Energy 4 Impact
Reports and Financial Statements
30th June 2022

Company no: 05762919
Charity no: 1119168

Energy 4 Impact

Report of the Trustees

For the 15 Months ended 30 June 2022

Reference and Administrative details

Status: The organisation is a charitable company limited by guarantee and not having a share capital and registered as a charity on 11 May 2007.

Company no:	05762919
Charity no:	1119168
Principal Office:	2nd Floor, West Wing The Hop Exchange 24 Southwark Street London, SE1 1TY
Registered Office:	10 Queen Street Place London EC4R 1BE
Trustees:	Anthony Marsh Sheila Oparaocha (to September 2021) Dianne Rudo (to September 2021) Richenda Van Leeuwen Emma Myall-Schofield (to September 2021) Katrina Pielli (to September 2021) David Nicholson (from 30 September 2021) Sean Granville-Ross (from 30 September 2021) Alexandra Angulo (from 30 September 2021)
Chief Executive Officer:	Ben Good (to September 2021)
Managing Director:	Peter Weston (from October 2021)
Bankers:	HSBC Bank Plc 60 Queen Victoria Street London EC4N 4TR
Solicitors:	Bates Wells Braithwaite 10 Queen Street Place London EC4R 1BE
Auditor:	Crowe U.K. LLP 55 Ludgate Hill London EC4M 7JW

Energy 4 Impact

Report of the Trustees

For the 15 Months ended 30 June 2022

The Trustees present their report and the audited financial statements for the year ended 30 June 2022

The reference and administrative information set out on page 2 form part of this report. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice - Accounting and Reporting by Charities (FRS 102).

Merger with Mercy Corps

On September 22nd 2021 Energy 4 Impact merged with Mercy Corps. Mercy Corps is a major international development and humanitarian organisation, with an annual programme budget of around $500m, 5,600 employees and operations in over 40 countries, of which over 20 are in Africa.

The goal for the merger is increased impact and growth. It allows the application of Energy 4 Impact's energy-related expertise across Mercy Corps' geographic footprint and its wide range of complementary programmes. A high proportion of the world's population suffering the worst energy poverty is in countries where Mercy Corps has experience and Energy 4 Impact does not, so the merger is a vehicle for expanding our impact. In addition, there are opportunities to apply Mercy Corps' expertise to developing the programme portfolio in a few countries where Energy 4 Impact is present, but Mercy Corps is not.

The scale and institutional critical mass of Mercy Corps is also an important strategic consideration in a market where countries' overseas aid budgets can fluctuate, where some donors prefer to procure programmes whose value exceeds Energy 4 Impact's capacity, and where most donors' compliance requirements, on matters such as finance and contract administration, safeguarding policies and ethical standards, are becoming increasingly stringent.

The legal form of the merger has happened in two phases. In the first phase, Mercy Corps has become the sole member of Energy 4 Impact, with a board comprising two of Energy 4 Impact's current Trustees and three Mercy Corps appointments. In the second phase, the relevant contracts, staff, assets and liabilities of Energy 4 Impact are being transferred to appropriate Mercy Corps legal entities. This process is well advanced and is expected to be completed by June 30, 2023. Once complete, Energy 4 Impact will be wound up as a legal entity via solvent liquidation.

Mercy Corps is retaining and developing the Energy 4 Impact brand, as well as its staff, programme portfolio and country operations. In Kenya, Tanzania, and Senegal, Energy 4 Impact is now operating through the registered Mercy Corps entity in the country. In Benin, Mercy Corps is seeking registration, so our work continues to be implemented there through the registered Energy 4 Impact entity. In Rwanda, we are winding down the registered Energy 4 Impact local entity and plan to continue working there through local implementation partners or a future registered Mercy Corps entity.

The Trustees of Energy 4 Impact are of the view that, as an independent entity, Energy 4 Impact would have continued to make a strong contribution. With its strong reserves position, it would have been well-placed for a viable future. However, the Trustees consider that the merger was in the best interests of the Charity.

History, structure, governance and management

History

Energy 4 Impact, formerly known as GVEP International (GVEP), was established as a UK charity in 2007 by the Global Village Energy Partnership, an energy initiative created at the 2002 Johannesburg Summit for Sustainable

Energy 4 Impact

Report of the Trustees

For the 15 Months ended 30 June 2022
Development and supported by the World Bank, USAID and the UK and Dutch governments. Energy 4 Impact merged with Mercy Corps on September 22nd, 2021.

Structure

Energy 4 Impact's governing document is its Memorandum and Articles of Association which establish the objects and powers of the Charity.

The registered objects of Energy 4 Impact are for the public benefit:

- To promote the relief of poverty;
- To promote sustainable development for the benefit of the public through the accelerated provision of energy services to those unserved and underserved. "Sustainable development" here means improving the quality of life of the target group whilst living within the carrying capacity of the supporting ecosystems and the natural environment; and
- To advance other charitable purposes beneficial to the community.

The Trustees have had due regard to the Charity Commission's guidance on public benefit when considering the Charity's activities and objectives. Further information on how Energy 4 Impact provides public benefit can be found in the 'Activities' section of this report.

Energy 4 Impact seeks to raise funds to support its activities from a wide variety of sources including development agencies, governments, private organisations and charitable trusts and foundations.

Energy 4 Impact has been set up since September 22nd, 2021 as a legal subsidiary of Mercy Corps, operating as a separate unit which progressively strengthens its ties and collaborations with the rest of Mercy Corps. Energy 4 Impact was still a separate legal subsidiary as of June 30, 2022 and we expect full legal integration with Mercy Corps by June 30, 2023. We expect the Energy 4 Impact legal entity to be wound up by this date as noted above.

Governance and management

The governing body of the Charity is the Board of Trustees, which meets approximately four times per year.

Anthony Marsh was the Chair and the Chief Executive Officer was Ben Good until September 22nd , 2021.

David Nicholson, formerly Senior Director for Energy and Climate in Mercy Corps' Transaction Support Unit and now Mercy Corps' Chief Climate Officer, has been the Chair since then.

Peter Weston took over from Ben Good as Managing Director of Energy 4 Impact on September 22nd, 2021. Peter joined Energy 4 Impact in March 2016 and was previously the Director of Programmes.

The Board of Trustees is responsible for ensuring that there is a framework for accountability, for examining and reviewing all systems and methods of financial control including risk analysis and risk management, and for ensuring that the Charity is complying with relevant financial regulations and good practice. The Board is also responsible for other aspects of governance, risk and general management, including strategy, policy and remuneration. In addition, Trustees are regularly provided with information on programme progress during Board meetings.

Following the merger with Mercy Corps, Energy 4 Impact has begun transitioning to Mercy Corps' processes and systems, including HR, governance, finance and accounting, compliance, procurement, programme

Governance and management (cont)

management and reporting, IT systems, and ethics and safeguarding. The Board of Trustees is increasingly relying on these systems to meet its responsibilities above.

The membership of the Board of Trustees of Energy 4 Impact until 30 September 2021 was as follows:

- Anthony Marsh (Chair)
- Sheila Oparaocha
- Dianne Rudo
- Richenda Van Leeuwen
- Emma Myall-Schofield
- Katrina Pielli

The membership of the Board of Trustees of Energy 4 Impact since then has been as follows:

- David Nicholson (Chair)
- Anthony Marsh
- Richenda Van Leeuwen
- Alexandra Angulo
- Sean Granville-Ross

The three new trustees are all employees of Mercy Corps.

The Charity's Head Office is in London, while its Africa Regional HQ is in Nairobi, Kenya. The Managing Director leads a Senior Management Team comprising senior managers from the London and Nairobi offices and several other locations.

The Charity sets the pay of key management personnel by benchmarking the consideration against the sector in which it operates.

The Trustees are aware of the Charity Commission's guidance notes for Trustees and Managers of Charities. These are regularly considered to identify steps that could be taken to improve the Charity's conformance with these guidelines.

Related parties and connected organisations

During the year there were no related party transactions other than as disclosed in note 18 in the financial statements.

Risk and internal control

The major risks to which Energy 4 Impact is exposed have been identified and strategies have been put in place to mitigate these risks.

The Russian invasion of Ukraine, the increased cost of living, together with the global Covid-19 pandemic, impact all kinds of risks faced by the organization. Financial risks include early termination of existing contracts, delays or cancellations of new programmes, additional expenditure not recoverable through existing grant agreements and increased exchange rate volatility. Programme risks include weaker results due to impacts on our field operations and the businesses we support and work with (including higher costs, reduced organisational and staff capacity, and disrupted supply chains). Health and safety risks include our staff contracting Covid-19 whilst working for Energy 4 Impact, and transmitting it to colleagues, family members, members of the communities where we serve, and other stakeholders.

Partly in response to these growing organisational risks, Energy 4 Impact merged with Mercy Corps on September 22nd, 2021. The merger helps in a number of ways:

- Increased growth prospects by leveraging Energy 4 Impact's proven experience in climate-smart sustainable energy with Mercy Corps' large and diverse portfolio of humanitarian and development programming in fragile states. Mercy Corps works in more than 40 countries around the world, with over 5,600 team members. The annual budget for Mercy Corps' global programmes is approximately $500 million. Within Africa they have a team of 2,200 with an annual budget of approximately $200 million.
- Increased access to new countries, including many "fragile" states where Mercy Corps has operations. Of the 800 million people who lack access to energy globally, 8 in 10 live in "fragile" states where communities also struggle against conflict, a dearth of economic opportunities, weak governance, a lack of security and the detrimental effects of climate change and environmental degradation.
- Increased access to a broader range of programmes and donors and increased capacity to bid for larger and longer programmes. Most Mercy Corps' programmes are focused on sectors outside energy, but include elements of energy to which Energy 4 Impact can contribute. Many of these programmes are multi-year and worth tens of millions of dollar which mean they can potentially underwrite significant parts of Energy 4 Impact's business. Energy 4 Impact is currently supporting Mercy Corps' programmes in Ethiopia, Democratic Republic of Congo, Sudan and Zimbabwe.

With respect to the ordinary course of business, the key risks faced by the organization are prioritised and monitored by the Energy 4 Impact and Mercy Corps management and the Trustees throughout the year. As stated above, we now adopt Mercy Corps' risk management processes and systems. The key risks include:

- New programme/grant funding not secured due to reduced donor funding and changing market conditions. If sufficient funding for new programmes is not secured, then Energy 4 Impact's range of programmes and overheads, along with the corresponding beneficial impacts, cannot be supported at current levels without diminishing unrestricted reserves. To manage this risk, at each Board meeting the current pipeline of business development prospects is considered, with each one assigned a probability of success, and an assessment of its timing and financial contribution. This includes a review of unrestricted reserves until the full merger is completed. Contingency plans are put in place for each country for the ensuing reduction in headcount and activities in the event of insufficient new business.

- Managing expenditure. If costs are incurred which are out of scope of existing programme funding agreements, then such costs have to be funded out of unrestricted reserves. To manage this risk, we have developed procedures to ensure the financial and commercial risks of programme agreements are properly understood at the outset of new programmes. At each Board meeting the financial position of programmes in the management accounts is considered, and programme managers are made accountable for managing expenditure and procurements in line with the underlying donor agreement. We are now transitioning to Mercy Corps' policies and processes in this area, which separate the roles of financial and donor reporting from day-to-day programme management and on-the-ground implementation activities.

- Results and impacts not achieved. If programmes do not deliver results in line with expectations, then, at a high level, Energy 4 Impact will not achieve its mission and may suffer reputational damage, and at programme level, the underlying funding agreements may be terminated early, or not renewed or extended. To manage this risk, recognising that some of our programmes are innovative or experimental in nature, the Monitoring & Evaluation team keep careful track of progress of programmes. The Board are presented with a review of the programme portfolio every four months, and programme and finance managers maintain strong lines of formal and informal communication with funders.

- Threats to staff safety arising from security incidents. Staff are at personal risk if exposed to criminal, political or terrorism-related violence, which is a possibility in any of our places of operation, especially now that we are working in more conflict areas due to the merger with Mercy Corps. Energy 4 Impact staff are now supported by Mercy Corps' global and country security teams, which have a lot of experience working in these areas. A set of policies and procedures are in place to enable Energy 4 Impact and Mercy Corps staff to minimise the risks to staff, and to respond to events or changing security risks in real time as they arise. All staff are trained about these risks, policies and procedures.

- Fraud/misappropriation of resources. If funds are stolen by one or more members of staff, this diverts resources away from achieving our impacts. It can damage our reputation with donors, as well as demoralise staff, and, if there is a resulting loss which is funded by unrestricted reserves, damage our financial position. To manage this risk, a range of financial controls are in place and subject to regular checking and external audit: most expenditure is controlled directly by the Energy 4 Impact finance team in Nairobi with appropriate oversight and separation of roles from other parts of Mercy Corps' finance team; external procurements are conducted in line with international standards; and the control regimes in potential partners/sub-grantees are carefully reviewed. All Energy 4 Impact staff must now follow Mercy Corps's ethics policies and procedures and complete mandatory training.

- Foreign exchange. Where a programme is funded in one currency, often US dollars, British pounds, Euros or some other donor country currency, but its costs are mainly in a different currency (typically that of the country where the programme is being implemented), then there is a risk that an adverse exchange rate movement will result in its costs not being fully funded. To manage this risk, programme and finance managers are tasked with managing the programme to budget in the donor currency, and where appropriate for sub-grant agreements to be in the donor currency. All new programmes now adopt Mercy Corps' policies and procedures in this area.

- Safeguarding. If an employee of Energy 4 Impact or Mercy Corps (or of a subcontractor or partner) engages in exploitative behaviour targeting a more vulnerable person (perhaps a more junior member of staff or a beneficiary), then this poses an unacceptable risk to the target of that behaviour and a severe reputational risk to Energy 4 Impact and Mercy Corps. To manage this risk, Energy 4 Impact has adopted the policies and procedures of Mercy Corps, and requires all staff to complete the relevant education and training.

Our Vision

Energy 4 Impact's vision is a better quality of life for everyone through access to clean and climate-smart energy. This supports one of the priorities of the international development community, as reflected in Sustainable Development Goal (SDG) number 7: ensure access to affordable, reliable, sustainable and modern energy for all.

We recognise that energy access is not an end in itself. It is about the benefits it can deliver, for example in relation to increased resilience, improved livelihoods, better education, health and quality of life. Indeed, many of the other SDGs cannot be delivered without energy. In particular, as the world grapples with the cost of living crisis and the aftermath of the pandemic, access to clean energy can play a critical role in enabling economic recovery and improving public health. That is why we decided to include "Impact" in our name when we rebranded in 2016. Historically we have focused on four strategic themes:

- **Resilience:** Climate change has increasingly severe consequences for people's daily lives. The impact of more regular droughts on smallholder farmers is an obvious example. Often these impacts are most severe on those who are already the most vulnerable. We try to mitigate these problems by providing mentorship and training as well as supporting the adoption of solar-powered energy and related technologies such as irrigation, cooling and agricultural processing.

- **Women empowerment:** When women are given the opportunity to participate in, and contribute to, economic growth, that empowerment is not only intrinsically fairer, but it also results in better outcomes for the community as a whole. That is a strong argument in any sector, but it has a particular resonance in the energy access sector where the costs of poor access often fall disproportionately on women and girls. A key driver of our work developing off-grid energy markets and productive uses is therefore to enhance gender equity.

- **Livelihoods:** Ending poverty and achieving equitable economic growth means creating income earning opportunities for all people. Supporting livelihoods requires functioning markets for a wide range of products and services which in turn requires the right infrastructure, supply chains, capital and skills. Energy products and services are particularly important in this respect because few businesses can operate without them. That is why enhancing livelihoods is so pivotal to our energy access work.

- **The poor and the vulnerable:** Even as economies develop, and off-grid energy markets grow, some groups in society can get left behind because of who they are, or where they live, or how little they possess. They might be refugees, or slum-dwellers, or people living in remote rural areas. We want economic development to be fair and leave no one behind.

As part of the merger, we are now integrating with Mercy Corps' new 10-year strategic vision: **Pathway to Possibility**. It is all about helping communities to cope, adapt, and ultimately thrive in the face of climate change and conflict. Over the next decade, Mercy Corps will work towards four community-level outcomes:

- Improved food security;
- Increased water security;
- Greater economic opportunity; and
- Peace and good governance.

While energy access is not one of Mercy Corp's four strategic outcomes, it does play a critical role in achieving them and they are committed to being climate-smart in everything they do.

Our operational vision at Energy 4 Impact is based around three pathways for growing the size and impact of our business:

- **Multisectoral/Complex Programmes**: Integrating energy access activities within the large multi-sector programmes of Mercy Corps, e.g. food security, resilience building, and economic development.

- **Stand-alone Energy Programmes**: Developing large stand-alone programs where energy access outcomes are the primary focus of the donor. Historically, Mercy Corps has lacked the technical credibility to win these types of awards whilst Energy 4 Impact has lacked the scale or reach.

- **Technical and Advisory Services and Pilot Programmes**: Expanding our advisory services to SMEs and donors, technology and business model testing, and research and other learning efforts. They also include small energy-focused pilot programs that bring potential for learning and scalability. Going forward, we will also increasingly provide technical advice to Mercy Corps country programmes.

To realize our vision, we will maintain the key strengths of Energy 4 Impact whilst integrating into Mercy Corps' processes and policies. These key strengths include the Energy 4 Impact brand and the portfolio management model that enables team members to work efficiently across multiple programmes.

Activities

We primarily measure our activities in terms of the numbers of businesses that we have worked with, how well they have performed and grown, and the impacts of that growth.

In the course of the 15 Months, we have supported 2,764 enterprises, of which 32% were led by women. Their growth resulted in the creation of over 2,652 new jobs, and meant that 853,514 people were provided with improved access to energy.

We believe in a private sector approach to development. We help small- and medium-sized clean energy businesses in the developing world to succeed and grow. These businesses in turn make a huge contribution to expanding access to energy. We are also increasingly facilitating the development of businesses which have recently received power supply for the first time, helping them to make better use of energy and at the same time improving the economic impact of energy access. We believe that working with businesses and markets in this way should result in solutions that are more sustainable and better value for money than traditional aid-led approaches.

A common theme of our programmes is our focus on supporting the growth of micro-enterprises and small- and medium-sized businesses (SMEs) by providing training, mentoring and advice on technical, supply chain and general business matters, as well as helping them to secure access to capital. We apply this theme across a range of innovative contexts where we try to 'push the envelope' of our market-based approach in order to tackle newly identified challenges . Examples of these challenges include:

- Improving access to clean energy in refugee camps and slums;
- Scaling up crowdfunding as a source of capital for energy access companies;
- Addressing food security by building the smallholder market for small-scale solar irrigation, cold storage, processing and agricultural mechanization;
- Helping small energy consuming businesses access capital and grow, so that they can become larger customers of energy businesses;
- Addressing the economic empowerment of women by building up their role in energy access value chains;
- Increasing access to quality solar home systems for the very poorest, who are currently being "left behind" by the growth in the market;
- Improving rural schools' and health clinics' access to energy in regions that markets might not otherwise reach.

This is an approach which works. We estimate that to date over 19 million people have benefitted from better energy access as a result of the expansion of the 14,766 businesses we have supported, with over 18,000 jobs created and over 14 million tonnes of CO_2 emissions avoided.

Although our programmes are varied, they share the goals of helping more people to access clean energy, creating jobs and reducing CO_2 emissions. That means our overall achievements can be measured against these broader themes, rather than by each specific programme area. For a full list of our current programmes and funders see pages 15-17.

Micro-enterprise support

Over the past year, we have worked with 2,764 micro-enterprises, which we define as employing between one and ten people. All of these enterprises are African-led. Examples of the types of business we support include makers of efficient cookstoves or fuel briquettes and providers of small, solar-powered services.

We assign each micro-business a mentor: an African staff member with a university degree, good connections in the locality and relevant experience.

Each mentor gives one-to-one bespoke support, travelling to meet each business every few weeks with phone support in the interim. Every business is different but typical activities include helping people to understand their true costs to support their pricing strategy, helping them to access loans (often from local microfinance institutions), and linking small businesses together to establish reliable supply chains.

Small and medium enterprise support

Over the last year, we have worked with 305 SMEs, which employ between 10 and 200 staff and have the potential to scale up their business significantly. The SMEs we support include solar system suppliers, solar mini-grids, and suppliers or customers of small, solar-powered productive use appliances. We advise on capital raising (e.g. preparing the investment case, identifying and introducing investors and lenders, and subsequent transaction support) and other business issues (e.g. distribution strategy, expansion to new markets, partnering, competitor analysis, pricing and regulations).

Key activities in this area include the advice we have provided to developers through programmes funded by FCDO, IKEA Foundation, GIZ, African Development Bank (AfDB), Sida, and the Rockefeller Foundation. This encompasses advice on technical design, demand forecasting, financial modelling, capital raising and regulatory issues, as well as the implementation of an online help desk for mini-grid developers for AfDB.

In addition, this year we have provided advisory services and incubation support to a wide range of energy access start-up businesses which have received grants from Innovate UK's Energy Catalyst programme. There are over 100 of these projects, many of them led by UK-based teams, and our role is to advise them as they prepare to commercialise their ideas in Africa's energy access markets. In other programmes, we have helped businesses on issues such as field trials of equipment, developing new routes to rural markets, accessing business opportunities in humanitarian contexts and informal urban settlements, and capital raising via crowdfunding platforms.

Job Creation

In order for our work to be self-sustaining and provide wider benefits to local communities, we aim to create new local employment. This employment can occur directly as new jobs are created within the businesses we support, and also indirectly as a result of the increased access to energy, leading to greater economic activity in communities. Access to electricity can create significant economic opportunities as opening hours are extended and productivity increased, and both new and existing businesses can increase output and diversify their services or products. However, we only measure direct job creation, so the 80 new jobs that we helped to create last year is a large underestimate of the employment impact of our work.

Access to Finance

For many of the enterprises we support, lack of access to capital can be a real barrier to growth. Over the last year we have worked with a variety of models to help with this:

- Collaborating with a local microfinance organisation to enable lending to rural businesses who needed to buy equipment in order to capitalise on the benefits of new power supply.
- Underwriting the credit risk for energy product suppliers to sell on credit to micro-enterprises we work with.
- Providing an array of investment readiness, investor introduction, and transaction support services to help SME clients across Africa raise capital. Using crowdfunding platforms to accelerate the flow of capital into energy access businesses worldwide through two programmes, both supported by the Foreign, Commonwealth and Development Office (FCDO).

- Our CrowdPower programme works with multiple platforms to enhance the efficacy of crowdfunding campaigns. We provide grants to the platforms to fund the upfront due diligence costs of new campaigns, to develop new products for investees (i.e the energy access companies), to part-fund the campaigns of the investees, and to pay for interventions to attract new crowd investors onto the platforms.

- We work with Energise Africa, a specialist platform enabling the UK "crowd" to invest in the working capital needs of Pay As You Go (PAYG) solar home system suppliers and other energy access businesses. These suppliers sell systems on credit to households, who then pay for the systems over time using mobile money, with the credit risk being managed by the systems switching themselves off if the household falls behind in their payments. This combination of credit, enabling affordability for customers, and technology, reducing credit risk for suppliers, affects the growth of the market for the systems, which in turn is driving a significant demand by these companies for working capital.

- These two crowdfunding programmes have been instrumental in raising emergency finance for companies dealing with the consequences of the pandemic. Taken together, they have raised over £42 million and contributed to increased energy access for over 1.3 million people.

- Targeted use of cash transfers to the poorest members of society to improve the affordability of consumer credit packages associated with the solar PAYG industry.

- Review of the capital markets landscape for companies seeking to raise capital to develop businesses based on the latest in clean cooking solutions. This work, for the UK aid-funded Modern Energy Cooking Services (MECS) programme, has resulted in a number of reports focused on the particular financial inclusion and capital access challenges which arise when promoting the introduction of so-called "higher tier" cooking technologies, such as electric pressure cookers and LPG, where the initial appliance cost for the household might be quite high even if the lifetime cost of ownership (compared to charcoal in an urban context, for example) is low.

Productive Use of Energy

When a donor programme provides power to a community for the first time, there is an opportunity to grow the small businesses in that community by increasing economic activity powered by the new electricity supply. So-called "productive use of energy" is key to the success of our programmes because it fuels economic growth by enabling communities to capitalise on energy whilst also stimulating demand which improves the economics of energy supply for energy companies.

However, achieving this potential often requires further intervention. We therefore work within communities to identify small businesses with the potential to expand as a result of new power supply, and then help them to realise this opportunity with an appropriate range of enterprise development advice and support.

Historically much of our work in productive use was focused on improving the commercial viability of mini-grids – community scale systems, often solar-powered, targeting the power needs of all or most of a village – by boosting daytime power demand. Accordingly, support for productive use was a significant component of our work on mini-grid oriented programmes for the AfDB, Rockefeller Foundation and Sida.

Over the last few years, we have looked at productive use from other angles, focusing primarily on the needs of productive use businesses. Together with a partner, we have implemented the Powering Renewable Energy Opportunities (PREO) programme, with funding from FCDO and the IKEA Foundation. In this programme, we provide grants and partnership services to companies and non-profit organisations which seek to maximise the economic benefits and impacts of energy access. Our grants support the development of new business models in the areas of solar irrigation, cold storage, electric mobility and other sectors. Examples of PREO funded projects include:

- Piloting PAYGO solar irrigation pumps for one of the largest distributors of pumps in east Africa;
- Testing a "business to consumer" model in a fish market for a "smart" solar freezer company;
- Investigating the technical and business feasibility of solar milk chilling for rural cooperatives;
- Trialing electric boats, ice making and fish drying powered by an island mini-grid;
- Supporting the growth of local manufacturing of electric motorcycles, battery swapping and charging networks.

We provide technical advice to SMEs on productive use projects through PREO. Some of the projects we have advised have received grants from other programmes such as the Energy and Environment Programme (supported by Nordic Development Fund), for which we have also acted as a programme advisor.

A particularly interesting example of off-grid productive uses is the use of solar PV for irrigation. Much of African smallholder-farmed land does not benefit from irrigation. This impacts food security, farmer incomes and vulnerability to droughts. The widespread deployment of small-scale solar irrigation can therefore make an important contribution to the climate resilience of rural economies, but the market is held back by a series of challenges including farmers' lack of awareness and expertise, equipment affordability, and an underdeveloped supply chain. This year we followed up our successful solar irrigation market development programme in Rwanda with similar programmes in Tanzania, Benin and Senegal.

We see significant scope to promote productive use of energy in on-grid as well as off-grid settings. We offer support to businesses in newly connected villages where the main grid has been extended. Our work in Tanzania this year demonstrated highly attractive ratios of socioeconomic value generated to programme implementation cost. In an earlier programme, we showed how investing in behavioural change initiatives to increase the adoption of new connections by households can have a significant beneficial impact on the unit economics per connection achieved. Building on this experience, we implemented a wide-ranging set of surveys and investigations for the World Bank to assess the potential for increasing demand and impact in grid-served rural communities and informal settlements in Kenya. Our expertise is thereby being used to enhance the beneficial impact of grid-based rural electrification, even though we are primarily an off-grid markets specialist. We see this as very much in line with the "impact" focus of our name, and fitting well with our overall mission.

Encouraging the Role of Women in Enterprise

Currently, it remains difficult for women to set up and run their own business in Africa. In general, they have a lack of skills and training as most have only a limited education. Cultural barriers also make it hard for women to access finance to invest in business. Furthermore, there is a lack of awareness of energy as a service and a business opportunity in rural areas. Finally, women often lack authority within the family and community, which is exacerbated by prejudice from male suppliers and distributors.

Nevertheless, energy value chains do represent an opportunity for increasing women's economic empowerment, and historically, we have set ourselves a goal that 50% of the enterprises we support should be led by women. This year we did not quite achieve this goal, with 32% of the over 3,600 businesses supported being led by women.

In Senegal, our Women's Economic Empowerment programme has evolved from an initial focus on opportunities in small scale solar and clean cooking, to a broad spread of productive use business opportunities, especially those associated with agricultural value chains such as rice and bananas. This work has benefited significantly from our partnership with ENERGIA, supported by the Swedish government, alongside a number of additional contracts with GIZ, FAO, Positive Planet and Deliver for Good. In Benin, we have worked on irrigation and biogas programmes funded by GIZ and the Swedish Postcode Lottery.

Humanitarian Sector

With UNHCR reporting nearly 90 million forcibly displaced people worldwide, energy is a key issue in the humanitarian sector.

Following the success of the Moving Energy Initiative, a programme led by Energy 4 Impact and funded by FCDO, in raising the profile of the opportunity to improve the way energy services and energy access are delivered in humanitarian settings, we have worked on an IKEA Foundation-funded programme in three refugee camps in Rwanda, helping 150 refugee entrepreneurs to establish or grow their productive use businesses, creating over 360 jobs. In addition, for the MECS programme mentioned above, we undertook a study to propose new approaches for public-private partnerships to increase adoption of modern clean cooking in refugee camps.

Leaving no one behind

Some parts of the African energy access market are now on a well-established growth path, with perhaps limited need for extra help from international development partners. In east Africa, for example, the market for solar home systems coupled with PAYG technology is well established. However, there is a high risk that this growth will leave many people behind because they are too poor, too remote, or because they are refugees or slum dwellers. Their marginalistion has been exacerbated by the rising cost of living and the economic turmoil caused by the pandemic as both have disproportionately affected communities at the bottom of the pyramid. As we work towards the recovery of these local economies, we must redouble our focus on those who need us most.

One of our most important challenges is the plight of the poorest and most vulnerable. Helping refugees is a key part of our work – which has already been discussed above – but we also direct our focus towards the poorest people in remote regions. We have two programmes addressing this demographic in Kenya. First, on behalf of the OVO Foundation, we have installed solar systems at schools and health clinics in five of the most remote and poorest counties of the country. A key feature of this programme is putting arrangements in place to ensure the systems will continue to perform properly long after they are installed. We have completed the installation of 320 systems, and are now overseeing, with the help of remote monitoring systems, the performance of the associated maintenance and service contracts by our selected supplier.

Second, we have supported the poorest households in two counties in Kenya who currently receive small monthly cash payments from the government to help pay for their basic needs. In collaboration with UNICEF, and with financial support from Sida, we have implemented a programme providing a small top-up payment to the government cash transfer system so the households can afford regular payments for a PAYG solar home system. We funded over 20,000 people through the programme by the time it was finished in October 2022.

Another constituency of concern are those living with poor energy access in slums. Following our detailed field research on energy access issues in three slums in Ghana, Sierra Leone and Uganda, we have formed a partnership to introduce clean cooking with liquefied petroleum gas into two slums in Freetown and Kampala.

Grant making

For some donor programmes, we provide grants to partners and developers. In PREO, together with our implementation partner, we manage grants for 26 productive use projects across sub-Saharan Africa. In CrowdPower, we provide grants to most of the major lending and equity crowdfunding platforms in energy access. For more information on these grants, please see the sections on Productive Use of Energy and Access to Finance above.

Summary of Progress During the Year

Operations

Across all our programmes, we achieved the following outputs during the year:

a. An additional 853,514 people with improved access to energy

b. Support for over 5,495 microenterprises and 956 SMEs. Of these, 32% were led by women.

c. 80 extra jobs resulting from the growth of these businesses.

Business development

In the course of the year we were successful in building on existing relationships with donors to expand or extend our programme work. Examples include: two field-based assessments with the World Bank around stimulating demand for productive uses on the main electricity grid in Kenya and the opportunities for electrical appliances in farming in Uganda; a field trial for Partnerships for Growth on battery swapping for electric motorbikes in Nairobi; designing an accelerator to promote productive use of energy in Tanzania with Vitol Foundation; and support on capital raising for locally-owned African start-ups funded by GIZ.

Our relationship with FCDO's Transforming Energy Access programme has been very important and they have agreed long-term contract extensions for our work on crowdfunding, productive uses and informal settlements. GIZ has also extended our clean cooking work in Kenya. Many of these programmes and relationships offer opportunities for further extensions in the future.

We have also been able to take advantage of the merger with Mercy Corps. We secured our first award from Jersey Overseas Aid which focuses on financial inclusion and clean cooking for women in Rwanda and Sierra Leone. We also secured funding for a 6-month field assessment to expand a Mercy Corps programme focused on mini-grids and productive uses in refugee settings in Ethiopia and other parts of east Africa.

All of this means that we have been able to weather the uncertainties in the wider funding environment created by the Russian invasion of Ukraine, the global increase in cost of living and the aftermath of the pandemic. As a result, we were able to start the 2022/23 year with a portfolio of secured business of sufficient size that unrestricted reserves should remain at a healthy level throughout the coming year even if no new business was to be secured.

It should be noted that all our new business is now contracted in the name of Mercy Corps as we plan to wind down the Energy 4 Impact legal entity by June 30, 2023.

Communications

We continue with significant levels of communications activity to ensure a high level of awareness amongst stakeholders. We spoke at seven international conferences, both in person and online. We recorded 1,590 mentions on our social media channels, especially Twitter and LinkedIn, resulting in over 11 million opportunities to view our content. Our PR activity resulted in 304 media mentions (instances in which Energy 4 Impact was mentioned in a story that we or other parties produced) in different online media platforms, generating over 113 million opportunities for our content to be viewed. Our online audience statistics reflect the global appeal of what we do, with 130,000 unique users visiting our website (www.energy4impact.org) 161,000 times over the reporting period. The readership of our newsletter is sent to about 12,000 people four times a year and is spread evenly across five continents. We are also responsible for, or a partner in, some programme websites. The site, https://greenminigrid.se4all-africa.org, is part of our work supporting the development of the mini-grid market for the AfDB; its current rate of traffic is equivalent to over 28,000 visits from 20,000 unique users over the 15-month period.

Financial

Our priority for the year was to continue building unrestricted reserves to allow for operational continuity in a funding climate that could be adversely affected by the increased cost of living and the aftermath of the pandemic. This was achieved; on 30 June 2022, unrestricted reserves stood at £877,793. This is discussed further in the reserves and going concern section on page 17-18 of this document. Discussions regarding certain amounts on programmes presented in restricted fund reserves, relating to work performed to date, are ongoing with the respective donors. There may be a release to unrestricted reserves during the following financial year once these discussions have been concluded.

Main Programmes active during the year

1	**Transforming Energy Access** Funder: Carbon Trust, FCDO	A large umbrella programme encompassing a combination of new and existing FCDO energy access initiatives. Energy 4 Impact contributes to the programme board and is an implementing partner for parts of the programme.
2	**Powering Renewable Energy Opportunities** Funder: FCDO, IKEA Foundation	Grant funding, technical assistance, new partnership mechanisms and knowledge management in multiple productive use markets across Africa.
3	**Energise Africa** Funder: FCDO	Crowdfunding platform, designed to provide an opportunity for the crowd to finance the working capital requirements of pay-as-you-go solar home system providers and other energy access companies.
4	**CrowdPower** Funder: FCDO	Exploring how crowdfunding platforms can contribute to the flow of capital into energy-access businesses and how FCDO can leverage the impact of its own funds by participating in crowdfunding campaigns.
5	**Energy Catalyst Accelerator** Funder: FCDO, UKRI	Providing incubation services to energy access start-ups, mostly based in the UK and aiming to commercialise in Africa, who are recipients of grants from Energy Catalyst, an innovation programme managed by UK Research and Innovation (UKRI).
6	**Capital Raising to Local Companies** Funder: GIZ	Providing advice on capital raising to locally-owned energy access start-ups in Africa.
7	**ENACT** Funder: FCDO	Energy access market development in informal settlements in Sierra Leone and Uganda.
8	**Modern Energy Cooking Services** Funder: FCDO	Research in clean cooking behaviours in Rwanda.
9	**FICCARS** Funder: Jersey Overseas Aid	Financial inclusion and clean cooking for women in Rwanda and Sierra Leone.
10	**Rural Electrification Densification Project** Funder: Tanzanian Rural Energy Agency, Embassy of Norway	Increasing the economic impact of the densification of the main grid by promoting productive uses in rural villages in Tanzania.
11	**Livelihood & Energy Access Facility**	Designing an accelerator to promote productive uses of electricity in Tanzania.

	Funder: Vitol Foundation	
12	**Energy for the Poor Cash Transfer Programme** Funder: UNICEF / Sida	Increasing the poorest households' ability to afford solar home systems in Kenya by targeted cash transfers and working with selected private sector suppliers.
13	**Project Jua** Funder: Ovo Foundation	Electrification of rural health clinics and schools in underserved counties of Kenya.
14	**ChargeUp!** Funder: P4G	Field trial on battery swapping for electric motorbikes in Nairobi.
15	**Demand Stimulation in Kenya** Funder: World Bank	Field assessment to stimulate demand for electricity on the main grid in Kenya.
16	**Electrifying Agriculture in Uganda** Funder: World Bank	Field assessment on opportunities for electrification of agricultural sector in Uganda.
17	**Green Mini-Grid Help Desk** Funder: African Development Bank	Advising mini-grid developers and policy makers across sub Saharan Africa.
18	**Mini-grid Innovation Lab** Funder: Rockefeller Foundation	Trialing improvements to mini-grid business models via appliance financing and tariff subsidies.
19	**Women's Economic Empowerment, Senegal** Funder: ENERGIA (Hivos)/Sida	Improving women's livelihoods, incomes and employment in Senegal via support for women-led enterprises engaged in productive use of energy, and related policy advocacy.
20	**Deliver 4 Good, Senegal** Funder: Government of Canada	Advocacy for active roles for girls and women in the energy sector and for increased investment in renewable energy for women and girls.
21	**Strengthening Rural Livelihoods, Senegal** Funder: FAO	Support and advice for businesses involved in agricultural value chains.
22	**Energising Development (EnDev) and Green Climate Fund Kenya (GCF)** Funder: GIZ	Clean cooking market development in Kenya.
23	**Water & Energy for Food** Funder: GIZ	Solar irrigation market development in Tanzania, Senegal and Benin.

24	**Solar Irrigation in Tanzania** Funder: Grundfos Foundation	Solar irrigation for smallholder farmers in Tanzania.
25	**Biogas market development** Funder: Swedish Postcode Lottery Foundation	Market development for biodigesters in Benin and the associated production of compost.
26	**Energy and Environment Programme** (EEP) Funder: Nordic Development Fund	Advisory support to EEP programme manager, focusing on monitoring and evaluation and knowledge management

Financial Review

Full results for the 15 Months to June 30, 2022 are set out in the financial statements on pages 23-25. The financial statements have been prepared in accordance with applicable accounting standards and the statements of recommended practice.

Total income for the 15 Months was £3,854,546 (March 2021: £4,058,996) comprising unrestricted income of £1,153,118 and restricted income of £2,701,428. This represents a decrease of £204,450 or 5% from last year's figure. Total expenditure was £4,643,474 for the year (March 2021: £3,668,790) comprising £1,517,806 of unrestricted, and £3,125,668 of restricted expenditure. This represents an increase of £973,896 or 26.5% from last year's figure. The decrease in income is due to new projects being registered in Mercy Corps accounts and the increased expenditure is due to the extended 15 month accounting period. The overall deficit for the year is £788,928 (March 2021: £390,206).

The Charity's balance sheet shows total funds of £1,603,171 compared to £2,392,099 as at 30 March 2021. Restricted funds were £854,180 (March 21: £1,278,420) and unrestricted funds were £748,991 (March 2021: £1,113,679).

Reserves and Going Concern

The unrestricted reserves of £748,991 represent a decrease of £364,688 or 32.7% lower on last year's figure, mainly reflecting merger and one-off closure costs. The Trustees have determined that Energy 4 Impact's reserves policy is to retain sufficient reserves to cover the final merger costs and any balances remaining to be transferred to Mercy Corps.

Restricted reserves stood at £854,180 at 30th June 2022; (see note 17 in the financial statements for the breakdown of restricted funds).

As discussed on page 3, the merger with Mercy Corps is likely to ultimately result in the winding up of Energy 4 Impact, perhaps within the next twelve months. As a result of the Trustees' intention to transfer its assets and liabilities to Mercy Corps, these financial statements have been prepared on the basis that Energy 4 Impact will not remain a going concern. However, the Trustees remain confident in the financial viability of Energy 4 Impact's activities (which indeed is part of Mercy Corps' rationale for proceeding with the merger) and the intention is for the activities, assets and liabilities to be transferred to Mercy Corps as a going concern and for these activities to continue for the foreseeable future albeit within a different legal entity.

Therefore, whilst the accounts are not prepared on a going concern basis, no adjustments have arisen as a result of ceasing to apply the going concern basis.

Investments

Surplus unrestricted cash is held on short-term deposit in an interest-bearing savings account.

Principal funding sources

Our principal funding sources are grants from donor agencies and development partners; please refer to note 3 in the financial statements for a full list.

We had no fundraising activities requiring disclosure under S162A of the Charities Act 2011.

Statement of Responsibilities of the Trustees

The Trustees (who are also directors of Energy 4 Impact for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP (Statement of Recommended Practice);
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the Charity will continue in business.(see note 1)

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to Disclosure of Information to Auditors

Each of the members of the Board who were in office on the date of approval of these financial statements have confirmed, as far as they are each aware, that there is no relevant audit information of which the auditors are unaware. Each of the members of the Board have confirmed that they have taken all steps that they ought to have taken as a member of the Board in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Energy 4 Impact

Report of the Trustees

For the 15 Months ended 30 June 2022
Auditors

Crowe U.K. LLP has indicated its willingness to be reappointed as statutory auditor.

The Trustees' report has been prepared taking advantage of the exemptions available to small companies under the Companies Act 2006.

This was approved by the Trustees on 29th March 2023 and signed on their behalf by

David Nicholson
Chair of Trustees

Independent Auditor's Report to the Members of Energy 4 Impact

Opinion

We have audited the financial statements of Energy 4 Impact ('the charitable company') for the 15 Months ended 30 June 2022 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 June 2022 and of its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Basis of preparation in respect of going concern

We draw attention to note 1 to these financial statements, which explains that the accounts have not been prepared on a going concern basis. The Trustees intend to transfer the assets and activities of the charity to Mercy Corps under a transfer agreement and cease activities within Energy 4 Impact In accordance with UK accounting standards, the Trustees have prepared the financial statements on the basis that the charity is no longer a going concern. The trustees have determined that no material adjustments arose as a result of ceasing to apply the going concern basis. Our opinion is not modified in respect of this matter.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the trustees' report, which includes the directors' report prepared for the purposes of company law, for the financial period for which the financial statements are prepared is consistent with the financial statements; and

- the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

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

- adequate and proper accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' directors' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 18, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members including significant component audit teams. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company for fraud. The laws and regulations we considered in this context for the UK operations were anti-fraud, bribery and corruption legislation, taxation legislation and health and safety legislation. We also considered compliance with local legislation for the group's overseas operating segments.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Finance Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, reviewing agreement and recognition of income for a sample of grants and contracts and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Tim Redwood
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor

London

4 April 2023

Energy 4 Impact

Statement of financial activities *(incorporating an income and expenditure account)*

For the 15 months ended 30 June 2022

	Note	2022 Unrestricted £	2022 Restricted £	**2022 Total £**	2021 Total £
Income from:					
Donations and legacies	2	26,836	-	**26,836**	72,594
Charitable activities - grants	3	-	2,701,428	**2,701,428**	3,475,153
Charitable activities - consultancy	4	1,125,933	-	**1,125,933**	511,224
Investments	5	349	-	**349**	25
Total income		1,153,118	2,701,428	**3,854,546**	4,058,996
Expenditure on:					
Raising funds	7	40,387	-	**40,387**	39,599
Charitable activities	8	1,477,419	3,125,668	**4,603,087**	3,629,191
Total expenditure		1,517,806	3,125,668	**4,643,474**	3,668,790
Net income / (expenditure)		(364,688)	(424,240)	**(788,928)**	390,206
Transfers between funds	17	-	-	**-**	-
Net movement in funds		(364,688)	(424,240)	**(788,928)**	390,206
Reconciliation of funds:					
Total funds balances brought forward	17	1,113,679	1,278,420	**2,392,099**	2,001,893
Total fund balances carried forward	17	748,991	854,180	**1,603,171**	2,392,099

The results for this period are derived from continuing operations.

The charity has no recognised gains and losses other than those shown above and therefore no separate statement of total recognised gains and losses has been presented.

Energy 4 Impact

Balance sheet

As at 30 June 2022

	Note	£	2022 £	£	2021 £
Fixed assets	12		-		1,090
Current assets					
Debtors	13	**1,099,289**		720,114	
Cash at bank and in hand		**820,814**		2,287,281	
		1,920,103		3,007,395	
Liabilities					
Creditors: amounts due within 1 year	14	**316,932**		616,386	
Net current assets			**1,603,171**		2,391,009
Total net assets	15,16		**1,603,171**		2,392,099
The funds of the charity:					
Restricted funds			**854,180**		1,278,420
Unrestricted funds					
General funds			**748,991**		1,113,679
Total charity Funds	15,16		**1,603,171**		2,392,099

These accounts were approved and authorised for issue by the Board of Trustees on: 29th March 2023

Signed on behalf of the Board of Trustees by:
David Nicholson

Energy 4 Impact

Statement of Cashflows

For the 15 Months ended 30th June 2022

		2022		2021
	£	**£**	£	£
Cash flow from operating activities				
Net income / (expenditure)	**(788,928)**		390,206	
Adjustments for:				
Depreciation	**1,090**		623	
(Increase) in debtors	**(379,175)**		346,575	
(Decrease) in creditors	**(299,454)**		(101,033)	
Net cash provided by / (used in) operating activities		**(1,466,467)**		636,371
Cash flow from investing activities				
Purchase of tangible fixed assets	**-**		-	
Net cash (used in) investing activities		**-**		-
Change in cash and cash equivalents in the year		**(1,466,467)**		636,371
Cash and cash equivalents at the beginning of the year		**2,287,281**		1,650,910
Cash and cash equivalents at the end of the year		**820,814**		2,287,281

1. Accounting policies

a) The charity is a private limited company (registered number 05762919), which is incorporated in the UK. The address of the principal office is 2nd Floor, West Wing, The Hop Exchange, 24 Southwark Street, London, SE1 1TY. Energy 4 Impact is a Public Benefit Entity.

The financial statements have been prepared in accordance with the Charities SORP (FRS102) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006 and and UK Generally Accepted Practice as it applies from 1 January 2015.

Unrestricted reserves at 30 June 2022 were appropriate and in line with the merger plan. The board believe that this level of reserves is prudent and will facilitate growth opportunities in the future, as the merger continues. As discussed in the trustees' report, the proposed merger with Mercy Corps will ultimately result in the winding up of Energy 4 Impact (the legal entity) which is expected in 2023. As a result of the trustees' intentions to transfer the assets and liabilities to Mercy Corps, these financial statements have been prepared on the basis that Energy 4 Impact is not a going concern. No adjustments have arisen as a result of ceasing to apply the going concern basis.

b) Donations are included in full in the Statement of Financial Activities when receivable.

c) Grants receivable are recognised in the Statement of Financial Activities in the year in which they are receivable unless they are subject to a specific performance condition or time restriction in which case they are deferred until the conditions or restrictions are satisfied. Consultancy income is recognised to the extent that the Charity has earned entitlement through completion of the underlying service.

d) Grants for the purchase of fixed assets are credited to restricted incoming resources when receivable. Depreciation of fixed assets purchased with such grants is charged against the restricted fund. Where a fixed asset is donated to the Charity for its own use, it is treated in a similar way to a restricted grant.

e) Resources expended are recognised in the period in which they are incurred. Resources expended include attributable VAT.

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned based on staff estimates of time spent on each activity. Governance costs include costs associated with compliance with constitutional and statutory requirements.

f) Support costs are reallocated within total resources on the basis of the time allocation exercise described above.

g) The costs of generating funds relate to the costs incurred by the charitable company in raising funds for the charitable work.

1. Accounting policies (continued)

h) Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

Computer Equipment	Expensed
Motor Vehicles	3 years

Items of equipment are capitalised where the purchase price exceeds £1,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

i) Unrestricted funds are donations and other incoming resources receivable or generated for the objects of the Charity.

j) 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.

k) Foreign Currencies - Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Foreign currency balances have been translated at the rates of exchange ruling at the balance sheet date.

l) Grants payable - Grant payments to partner organisations are recognised as expenditure in the financial statements once the Charity is satisfied that a partner organisation has met all the conditions that need to be satisfied to release the payment.

m) Debtors - Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

n) Creditors - Creditors are recognised where the Charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

o) Cash at bank and cash in hand includes cash and short-term deposits with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

p) Financial Instruments - The Charity has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost. Financial assets held at amortised cost comprise cash at bank and in hand, short-term cash deposits together with trade and other debtors excluding prepayments. Financial liabilities held at amortised cost comprise the short and long term trade and other creditors excluding deferred income and taxation payable. No discounting has been applied to these financial instruments on the basis that the periods over which amounts will be settled are such that any discounting would be immaterial.

q) Estimates and judgements - In the view of the Trustees, no assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

2. Income from donations and legacies

Current Year

	Unrestricted Funds	Restricted Funds	2022 Total
	£	£	£
General donations	26,836	-	26,836

Prior Year

	Unrestricted Funds	Restricted Funds	2021 Total
	£	£	£
General donations	72,594	-	72,594

3. Income from charitable activities - grants and contracts

Current Year

	Unrestricted Funds	Restricted Funds	2022 Total
	£	£	£
OVO Charitable Foundation		137,262	**137,262**
Enter Enegry		111,406	**111,406**
GIZ		692,005	**692,005**
FAO		4,858	**4,858**
Carbon Trust		492,941	**492,941**
Ikea		442,250	**442,250**
Hivos Energia		254,089	**254,089**
Practical Action		38,339	**38,339**
Women Delliver		31,417	**31,417**
P4G		65,987	**65,987**
Loughborough University		5,228	**5,228**
Positve Planet International		21,611	**21,611**
ICLEI		77,527	**77,527**
Swidish Postcode Lotery		120,544	**120,544**
The Adventure Project		4,154	**4,154**
Leaf_vitol		90,814	**90,814**
Grundfos		110,996	**110,995**
Total	-	2,701,428	**2,701,428**

Prior Year

	Unrestricted Funds	Restricted Funds	2021 Total
	£	£	£
OVO Charitable Foundation		234,777	**234,777**
Rockefeller		-	**-**
OFID		38,756	**38,756**
GIZ		660,771	**660,771**
FAO		2,221	**2,221**
Carbon Trust		1,197,823	**1,197,823**
FCDO		62,987	**62,987**
IKEA		195,882	**195,882**
Hivos Energia		284,577	**284,577**
Practical Action		210,201	**210,201**
Womwn Deliver		49,876	**49,876**
P4G		113,662	**113,662**
Loughborough University		128,845	**128,845**
Positive Planet International		26,616	**26,616**
ICLEI		79,745	**79,745**
Sewdish Postcode Lotery		158,832	**158,832**
The Adventure Project		29,582	**29,582**
Total	-	3,475,153	**3,475,153**

4. Income from charitable activities - consultancy

Current Year

	Unrestricted Funds £	Restricted Funds £	2022 Total £
Consultancy income	1,125,933	-	**1,125,933**

Prior Year

	Unrestricted Funds £	Restricted Funds £	2021 Total £
Consultancy income	511,224	-	**511,224**

5. Income from investments

Current Year

	Unrestricted Funds £	Restricted Funds £	2022 Total £
Investment income	349	-	**349**

Prior Year

	Unrestricted Funds £	Restricted Funds £	2021 Total £
Investment income	25	-	**25**

6. Expenditure on raising funds

Current Year	Unrestricted Funds £	Restricted Funds £	2022 Total £
Staff costs	31,608	-	31,608
Other costs	-	-	-
Reallocation of support costs	8,779	-	8,779
	40,387	-	40,387

Prior Year	Unrestricted Funds £	Restricted Funds £	2021 Total £
Staff costs	29,251	-	29,251
Other costs	-	-	-
Reallocation of support costs	10,348	-	10,348
	39,599	-	39,599

7. Expenditure on charitable activities

Current Year	2022 Total £
Staff costs	1,778,818
Travel	336,605
Consultants	1,670,235
Supply and installation of solar panels	-
Grants to Partners	142,568
Other direct	39,904
Web development and hosting	1,397
Office and overheads	161,978
Legal and professional	2,136
Accountancy	-
Project Audit	4,689
Bank charges	6,470
Reallocation of support costs	458,287
	4,603,087

Material grants made to partners during the year were: Charm £27,000, SNV £26,532, Trine £1,627 Lendahand £56,315. Powergen £22,981, PowerCorner £16,947, IBP £21,387

Prior Year	2021 Total £
Staff costs	1,327,445
Travel	77,253
Consultants	364,043
Supply and installation of solar panels	937,232
Grants to Partners	277,188
Other direct	88,163
Web development and hosting	5,215
Office and overheads	105,556
Legal and professional	2,147
Accountancy	-
Project Audit	3,079
Bank charges	1,386
Reallocation of support costs	440,484
	3,629,191

8. Support costs

Current Year	**Raising Funds £**	**Charitable Activities £**	**2022 Total £**
Governance costs			
Staff costs	679	35,436	**36,115**
Audit	507	26,473	**26,980**
Other support costs			
Staff Costs	1,978	103,245	**105,223**
Travel	171	8,944	**9,115**
Consultants	-	-	**-**
Grants to Partners	24	1,272	**1,296**
Web development and hosting	116	6,055	**6,171**
Office and overheads	3,171	165,535	**168,706**
Legal and Professional	1,793	93,581	**95,374**
Accountancy	61	3,172	**3,233**
Depreciation	20	1,070	**1,090**
Bank charges	275	14,331	**14,606**
Bad debt	(16)	(826)	**(842)**
	8,779	458,287	**467,066**

Prior Year	**Raising Funds £**	**Charitable Activities £**	**2021 Total £**
Governance costs			
Staff costs	1,044	44,456	**45,500**
Audit	365	15,555	**15,920**
Other support costs			
Staff Costs	3,314	141,055	**144,369**
Travel	49	2,073	**2,122**
Consultants	1	40	**41**
Grants to Partners	56	2,376	**2,432**
Web development and hosting	1	49	**50**
Office and overheads	5,079	216,183	**221,262**
Legal and Professional	162	6,886	**7,048**
Accountancy	31	1,299	**1,330**
Depreciation	14	609	**623**
Bank Charges	229	9,761	**9,990**
Bad Debt	3	142	**145**
	10,348	440,484	**450,832**

9. Taxation

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

10. Staff costs and numbers

Staff costs were as follows:	2022	2021
	£	£
Salaries and wages	**481,349**	391,157
Social security costs	**37,940**	32,131
Pension costs	**47,109**	20,057
	566,398	443,345
Overseas staff	**1,295,877**	1,055,211
Training & recruitment	**79,722**	23,007
	1,941,997	1,521,563

The number of staff who have received emoluments in excess of £72,500 in the 15 months to 30th June 2022 (60,000 in the year to 31st March 2021) are shown below:

Higher paid employees in the 15 Months to 30th June 2022

One employee earned £75,000-£87,500
Two employee earned £87,500 -£100,000
No employee earned £100,000-£112,500
One employee earned £112,500-£125,000

Higher paid employees in the 12 Months to 31st March 2021

One employee earned £70,000-£80,000
No employee earned £80,000-£90,000
One employee earned £90,000-£110,000
One employee earned £100,000-£110,000

The average weekly number of employees during the year was:

	2022	2021
	No.	No.
Raising Funds	**0.5**	0.9
Information dissemination and capacity building	**65.8**	65.2
	66.3	66.1

The key management personnel of the charity comprise the CEO and all members of the senior management team. The total employee benefits of the key management personnel of the charity were £555,789 (2021: £455,003)

During the year the charity incurred redundancy costs of £20,000 (2021 £9,747).

11. Net income for the year

This is stated after charging:

	2022	2021
	£	£
Depreciation	**1,090**	623
External auditor's remuneration - statutory audit fees	**19,800**	16,250
Other auditors - expenditure verification and grant audit work	**11,869**	2,749

During the year, no trustees received expenses. (2021: none). No trustee received any remuneration.

12. Tangible Fixed Assets

	Motor Vehicles £	Office Equipment £	Total £
Cost			
At the start of the year	13,066	5,841	18,907
Additions in year	-	-	-
Disposals in year	-	-	-
At the end of the year	13,066	5,841	18,907
Depreciation			
At the start of the year	13,066	4,751	17,817
Charge for the year		1,090	1,090
Disposals in year	-	-	-
At the end of the year	13,066	5,841	18,907
Net book value			
At the end of the year	-		
At the start of the year	-	1,090	1,090

13. Debtors

	2022 £	2021 £
Trade debtors	532,079	518,518
Accrued Income	520,995	135,602
Prepayments	-	10,389
Other debtors	46,215	52,940
Covid Loans	-	2,665
	1,099,289	720,114

14. Creditors: amounts due within 1 year

	2022 £	2021 £
Trade creditors	118,746	78,017
Accruals	123,727	402,530
Deferred income	-	8,000
Taxation and social security	62,848	125,247
Other creditors	11,611	2,592
	316,932	616,386

Income received in advance of the charity having entitlement to the use of monies received is deferred. £Nil income received during the year (2021:Nil), and £6,056.51 was released in 2020.

15. Analysis of net assets between funds

Current Year	Unrestricted Funds £	Restricted Funds £	2022 Total £
Fixed assets		-	
Net current assets	748,991	854,180	1,603,171
Total Net Assets	748,991	854,180	1,603,171

Prior Year	Unrestricted Funds £	Restricted Funds £	2021 Total £
Fixed assets	1,090	-	1,090
Net current assets	1,112,589	1,278,420	2,391,009
Total Net Assets	1,113,679	1,278,420	2,392,099

16. Movements in funds

Current Year

	At the start of the period £	Transfers £	Income £	Expenditure £	At the end of the period £
Restricted funds:					
OVO Charitable Foundation	283,444	-	137,262	(216,613)	204,093
Rockefeller	293,954	-	-	(70,497)	223,458
GIZ		-	59,628	(59,628)	
FAO	(5,612)	-	4,858	754	-
TEA CP2	23,600	-	256,324	(279,924)	-
TEA CP3	-	-	-	(1,018)	(1,018)
TEA_POP	-	-	7,511	(7,511)	-
RPDC2	-	-	-	-	-
IUK EnCat	-	-	208,698	(208,698)	-
EnCat		-	-	-	
IUK-ECAP	-	-	20,408	(20,408)	-
PREO	18,873	-	442,250	(461,123)	-
Hivos Energia EWEE2	193,130	-	254,089	(340,270)	106,949
PAC	-	-	38,339	(38,339)	-
Lul					
PPI	16,945	-	21,611	(23,064)	15,492
ICLEI	-	-	77,527	(77,527)	-
ICLEI Enact 2					
Benin Biogas_SPLF_ Ben	85,968	-	120,544	(70,489)	136,023
WE4F_GIZ_TZ	102,888	-	50,899	(157,504)	(3,717)
WE4F_GIZ_SE	127,896	-	118,715	(73,169)	173,442
WE4F_GIZ_BE	(22,366)	-	-	(151,076)	(173,442)
GBE_GIZ_BE	57,546	-	18,294	(75,840)	-
Endev_GIZ_Ken	26,143	-	54,413	(82,512)	(1,956)
FES_Tap_Ken	28,505	-	4,154	(32,120)	539
MECS_LU_RW	47,608	-	5,228	(52,793)	43
GBE_GIZ_SE	(103)	-	245,486	(245,385)	-
GCF_GIZ_KE	-	-	144,570	(145,874)	(1,304)
D4G2	-	-	31,417	(39,150)	(7,733)
P4G2	-	-	65,987	(26,793)	39,194
Enter Energy	-	-	111,406	(96,092)	15,314
Leaf_vitol	-	-	90,814	(60,850)	29,964
Grundfos	-	-	110,996	(12,156)	98,840
Total restricted funds	1,278,420	-	2,701,429	(3,125,668)	854,180
Unrestricted funds:					
General funds	1,113,679	-	1,153,118	(1,517,806)	748,991
Total unrestricted funds	1,113,679	-	1,153,118	(1,517,806)	748,991
Total funds	2,392,099	-	3,854,547	(4,643,474)	1,603,171

Transfers from unrestricted funds are to cover overspends in restricted project work. Closing project funds are latest evaluation as at year end, closing project funds are still subject to donor audits and closing adjustments.

Prior Year

	At the start of the period £	Transfers £	Income £	Expenditure £	At the end of the period £
Restricted funds:					
OVO Charitable Foundation	479,233	-	234,777	(430,566)	283,444
Rockefeller	385,854	-	-	(91,900)	293,954
OFID	169,822	-	38,756	(208,578)	-
GIZ	1,934	-	168,879	(170,813)	-
FAO	(4,145)	-	2,221	(3,688)	(5,612)
TEA CP2	18,964	-	417,531	(412,895)	23,600
TEA POP	(214)	-	200,734	(200,520)	-
IUK EnCat	-	-	183,199	(183,199)	-
EnCat		-	62,987	(62,987)	-
IUK ECAP	50,000	-	396,359	(446,359)	-
PREO	(127)	-	195,882	(176,882)	18,873
Hivos Energia EWEE2	74,153	-	284,577	(165,601)	193,130
PAC	84,311	-	210,201	(294,512)	-
WD/D4G	-	-	49,876	(49,876)	-
P4G	(9,451)	-	69,367	(59,916)	-
P4G	(7,120)	-	44,295	(37,175)	-
LUL	76,889	-	79,165	(156,054)	-
PPI	-	-	26,616	(9,671)	16,945
ICLEI	-	-	79,745	(79,745)	-
Benin Biogas_SPLF_Ben	-	-	158,832	(72,864)	85,968
WE4F_GIZ_TZ	-	-	168,008	(65,119)	102,888
WE4F_GIZ_SE	-	-	202,179	(74,283)	127,896
WE4F_GIZ_BE	-	-	-	(22,366)	(22,366)
GBE_GIZ_BE			65,530	(7,984)	57,546
Endev_GIZ_Ken	-	-	56,175	(30,032)	26,143
Fes_Tap_ken	-	-	29,582	(1,076)	28,505
MECS_LU_RW	-	-	49,680	(2,072)	47,608
GBE_GIZ_SE	-	-	-	(103)	(103)
	1,320,104	-	3,475,153	(3,516,837)	1,278,420
Unrestricted funds:					
General funds	681,790	-	583,843	(151,953)	1,113,679
Total unrestricted funds	681,790	-	583,843	(151,953)	1,113,679
Total funds	2,001,894	-	4,058,996	(3,668,790)	2,392,099

17. Related Party Transactions

During the year, £423,797 (2021: 284,577) was recognised as income from Hivos (Energia), Sheila Oparaocha was a trustee of the charity and a programme director at Hivos (Energia), until 30th Sepetember 2021.
Three new trustees from Mercy Corps Inc were appointed to the E4I board in line with the merger agreement.
During the year, £111,406 was recognised as income from Mercy Corps in relation to the Shell project

18. Operating Lease Commitments

At 30 June 2022, Energy 4 Impact had future minimum operating lease commitments under non-cancellable operating leases for each of the following periods:

	2022	2021
	£	£
Within one year	-	23,760
One to five years	-	-

Lease payments recognised as an expense in the year were £16,800 (2021: £23,760).

19. Post Balance Events

As disclosed in the trustees' report, on 22nd September 2021, Energy 4 Impact signed a merger agreement with Mercy Corps Inc. E4I operations are continuing to integrate with Mercy Corps Inc. on a country by country basis. As at June 2022 only Kenya had fully merged with Mercy Corps Inc, with other countries continuing the integration process during 22/23. Existing projects continue to be delivered by E4I with new projects being contracted between funders and Mercy Corps. Termination and similar identified costs connected to the integration and incurred since 30th June 2022 are in the region of £75,000 - £100,000. Any remaining funds are expected to be transferred to Mercy Corps by 30th June 2023.

20. Ultimate Parent Undertaking

Under the merger agreement signed 22nd September 2021, Energy 4 Impact became a subsidiary of Mercy Corps Inc, who have become the charity's ultimate parent undertaking. Mercy Corp Inc's register address is 45 SW Ankeny St, Portland, OR, 97204 (and its registered number in the United States TIN number 91-1148123.