365</u>	<u>26,365</u>	<u>23,406</u>

6. ANALYSIS OF SUPPORT COSTS

	Projects £	Other £	Total 2008 £	Total 2007 £
Staff recruitment, training and welfare	10,871	40	10,911	10,606
Premises costs	58,311	215	58,526	31,351
Communications and IT	37,585	138	37,723	27,379
Finance costs	138	1	139	69
Depreciation and asset disposal	33,800	125	33,925	32,449
Travel and Subsistence	405	1	406	3,833
General office costs	40,054	149	40,203	24,712
Office move	22,625	84	22,709	3,349
Research and development	19,000	70	19,070	-
Unrecoverable VAT	16,415	60	16,475	-
	<u>239,204</u>	<u>883</u>	<u>240,087</u>	<u>133,748</u>

**CENTRE FOR SUSTAINABLE ENERGY
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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2008

7. NET INCOMING RESOURCES FOR THE YEAR

This is stated after charging

	2008	2007
	£	£
Depreciation	34,018	20,262
Auditors' fees	4,388	5,600
	<u> </u>	<u> </u>

8. FUND TRANSFERS

The funds transfer, £11,212, is the surplus on the FPI Update project that has been completed during the year. It has been agreed with the funders that the surplus can be transferred to the unrestricted fund.

9. STAFF COSTS AND EMOLUMENTS

Total staff costs were as follows:

	2008	2007
	£	£
Wages and salaries	885,574	761,895
Social security costs	82,594	68,844
Other pension costs	59,238	46,455
	<u>1,027,406</u>	<u>877,194</u>

Particulars of employees:

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

	2008	2007
	No	No
Project staff	35	28
Management and admin staff	5	5
	<u>40</u>	<u>33</u>

No employee received emoluments of more than £60,000 during the year (2007 - Nil)

**CENTRE FOR SUSTAINABLE ENERGY
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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2008

10. TANGIBLE FIXED ASSETS

	Equipment £	Fixtures and Fittings £	Leasehold Property £	Total £
COST				
At 1 April 2007	143,724	27,558	–	171,282
Additions	84,935	6,730	47,105	138,770
At 31 March 2008	<u>228,659</u>	<u>34,288</u>	<u>47,105</u>	<u>310,052</u>
DEPRECIATION				
At 1 April 2007	101,164	23,649	–	124,813
Charge for the year	26,866	2,417	4,710	33,993
At 31 March 2008	<u>128,030</u>	<u>26,066</u>	<u>4,710</u>	<u>158,806</u>
NET BOOK VALUE				
At 31 March 2008	<u>100,629</u>	<u>8,222</u>	<u>42,395</u>	<u>151,246</u>
At 31 March 2007	<u>42,560</u>	<u>3,909</u>	<u>–</u>	<u>46,469</u>

11. INVESTMENTS

Movement in market value

	2008 £	2007 £
Market value at 1 April 2007	6	6
Market value at 31 March 2008	<u>6</u>	<u>6</u>
Historical cost at 31 March 2008	<u>6</u>	<u>6</u>

Analysis of investments at 31 March 2008 between funds

	Unrestricted Funds £	Restricted Funds £	Total Funds 2008 £	Total Funds 2007 £
Other investments				
Other UK unlisted Securities	<u>-</u>	<u>-</u>	<u>-</u>	<u>6</u>

Investments comprise 60 Ordinary 10p shares in BioRegional Minimills (UK) Limited, a company registered in England that were donated to the charity. At 31 March 2008, the trustees consider that these are fairly stated at nominal cost.

**CENTRE FOR SUSTAINABLE ENERGY
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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2008

12. DEBTORS

	2008	2007
	£	£
Trade debtors	592,337	309,401
Prepayments	121,832	188,440
	<u>714,169</u>	<u>497,841</u>

The comparatives have been restated due to a change in accounting standards and in company accounting policies in that work done at the balance sheet date but not yet invoiced has been included in debtors at full value whereas this was previously disclosed under stock as work in progress. The amount applying at 31 March 2008 is £96,819 (2007 £182,853)

13. CREDITORS: Amounts falling due within one year

	2008	2007
	£	£
Trade creditors	77,552	69,807
PAYE and social security	24,123	21,194
VAT	85,889	92,581
Accruals and deferred income	319,421	386,563
	<u>506,985</u>	<u>570,145</u>

The charity also acts as an agent in administering and distributing funds provided to it for which the charity has no responsibility for their ultimate application and act on the direct instructions of the funds' donors. As at 31 March 2008, the charity held funds of £366,351 (2007 - £403,580) which are not included in these financial statements but are held in separate bank accounts for the original payer and are returnable on demand.

14. PENSIONS

The company operates a defined contribution pension scheme in respect of its employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £59,238 (2007 - £46,455)

**CENTRE FOR SUSTAINABLE ENERGY
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2008

15. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2008 the charity had annual commitments under non-cancellable operating leases as set out below

	Land and buildings	
	2008	2007
	£	£
Operating leases which expire:		
Within 2 to 5 years	<u>69,748</u>	<u>-</u>

The lease on the premises at 3 St Peter's Court, Bedminster Parade, Bristol expires in September 2017 but is subject to a "break clause" after five years on submission of six months notice

16. RESTRICTED INCOME FUNDS

	Incoming resources	Outgoing resources	Transfers	Deferred Income	Balance at 31 Mar 2008
	£	£	£	£	£
OBEC	247,261	(202,691)	-	(44,570)	-
Coordinated Woodfuel Initiative	69,412	(69,412)	-	-	-
FPI Update	18,813	(7,601)	(11,212)	-	-
How Much Climate Change West	40,000	(38,057)	-	(1,943)	-
WISH (Big Lottery Fund)	61,273	(61,273)	-	-	-
Every Action Counts	48,376	(30,895)	-	(17,481)	-
Warmstreets	20,425	(18,527)	-	(1,898)	-
Advice Plus (BIG Lottery Fund)	67,040	(67,040)	-	-	-
	<u>33,343</u>	<u>(22,629)</u>	<u>-</u>	<u>(10,714)</u>	<u>-</u>
	<u>605,943</u>	<u>(518,125)</u>	<u>(11,212)</u>	<u>(76,606)</u>	<u>-</u>

**CENTRE FOR SUSTAINABLE ENERGY
COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2008

17. UNRESTRICTED INCOME FUNDS

	Balance at 1 Apr 2007 £	Incoming resources £	Outgoing resources £	Transfers £	Balance at 31 Mar 2008 £
Research and Development Investment Fund	75,000	–	(10,039)	–	64,961
Accommodation Reserve	100,000	–	(73,313)	(26,687)	–
General Funds	413,470	2,279,460	(2,139,143)	37,899	591,686
	<u>588,470</u>	<u>2,279,460</u>	<u>(2,222,495)</u>	<u>11,212</u>	<u>656,647</u>

The Research and Development Investment Fund has been designated by the trustees for future investment in research and development activities in the organisation

The Accommodation Reserve has been designated by trustees to provide for future upgrading of current accommodation or for relocation

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible fixed assets £	Investments £	Net current assets £	Total £
Unrestricted Income Funds:				
Designated Funds	–	–	64,961	64,961
General Funds	151,246	6	440,434	591,686
	<u>151,246</u>	<u>6</u>	<u>505,395</u>	<u>656,647</u>
Total Funds	<u>151,246</u>	<u>6</u>	<u>505,395</u>	<u>656,647</u>

19. TRANSACTIONS WITH THE TRUSTEES

No remuneration was paid to directors and trustees during the year. Expenses paid to trustees amounted to £21.

20. RELATED PARTY TRANSACTIONS

Mr P Lipman, a trustee of the charity, is an associate of Humphreys & Co Solicitors. During the year Humphreys & Co charged the charity £4,138 for services relating to the office move. In the opinion of the trustees this transaction was at market rates and there were no amounts outstanding at the balance sheet date.

21. COMPANY LIMITED BY GUARANTEE

The company is limited by guarantee. The liability of each member is limited to £1 in the event of the winding up of the company, whilst a member and for one year after ceasing to be a member. The number of members at 31 March 2008 was 9 (2007, 10).