

ENERGY AGENCY

REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 MARCH 2023

Company Registration No:

SC191428

Charity Registration No:

SC029479



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Energy Agency

Report and financial statements for the year ended 31 March 2023

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Energy Agency

Reference and administrative information for the year ended 31 March 2023

Reference and administrative information

Charity Name

Energy Agency

Charity Number

SC029479

Company Number

SC191428

Board of Trustees

Councillor Philip Saxton

Mr Robert Crusher

Mr James Whiston

Councillor Martin Kilbride

(Appointed 26 May 2022)

Mr Alastair Kay

Mr Norman Smith

Mr Paul Slater

Ms Claire Baird

(Appointed 18 October 2022)

Councillor Craig Mackay

(Appointed 26 May 2022)

Ms Elaine Hutton

(Appointed 17 August 2022)

Manager

Elizabeth Marquis

Registered Office/ Principal office

2 Forbes Drive

Heathfield

AYR, KA8 9FG

Secretary

Morton Fraser Secretaries Limited

Auditors

William Duncan + Co (Audit) Ltd

Ellersley House

30 Miller Road

Ayr

Ayrshire, KA7 2AY

Bankers

Royal Bank of Scotland Plc

Ayr Chief Office

30 Sandgate

Ayr

Ayrshire, KA7 1BY

Energy Agency

Reference and administrative information for the year ended 31 March 2023 (Continued)

Reference and administrative information

Solicitors

Morton Fraser LLP
5th Floor 2 Lister Square
Quartermile Two
Edinburgh, EH3 9GL

A C White Solicitors
23 Wellington Square
Ayr
Ayrshire
KA7 1HG

Addleshaw Goddard
Cornerstone
107 West Regent Street
Glasgow
G2 2BA

Energy Agency

Trustees Report (including Board of Directors report) for the year ended 31 March 2023

The Trustees are pleased to present their report together with the consolidated financial statements for the year ended 31 March 2023.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charitable company's Memorandum and Articles of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as issued in October 2019 for accounting periods commencing from 1 January 2019).

Objectives and activities

The charitable company's principal activity is to promote and encourage actions which result in a reduction of carbon dioxide and greenhouse gas emissions, more rational use of energy and a greater utilisation of appropriate renewable sources of energy in South West Scotland.

The company's mission is to reduce CO₂ and other greenhouse gas emissions locally, delivered through:

- **Energy Efficiency**
- **Renewable Energy**
- **Community Energy Projects**
- **Sustainable Transport**

Impartial advice is provided to households, local authorities, businesses and communities in South West Scotland, this is normally free to the end user. Wall insulation and other energy efficiency measures are installed as a result of contracts with local authorities and funding from the Scottish Government, councils, utility funding and in certain instances householder contributions.

The corporate aims are:

- **To raise awareness of energy efficiency and renewable energy**
- **To secure public and private investment for education and training**
- **To secure investment to enable domestic householders and the rented sector to implement energy efficiency and renewable measures**
- **To promote energy efficiency and renewables in the business and local authority sectors**
- **To respond to UK and Scottish Government consultation documents to promote CO₂ reduction**
- **To encourage all aspects of sustainability especially where there are direct CO₂ impacts**
- **Working in partnership with other bodies to secure the best possible services to match the needs of the local population**
- **To develop a centre of excellence to promote sustainability**

The aims are achieved by a combination of the work of the Board of Management, working groups, partnerships, grant schemes and the promotion of national and regional projects.

Energy Agency

Trustees Report (continued) (including Board of Directors report) for the year ended 31 March 2023

Achievements and Performance

Over the year targets have continued to be achieved very successfully. The main contracts involve Scottish Government funding to local authorities and contracts with the Energy Saving Trust.

Heat and Energy Efficient Scotland is the overarching name of all the funded Scottish Government heat and energy efficiency schemes. One of the major programmes : Area Based Schemes (ABS) is funded by Scottish Government and managed on behalf of the councils of South & East Ayrshire and Dumfries & Galloway. ABS 9 was completed in 2022. ABS 10 should be completed by 31st May 2023 with ABS 11 to follow. The scheme installs solid wall insulation on homes of all ownership types (private, council, private rented and housing associations) in areas identified with Councils where fuel poverty levels are high and the properties are suitable for wall insulation. The impressive success of the programmes is recognised by Scottish Government officials and politicians. The very effective delivery, the exceptional levels of satisfaction and the quality of installations are used as examples of best practice. We also regularly produce case studies for Government publications. We continue to work in partnership with the NHS and Glasgow University, delivering ground breaking work on the connections between housing and health. Our peer reviewed report into the effects of home improvements and health will be published later in 2023.

Results from the range of schemes are:

- ❖ 62,710 total customer advice interactions
- ❖ 9,260 energy efficiency referrals
- ❖ 722 households received specialist in home renewable energy advice or visits
- ❖ 32 business transport reviews conducted with identified annual savings of £182,857 and 298 tonnes CO2
- ❖ 194 Ebike loans provided
- ❖ 96 business audits conducted with identified annual savings of £632,017 and 1,209 tonnes CO2
- ❖ 81 community groups supported with 5 receiving CARES funding
- ❖ 672 solid wall installations
- ❖ development of further interactive digital teaching material for school pupils
- ❖ an education section created on website for teacher's log in only.

All project streams such as community energy projects and the Home Energy Scotland work is integrated to provide the best possible services to householders, local communities, businesses and organisations.

Accreditations

Bronze, Silver and Gold levels have been achieved in the Resource Efficiency Pledge. The Pledge is a nationwide scheme run by Resource Efficient Scotland and backed by Scottish Government. It helps Scottish businesses use energy, water and raw materials more efficiently throughout their operations.

The Energy Agency has received Living Wage accreditation - a symbol of responsible business practice.

Energy Agency

Trustees Report (continued) (including Board of Directors report) for the year ended 31 March 2023

The Energy Agency is proud to support Fair Trade by being a 'South Ayrshire Flagship Employer'. As the first flagship employer in South Ayrshire, we ensure that Fairtrade products are used in the office and promote Fairtrade both within our organisation and externally.

Awards

Awards programmes are gradually returning after being paused during the pandemic. We were shortlisted in the Ayrshire Business Awards 2022 in the Planet Saver category for our Nethermills Hydro Scheme.

Continuing Professional Development (CPD)

Monthly Continuous Professional Development (CPD) sessions have continued to be delivered by the Energy Agency in partnership with South Ayrshire Council and are now in the sixteenth year.

Background work involves identifying speakers, liaising with attendees, managing online webinars and booking venues. It is essential that all seminars are topical and relevant to the audience. Following events, presentation slides are available to all signed up to the program. All attendees receive CPD certificates. During the pandemic, monthly sessions took place online which saw a rise in the number of attendees. Due to this success, most sessions continue to be delivered online, allowing attendees to join from further afield.

Consultancy

The Energy Agency is involved in many areas of consultancy work. Examples of this include:

- ❖ Working with partners to complete the development of a Hydro scheme on the River Ayr through our subsidiary company, Energy Agency Renewables Limited.
- ❖ Working with various stakeholders to progress a project to supply a district heating scheme for Girvan from Grants' distillery.
- ❖ Technical support to organisations in Ireland improving an existing hyroscheme.

The Agency is a partner in community planning development with local authorities in South West Scotland.

Training

The Energy Agency delivers a wide range of training for front-line professionals including NHS staff, social work and housing departments to help them advise clients on energy efficiency and make referrals for help where necessary.

MSPs, MPs & Scottish Government

The Energy Agency continues to communicate with MSPs, MPs and members of Scottish Government to keep them up to date with on-going work. Visitors are invited to the Energy Agency offices or taken to venues to view and hear the experiences of occupiers where energy efficiency measures have been installed in houses or community buildings. This year we have hosted a number of visitors including Patrick Harvie MSP, and Viv Cockburn, member of the new Strategic Board of Heat & Energy Efficiency Scotland.

The Energy Agency regularly responds to direct requests in connection with constituency enquiries and provides direct information for political representatives.

Energy Agency

Trustees Report (continued) (including Board of Directors report) for the year ended 31 March 2023

Energy Agency Website

The website has recently been refreshed and is regularly updated. We constantly look for areas of redevelopment.

Staff

The Energy Agency currently employs 45 (full time equivalent) members of staff along with a Renewables Consultant. The Energy Agency continues to have strong links with the City Council in Kassel (Germany) with 2 German students expected to spend 8 weeks working in the Energy Agency. This was suspended due to the pandemic but will return in June 2023.

All members of staff have participated throughout the year with professional development ranging from internal courses to external training on relevant topics.

Education

Energy lessons are delivered to schools in South Ayrshire and have returned as in person interactive sessions this year after the pandemic.

The lesson is normally followed up by encouraging the pupils to draw pictures and take part in a calendar competition. This exercise is designed to get pupils to focus on their own ideas and draw a high quality picture to complement their chosen message. The competition has been opened up to all primary age pupils. Winners were recognised at an online award ceremony, hosted by the Provost and the final printed calendars are made available to them and their families. The remaining calendars are distributed across the area.

The Energy Agency website contains an education section with an individual log in for teachers in South and North Ayrshire. This provides additional resources and learning materials which are continually reviewed and updated.

We have developed different models for working with schools. Instead of one-off stimulus activities, we are developing longer term interactions with the whole school. We have been working with North Ayrshire Council on this project for six years and have completed this work. The overall aim is to actively engage the staff and pupils in the task of saving energy and money. The model involves working more strongly with teachers from a cluster of primary schools to aid collaboration, communication and support. We are continuing to work with South Ayrshire to adopt a similar model.

Present contracts

The Energy Agency has been successful in winning the contracts to manage the 2022/23 Area Based Schemes for South Ayrshire, East Ayrshire and Dumfries and Galloway council areas. These schemes have continued to grow and now employ 9 full-time members of staff with an extremely high work delivery record.

The South Ayrshire Council SLA was renewed in 2022.

Energy Agency

Trustees Report (continued) (including Board of Directors report) for the year ended 31 March 2023

The Energy Agency continues to run the Home Energy Scotland contract for south west Scotland, this currently runs until March 2024. Annual variations do occur but these are normally limited changes.

The Energy Agency in conjunction with the Energy Saving Trust were successful in winning the contract to deliver the Zero Waste Scotland Energy Efficiency Support Service in south west Scotland. This contract designed for businesses offers audits covering energy, transport and waste to all businesses across Scotland. It is delivered locally through the Energy Agency.

The Energy Agency is also part of a consortium that makes up Local Energy Scotland. The consortium includes Energy Saving Trust (EST), Changeworks, SCARF and The Wise Group. Local Energy Scotland administers and manages the Community and Renewable Energy Scheme (CARES) with support for delivery and technical advice from the Energy Saving Trust.

Future contracts

In January 2019 the Energy Agency won the competitive bidding process to run the Energy Saving Scotland advice centre for south west Scotland. The contract runs for 3 years from April 2019 with extensions until March 2024. The Energy Agency in conjunction with the Energy Saving Trust continues to deliver the Zero Waste Scotland Energy Efficiency Support service in south west Scotland and in a separate bid the Community and Renewable Energy Scheme.

The Energy Agency continues to manage the Area Based Schemes for South and East Ayrshire and Dumfries and Galloway Councils. The health evaluation pilot in conjunction with the Ayrshire and Arran NHS Trust has a member of staff working full time on the project since October 2015. The project and its results are receiving a great deal of interest from the Scottish Government, health professionals, the financial inclusion sector and fuel poverty experts. A peer reviewed paper is expected to be published later in 2023 showing a reduction in hospital visits for cardiac and respiratory conditions following insulation of properties in Ayrshire and Arran NHS Trust region.

Over the coming year the Scottish Government will require the Councils to develop strategies and programmes to continue to tackle energy efficiency and fuel poverty in council and private housing, and also in the non-domestic sector. The Local Heat and Energy Efficiency Strategy (LHEES) will put obligations on the Councils to strategically plan for heat reduction, deliver energy efficiency projects and possibly enforce energy standards. The Scottish Government highlights these requirements as part of its key Infrastructure Priority Programme that will shape the next 20 years of energy programmes in Scotland. The Energy Agency is involved with this work.

In January 2020 the new company, Energy Agency Renewables Ltd (EARL) was constituted. This company is wholly owned by the Energy Agency. EARL owns the Nethermills Hydro scheme. The Energy Agency completed the Nethermills Hydro Scheme project on schedule in 2022 and it is now generating power for the Riverside Building of Ayrshire College. The College are charged for this power and any surplus funding will be used for projects addressing fuel poverty locally.

Financial Review

Against the backdrop of an ever increasing demand from public and local organisations for our services there are static levels of funding on most contracts. There is expected to be increasingly more work on the area based projects over the coming year, although government funding may decline in line with the public spending reductions. The Home Energy Scotland advice centre contract through the Energy Saving Trust is very demanding. Increasing focus has been made of the telephone and electronic sides of the advice service this enables higher call volumes and more people to receive assistance.

Due to sound financial management, commitment from the Board Members and extremely dedicated staff, delivery of the services has continued to be excellent over the year.

Reserves Policy

The directors consider it prudent to hold between 3 and 6 months running costs within unrestricted general reserves which, based on current costs, equates to between £380,000 and £760,000. After allowing for the subsidiary loan and 20 year repayment terms, reserves are within those thresholds. This should:

- Provide sufficient cover should there be any delay in the receipt of funding,
- Allows for unexpected, but essential, costs to be met (for example replacement of the server)
- Enable the organisation to take advantage of market opportunities to develop the charity in accordance with charitable objectives.

The Trustees are satisfied that the current level of unrestricted reserves is appropriate to the charity's present circumstances.

Principal Funding Sources

The principal funding sources for the charity are currently grant and project income from the Energy Saving Trust and the Scottish Government through the local authorities of South Ayrshire, North Ayrshire, East Ayrshire and Dumfries and Galloway. Project funding is also supplied by the Scottish Government, Dumfries and Galloway, North Ayrshire and South Ayrshire Councils.

The income and expenditure account is included within the Statement of Financial Activities on page 18 and shows the deficit for the year.

Under the Memorandum and Articles of Association, the charity has the power to make any investment which the Board Members' see fit. Currently reserves are stored in an interest earning bank account. It is prudent to ensure a reasonable reserve is available for the future.

Risk Management

The external auditor maintains formal scrutiny of the finances at the year end. Internal control risks are minimised by the implementation of procedures for authorisation of all transactions and projects. Procedures are in place to ensure compliance with the Health and Safety of staff, volunteers, clients and visitors. All data protection procedures are in line with current regulations. All processes concerned with the Scottish Government Lobbying Act (mandatory compliance from 12 March 2018 are operational.)

Energy Agency

Trustees Report (continued) (including Board of Directors report) for the year ended 31 March 2023

The staff contracts were previously as per the Local Authority contracts. Following legal advice all staff are being transferred to Energy Agency contracts from April 2023. Terms and conditions have not been affected. The new contracts and policies are more appropriate for a small organisation.

Future Contracts

The Scottish Government and Energy Saving Trust remain committed to providing the HES service for 2023-24 with a budget of £1,186,208 for South West Scotland. The Scottish Government also remains committed to the delivery of Area Based Schemes (ABS) and increased its budget for the year 2023 -24 to £64M across Scotland's 32 local authorities (previous year was £54M). The three local authorities in the south-west that we currently work with on ABS have been awarded a total of £6,057,199.

The Energy Agency continues to hold Managing Agent contracts for ABS programmes with the councils and will agree Management Fees for 2023 – 2024 at the beginning of the financial year.

The Education projects will continue with the ongoing SLA from South Ayrshire and our contract completing with North Ayrshire in 2022.

Future Plans

The charity plans to continue the activities outlined above in the forthcoming years subject to satisfactory funding arrangements. Plans are also being developed to do further marketing of the services in terms of local advertising and continue the series of events throughout the year.

The success of integration of the range of contracts leads to enhanced services for all in South West Scotland. Stronger partnerships have been established with utilities, the health sector, academic institutions and the local authorities. More work is being undertaken in terms of advice to policy makers due to the outcomes of the very successful schemes which the Energy Agency manages. Future aims are to carry out more projects focusing on specific geographical areas for the installation of energy efficiency measures using available funding while increasing the input to future national and strategic policy.

The Nethermills Hydro Scheme provides an excellent opportunity for the long term future of sustainability in the South West.

The Energy Agency may relocate to more up to date office premises with better public transport links in 2023.

Structure, governance and management

Energy Agency is a company limited by guarantee incorporated on 18 November 1998 as South Ayrshire Energy Agency (company number SC191428). Since this time the organisation has changed name twice and since 12 June 2003 has been known as Energy Agency. The organisation was established under a Memorandum of Association which established the objects and powers of the charitable company (charity number SC029479) and is governed under its Articles of Association.

The company is limited by guarantee and therefore has no share capital. Every member of the company undertakes to contribute such amount as may be required (but not exceeding £1) to the assets of the company in the event of the same being wound up while he/she/it is a member or within one year after he/she/it ceased to be a member for payment of the debts and liabilities of the company contracted before he/she/it ceases to be a member and of the costs, charges and expenses of winding up and for the adjustment of the rights of the contributories amongst themselves.

Energy Agency

Trustees Report (continued) (including Board of Directors report) for the year ended 31 March 2023

Board of Trustees

The trustees who are also the directors for the purposes of company law, and who served during the year were:

Councillor Philip Saxton

Mr Robert Crusher

Mr James Whiston

Mr Alastair Kay

Mr Norman Smith

Mr Paul Slater

Councillor Martin Kilbride (Appointed 26 May 2022)

Councillor Craig Mackay (Appointed 26 May 2022)

Ms Elaine Hutton (Appointed 17 August 2022)

Ms Clare Baird (Appointed 18 October 2022)

Councillor Ian Cochrane (Resigned 26 May 2022)

Ms Valerie Russell (Resigned 30 September 2022)

Dr Gary Tierney (Resigned 31 July 2022)

Mr Norman McLean (Resigned 24 November 2022)

Recruitment and appointment of the Trustees (Board of Directors)

The directors of the organisation are also charity trustees for the purposes of charity law.

Under the requirements of the Articles of Association the Appointed Trustees (Directors) are not subject to annual retiral but can be removed by written notice to the Company to that effect, signed on behalf of the member which appointed him/her. The Elected Directors retire on a three-yearly basis but can then be re-elected at the AGM at which they stand down. The Co-opted Directors also stand down on an annual basis but can be re-appointed. No member had any beneficial interest in the company.

The Energy Agency may have a maximum of twelve Trustees at any given time. The Board meets quarterly and are responsible for the strategic direction and policy of the charity. The Trustees are from a variety of professional backgrounds and have community experience relevant to the work of the charity.

A scheme of delegation is in place and the day to day responsibility for the provision of services rests with the senior management team. The senior management team is also responsible for ensuring that the charity delivers the services specified and that key performance indicators are met. The senior management team has responsibility for the day to day operational management of the organisation, supervision of the staff team covering working behaviour, achievement of targets and skills development. Quarterly reports are presented to the Board who have ultimate responsibility for supervision and control of the company's activities.

Trustee induction and training

Prior to appointment, potential Board Members receive information about the Energy Agency and about their responsibilities. On appointment the Board Members receive electronic information from Companies House and are welcome to visit the Energy Agency at any time.

They will also be provided with:

Energy Agency

Trustees Report (continued) (including Board of Directors report) for the year ended 31 March 2023

- The obligations of Board of Directors
- The main documents which set out the operational framework of the charity including the Memorandum and Articles of Association
- Resourcing and current financial position as set out in the latest published accounts
- Future plans and objectives

Update sessions are provided intermittently to all Board Members. Board Members and staff take part in a range of events.

The Energy Agency works in partnership with a wide range of organisations, including those organisations represented on the Management Board. These include the member organisations: NHS Trust, Community Councils, the Chamber of Commerce, South Ayrshire Council, Scotland's Rural College, utilities, energy professionals and housing providers. Other major partners include the Energy Saving Trust, the local authorities of North Ayrshire, East Ayrshire and Dumfries and Galloway, manufacturers, contractors, and installers. The assistance of Board Members and partners is essential to enable the delivery of services.

A member of the senior management team is a Member Director of Energy Action Scotland and a Member Director of Existing Homes Alliance. These organisations and alliances are essential to influence future Government strategy and associated funding for fuel poverty and carbon reduction. Official responses to consultations are regularly provided to the Scottish Government in the Energy Agency's own right and as part of consortium responses.

The Energy Agency is an associate member of Scottish Renewables Forum, the main body representing the renewable industry in Scotland. In order to continue to have a UK overview we have active connections with the Ashden Awards Alumni, this is a group of organisations involved in sustainability influencing UK government strategy.

The Trustees (Board Directors) of the Energy Agency are also Directors of Energy Agency Renewables Limited (SC651583) which is a subsidiary of the charitable company.

Disclosure of information to auditor

In so far as the trustees are aware, there is no relevant audit information of which the charitable company's auditor is 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 auditor is aware of that information.

The trustees report was approved by the Board of Trustees.

.....
Councillor Martin Kilbride
Trustee
7 September 2023



Energy Agency

Trustees Report (continued) (including Board of Directors report) for the year ended 31 March 2023

Trustees (Board of Directors) responsibilities statement

The Trustees (who are also Directors of Energy Agency 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 company 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 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK 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 charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time, the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). The Trustees 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.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is 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 auditor is aware of that information.

Energy Agency

Report of the independent auditors for the year ended 31 March 2023

Independent Auditors Report to the Trustees (Board of Directors) of Energy Agency

We have audited the financial statements of Energy Agency (the parent charitable company) and its subsidiary (the group) for the year ended 31 March 2023 which comprise the statement of financial activities, the balance sheets, the statement of cash flows and the related 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the groups and the parent charitable company's affairs as at 31 March 2023 and of the group's and the parent charitable company's incoming resources and application of resources including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and
- have been prepared in accordance with the Companies Act 2006; and the Charities and Trustee Investment (Scotland) Act 2005 and regulations 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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 group and parent 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt about the group or parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

Energy Agency

Independent auditors report for the year ended 31 March 2023

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 there is a material misstatement in the accounts or a material misstatement of the other information. 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 the audit:

- the information given in the trustees' report (incorporating directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included with the Trustees report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report including the Trustees Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees report; or
- the parent charitable company has not kept proper and adequate accounting records;
- the parent charitable company's 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' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the Trustees Responsibilities statement, the trustees, who are also the directors of the charitable company for the purpose of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees are responsible for assessing the group and 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 group or the parent 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

We have been appointed as auditor under Chapter 3 of Part 16 of the Companies Act 2006 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

- Enquiry of management, those charged with governance and the entity's solicitors around actual and potential litigation and claims;
- Enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- Reviewing minutes of meetings of those charged with governance; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charity's trustees, as a body, in accordance with regulation 10 of the charities Accounts Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matter we are required to state to them in an auditors' report and for not other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity trustees as a body, for our audit work, for this report, or for the opinions we have formed.



.....
Neil Reid FCCA (Senior Statutory Auditor)
For and on behalf of William Duncan + Co (Audit) Ltd
Chartered Accountants
Statutory Auditor
Ellersley House
30 Miller Road
Ayr, Ayrshire
KA7 2AY

8/9/23.
.....

Energy Agency

Consolidated Statement of financial activities (incorporating income and expenditure account) for the year ended 31 March 2023

	Note	2023 Unrestricted funds £	2023 Trading subsidiaries £	2023 Total Funds £	2022 Total Funds £
Income from:					
Charitable activities		10,758,221	-	10,758,221	8,710,419
Investment income		-	-	-	-
Turnover of trading subsidiaries		-	74,876	74,876	4,817
Total Income	4	10,758,221	74,876	10,833,097	8,715,236
Expenditure on:					
Charitable activities		10,881,454	-	10,881,454	8,767,251
Trading costs of subsidiaries		-	73,267	73,267	13,197
Total Expenditure	5	10,881,454	73,267	10,954,721	8,780,448
Net income / (expenditure)		(123,233)	1,609	(121,624)	(65,212)
Transfers between funds		-	-	-	-
Tax on profit on ordinary activities		-	-	-	-
Net movement in funds		(123,233)	1,609	(121,624)	(65,212)
Reconciliation of funds:					
Total funds at 1 April 2022		1,848,117	(11,303)	1,836,814	1,902,026
Total funds at 31 March 2023		1,724,884	(9,694)	1,715,190	1,836,814

All incoming resources and resources expended derive from continuing activities.

The statement of financial activities includes all recognised gains and losses in the current year.

The statement of financial activities also complies with the requirement for an income and expenditure account under the Companies Act 2006.

The notes on pages 25 to 36 form part of these financial statements

Energy Agency

Comparative Consolidated Statement of financial activities (incorporating income and expenditure account) for the year ended 31 March 2022

	Note	2022 Unrestricted funds £	2022 Trading subsidiaries £	2022 Total Funds £
Income from:				
Charitable activities	4	8,710,419	-	8,710,419
Investment income		-	-	-
Turnover of trading subsidiaries		-	4,817	4,817
Total Income		8,710,419	4,817	8,715,236
Expenditure on:				
Charitable activities	5	8,767,251	-	8,767,251
Trading costs of subsidiaries		-	13,197	13,197
Total Expenditure		8,767,251	13,197	8,780,448
Net income / (expenditure)		(56,832)	(8,380)	(65,212)
Transfers between funds		-	-	-
Tax on profit on ordinary activities		-	-	-
Net movement in funds		(56,832)	(8,380)	(65,212)
Reconciliation of funds:				
Total funds at 1 April 2021		1,904,949	(2,923)	1,902,026
Total funds at 31 March 2022		1,848,117	(11,303)	1,836,814

All incoming resources and resources expended derive from continuing activities.
The statement of financial activities includes all recognised gains and losses in the current year.
The statement of financial activities also complies with the requirement for an income and expenditure account under the Companies Act 2006.

The notes on pages 25 to 36 form part of these financial statements

Energy Agency

Charitable Company Statement of financial activities (incorporating income and expenditure account) for the year ended 31 March 2023

	Note	2023 Unrestricted funds £	2022 Unrestricted funds £
Income from:			
Charitable activities	4	10,758,221	8,710,419
Investment income		-	-
Total Income		10,758,221	8,710,419
Expenditure on:			
Charitable activities	5	10,881,454	8,767,251
Total Expenditure		10,881,454	8,767,251
Net income / (expenditure) for the year		(123,233)	(56,832)
Transfers between funds		-	-
Net movement in funds		(123,233)	(56,832)
Reconciliation of funds:			
Total funds at 1 April 2022		1,848,117	1,904,949
Total funds at 31 March 2023		1,724,884	1,848,117

Energy Agency**Consolidated Balance Sheet as at 31 March 2023**

	Note	31/03/23 £	31/03/22 £
Fixed Assets			
Tangible Assets	7	1,283,256	1,283,266
		<hr/>	<hr/>
		1,283,256	1,283,266
Current Assets			
Debtors	9	2,549,207	705,823
Cash at bank and in hand		393,025	587,146
		<hr/>	<hr/>
		2,942,232	1,292,969
Creditors: amounts falling due within one year	10	2,510,298	739,421
		<hr/>	<hr/>
Net current assets		431,934	553,548
		<hr/>	<hr/>
Total assets less current liabilities		1,715,190	1,836,814
Creditors: amounts falling due after more than one year		-	-
		<hr/>	<hr/>
Net assets		1,715,190	1,836,814
		<hr/>	<hr/>
Income funds			
<u>Unrestricted funds</u>			
Designated funds	11	-	-
General unrestricted funds		1,715,190	1,836,814
		<hr/>	<hr/>
		1,715,190	1,836,814
		<hr/>	<hr/>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the Board of Trustees and authorised for issue on the 7 September 2023 and signed on their behalf by:

.....
Councillor Martin Kilbride
Trustee
 Company number: SC191428



The notes on pages 25 to 36 form part of these financial statements.

Energy Agency

Charitable Company Balance Sheet as at 31 March 2023

	Note	31/03/23 £	31/03/22 £
Fixed Assets			
Tangible Assets	7	45,275	31,211
Investments	8	1	1
		45,276	31,212
Current Assets			
Debtors	9	3,807,329	1,961,477
Cash at bank and in hand		373,069	535,923
		4,180,398	2,497,400
Creditors: amounts falling due within one year	10	(2,500,790)	680,495
Net current assets		1,679,608	1,816,905
Net assets		1,724,884	1,848,117
Income funds			
<u>Unrestricted funds</u>			
Designated funds	11	-	-
General unrestricted funds		1,724,884	1,848,117
		1,724,884	1,848,117

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the Board and authorised for issue on the 7 September 2023 and are signed on their behalf by:

.....
Councillor Martin Kilbride
Trustee
Company number: SC191428



The notes on pages 25 to 36 form part of these financial statements.

Energy Agency**Consolidated Statement Cash flows as at 31 March 2023**

	31/03/2023	31/03/2022
	£	£
Cash flows from operating activities		
Cash (absorbed by)/generated from operations	(135,386)	673,357
Investing activities		
Purchase of tangible fixed assets	(58,735)	(1,176,981)
Interest received	-	-
Net cash used in investing activities	(58,735)	(1,176,981)
Net cash used in financing activities	-	-
Net (decrease)/increase in cash and cash equivalents	(194,121)	(503,624)
Cash and cash equivalents at beginning of year	587,146	1,090,770
Cash and cash equivalents at end of year	393,025	587,146

Energy Agency**Company Statement Cash flows as at 31 March 2023**

	31/03/2023	31/03/2022
	£	£
Cash flows from operating activities		
Cash (absorbed by)/generated from operations	(132,734)	(103,432)
Investing activities		
Purchase of tangible fixed assets	(30,120)	(7,415)
Interest received	<u>-</u>	<u>-</u>
Net cash used in investing activities	(30,120)	(7,415)
Net cash used in financing activities	<u>-</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents	(162,854)	(110,847)
Cash and cash equivalents at beginning of year	<u>535,923</u>	<u>646,770</u>
Cash and cash equivalents at end of year	<u><u>373,069</u></u>	<u><u>535,923</u></u>

1 Accounting policies

Charity Information

Energy Agency is a private company limited by guarantee incorporated in Scotland. The registered office is 2 Forbes Drive, Heathfield, Ayr, Ayrshire, KA8 9FG. The group consist of the Energy Agency and its subsidiary.

Accounting convention

The accounts have been prepared in accordance with the charitable company's Memorandum and Articles of Association, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as issued in October 2019 for accounting periods commencing from 1 January 2019). The charitable company is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charitable company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the results of Energy Agency and its subsidiary undertaking, Energy Agency Renewables Limited, as at 31 March 2023, using the acquisition method of accounting. The results of the subsidiary undertaking are included from the date of acquisition.

Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charitable group has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

Incoming resources

All incoming resources are included in the Statement of Financial Activities when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received. The following specific policies are applied to particular categories of income:

- Voluntary income is received by way of grants and donations which are included in full in the Statement of Financial Activities when receivable. Grants, where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant.
- Investment income is included when receivable
- Incoming resources from charitable trading activities are accounted for when earned.
- Incoming resources from revenue grants are recognised in the SOFA when the charity has entitlement. Capital grants are also recognised in the SOFA when the charity has entitlement; both are credited to reserves as appropriate to the nature and conditions attaching to the grant.

Energy Agency

Notes to the group financial statements for the year ended 31 March 2023 (Continued)

Resources Expended

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charged are allocated on the proportion of the asset's use.

Resources expended are included in the Statement of Financial Activities on an accrual's basis. All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly to others are apportioned on an appropriate basis, for example, floor areas, estimated usage or staff time.

Restricted funds

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and use of the restricted funds are set in the notes to the financial statements.

Designated funds

Designated funds comprise funds which have been set aside at the discretion of the trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

Unrestricted funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Tangible fixed assets and depreciation

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases;

Fixtures and Fittings	-	15% Reducing Balance
Office Equipment	-	25% Straight Line
Motor Vehicles	-	25% Reducing Balance
Plant and Turbine Equipment	-	3.33% Straight Line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

Impairment of fixed assets

At each reporting date the charitable group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exist, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial Instruments

The charitable company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charitable company's balance sheet when the charitable company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charitable company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

Payments to multi-employer defined benefit retirement schemes are charged as an expense as they fall due.

Tax status

The company is established with the Inland Revenue as a Scottish charity and subject to all its income being applied for charitable purposes, will be exempt from corporation tax.

Critical accounting estimates and judgements

In the application of the charitable company's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

2 Trustees emoluments

None of the trustees (or any person connected with them) received any remuneration or benefits from the charitable company during the year (2022: £ nil).

3 Employees

Staff costs consist of:

	Group and Charity 2023 £	Group and Charity 2022 £
Wages and salaries	1,324,489	1,078,618
Social security costs	139,044	114,599
Other pension Costs	241,224	190,185
	1,704,757	1,383,402

Included within wages and salaries are travel costs of £11,645 (2022 - £11,774).

The charitable company is a member of the Strathclyde Pension Fund which is a multi-employer defined benefit scheme providing benefits to participating employees based on final pensionable salary. The last actuarial valuation was carried out at 31st March 2020 with a surplus reported of £1,197 million and a funding level of 106%. The next actuarial valuation will be carried out at 31st March 2023 and available in 31st March 2024. At the date of approval, the annual accounts to 31st March 2023 have not been published. A published committee meeting minute (1st March 2023) reports to the 31st December 2022 a closing fund balance of £26,964 million (31/12/2021:£28.7billion, 31/03/2021:£26.8 billion) and total return for the year to 31st December 2022 was +2.1% (31/12/2021: +12.9%, 31/03/2021: +25.1%).

It is not possible for individual employers to identify its share of the underlying assets and liabilities. Contributions to the fund are determined by the scheme's actuary using the projected unit method and are charged to the SOFA. This spreads the cost of pensions over the expected remaining service lives of the employees. The contributions to the scheme are accounted for as if it were a defined contribution scheme. The cost recognised for the period in the SOFA is equal to the contributions payable to the scheme for the period.

The contribution rate payable by the charity is 19.3% of pensionable salary and there has been no correspondence received from actuaries indicating any allocated additional deficit reduction payments.

Energy Agency

Notes to the group financial statements for the year ended 31 March 2023 (Continued)

Number of Employees

The average monthly number of employees during the year was as follows:

	Group and Charity 2023 Number	Group and Charity 2022 Number
Advisory and administration	<u>37</u>	<u>34</u>

The number of employees whose annual remuneration was £60,000 or more were:

	2023 Number	2022 Number
£60,000 - £70,000	-	1
£70,000 - £80,000	-	1
£80,000 - £90,000	1	-
£110,000 - £120,000	1	-

Remuneration above is affected by the award of a backdated salary review for the period 1 April 2020 to 31 March 2023.

Of the employees whose emoluments exceed £60,000, 2 (2022: 2) have retirement benefits accruing under multi-employer defined benefit pension scheme.

4 Incoming Resources from Charitable Activities

	2023 £	2022 £
Home Energy Scotland funding	1,136,385	903,047
Scottish Government ABS schemes & L.A. funding	9,553,236	7,772,209
South Ayrshire Council education & CPD funding	15,000	15,000
Dundee City Council Monitoring programme	-	4,725
North Ayrshire Council education funding	4,000	8,500
Trading Subsidiary - Hydro Income	74,876	4,817
Energy Saving Trust – Energy Redress Crisis Scheme	-	6,938
Fermanagh & Omagh District Council	7,180	-
LA Flex Income	42,420	-
	<u>10,833,097</u>	<u>8,715,236</u>

Energy Agency

Notes to the group financial statements for the year ended 31 March 2023 (Continued)

5 Charitable activities

	2023 £	2022 £
<u>Costs directly allocated to activities:</u>		
Staff costs	1,662,433	1,345,851
Publicity expenses	54,928	38,136
Travel and subsistence	5,986	7,741
Staff training costs	10,344	7,501
Postage and stationery	6,686	4,585
Telephone	16,435	15,723
Subscriptions	8,281	8,684
Rent, insurance and cleaning	63,769	63,166
Depreciation and impairment	16,056	11,774
Repairs and renewals	6,783	8,914
IT Support	7,501	7,150
Recruitment expenses	1,670	1,997
Contractor costs	8,906,215	7,137,304
Consultancy costs	9,495	4,962
Trading Subsidiary	73,267	13,197
	<hr/>	<hr/>
	10,849,849	8,676,685
	<hr/>	<hr/>
<u>Support costs allocated to activities:</u>		
Wages and salaries	42,324	37,551
Legal and professional fees	8,839	19,578
Consultancy fees	6,066	3,547
Postage and stationery	6,111	8,318
Telephone and communications	5,478	5,240
Miscellaneous costs	1,548	1,019
Accountancy	25,006	20,510
	<hr/>	<hr/>
	95,372	95,763
	<hr/>	<hr/>
<u>Governance costs:</u>		
Audit fees	9,500	8,000
	<hr/>	<hr/>
Total	<u>10,954,721</u>	<u>8,780,448</u>

Energy Agency

Notes to the group financial statements for the year ended 31 March 2023 (Continued)

6 Taxation

As a result of the company's taxation status as indicated in the accounting policies note, no liability to corporation tax arises on the results for the year.

7 Fixed assets

Group and Charity	Parent Charity			Subsidiary	Group Total
	Fixtures & Fittings £	Office Equipment £	Motor Vehicles £	Plant & Turbine Equipment £	
Cost					
Cost at 01/04/22	10,544	108,921	11,079	1,252,055	1,382,599
Additions	-	30,121	-	28,615	58,736
Disposals	-	-	-	-	-
Cost at 31/03/23	10,544	139,042	11,079	1,280,670	1,441,335
Depreciation					
Depreciation at 01/04/22	4,680	86,148	8,505	-	99,333
Charge for year	880	14,533	644	42,689	58,746
On disposals	-	-	-	-	-
Depreciation at 31/03/23	5,560	100,681	9,149	42,689	158,079
Net Book Value As at 31/03/23	4,984	38,361	1,930	1,237,981	1,283,256
As at 31/03/22	5,864	22,773	2,574	1,252,055	1,283,266

The Plant & Turbine Equipment is entirely related to Energy Agency Renewables Limited.

Energy Agency

Notes to the group financial statements for the year ended 31 March 2023 (Continued)

8 Investments

Charity

	Group undertakings 2023 £
<u>Cost</u>	
At 1 April 2022 and 31 March 2023	1

Subsidiary undertakings

The principal undertakings in which the charitable company's interest in at the year end is 20% or more are as follows:

	Class of share capital held	Proportion of share capital held	Nature of business
Energy Agency Renewables Limited	Ordinary	100%	Currently trading – Environmental consulting activities & operation of Turbine

Energy Agency Renewables Limited, made a profit for the period ended 31 March 2023 of £1,609 (2022 - £8,380 loss). It had net liabilities of £9,693, at 31 March 2023 (2022 - £11,302). The trading subsidiary was incorporated on 14 January 2020 and is being used as an SPV for the Investment and operation of the Nethermills Hydro Project.

9 Debtors

	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Trade Debtors	1,129,899	198,306	1,129,899	198,306
Prepayments & accrued income	1,332,127	446,433	1,332,127	446,433
Other debtors	87,181	61,084	25,145	19,451
Amounts due from subsidiary	-	-	1,320,158	1,297,287
	<u>2,549,207</u>	<u>705,823</u>	<u>3,807,329</u>	<u>1,961,477</u>

During the year the charitable parent company advanced £22,871 (2022 - £778,075) to its subsidiary company. This amount is included within debtors at the year end totalling £1,320,158 (2022 - £1,297,287). This balance is interest free and repayable on demand.

Energy Agency

Notes to the group financial statements for the year ended 31 March 2023 (Continued)

9. Debtors (cont'd)

This balance consists of a formal £1,200,000 loan along with a short term working capital loan. As show in note 11, this project is now complete.

The trustee's expectation is that the entire loan will be repaid over a 20 year period now that the subsidiary is income generating. The repayment period will be monitored annually but with the anticipated 30 year life span of the Hydro Turbine, it is deemed fully recoverable. The trustees have agreed to support the subsidiary during this period.

10. Creditors: amounts falling due within one year

	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Trade Creditors	974,459	78,724	974,425	38,816
Accruals and deferred income	1,388,799	552,982	1,388,799	552,982
Other taxes and social security	137,566	88,697	137,566	88,697
Other creditors	9,474	19,018	-	-
Amounts due to subsidiary	-	-	-	-
	2,510,298	739,421	2,500,790	680,495

11 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

Charity	Balance at 1 April 2021 £	Resources expended £	Transfers £	Balance at 1 April 2022 £	Resources expended £	Transfers £	Balance at 31 March 2023 £
Nethermills Hydro Scheme	680,788	(778,075)	97,287	-	-	-	-

The above funds represented monies set aside from unrestricted funds by the Energy Agency's Board to support progress of the Nethermills Hydro Scheme. This project is now complete.

12 Related party disclosures

Controlling parties

The charitable company was controlled throughout the year by its Trustees (Board of Directors).

Related party transactions and balances

South Ayrshire Council

The charity received funding totalling £4,236,498 (2022: £3,083,576) from South Ayrshire Council; £15,000 (2022: £15,000) SLA funding, £4,221,498 (2022: £3,068,576) Scottish Government and Local Authority Funding for work on the ABS schemes projects inclusive of value added tax.

Included within Debtors at note 9 is a balance owed from South Ayrshire Council of £nil as at 31 March 2023, inclusive of value added tax (2022: £99,113).

Included within Accrued income at note 9 is a balance with South Ayrshire Council of £381,483 as at 31 March 2023, inclusive of value added tax (2022: £21,436).

Included within Deferred income at note 10 is a balance with South Ayrshire Council of £21,416 as at 31 March 2023, inclusive of value added tax (2022: £22,102).

During the year South Ayrshire Council provided HR support and Payroll. The service level agreement for these amounts to £6,120 per annum, (2022: £6,120), inclusive of value added tax.

At the year end the charity owed £275,694 to South Ayrshire Council in respect of HR support and payroll services provided (2022: £177,847)

At the date of signing, the three councillors disclosed as trustees were elected members of the local authority.

Ayrshire Housing

The charity received funding totalling £nil (2022: £38,558) from Ayrshire Housing for work done inclusive of value added tax in the year.

At the year end the charity owed £nil to Ayrshire Housing as at 31 March 2023 in respect of the above (2022: £nil).

At the date of signing, James Whiston was employed by Ayrshire Housing.

Ayrshire Chamber of Commerce

During the year, the charity incurred expenses of £620 (2022: £240) exempt of value added tax, as part of trading activities.

At the date of signing, Claire Baird was employed by the Ayrshire Chamber of Commerce.

Board Members

No expenses were reimbursed to Board Members in the year.

Energy Agency

Notes to the group financial statements for the year ended 31 March 2023 (Continued)

Remuneration of key management personnel

The remuneration of key management personnel is as follows:

	2023	2022
	£	£
Aggregate compensation	<u>264,861</u>	<u>189,077</u>

Aggregate compensation above is affected by the award of a backdated salary review for the period 1 April 2020 to 31 March 2023.

13 Commitments under operating leases

At the reporting end date the charitable company had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2023	2022
	£	£
Within one year	62,080	46,434
Between two and five years	136,362	11,157
In over five years	<u>171</u>	<u>857</u>
	<u>198,613</u>	<u>58,448</u>

14 Cash generated from group operations

	2023	2022
	£	£
Surplus /(Deficit) for the year	(121,624)	(65,212)
Adjustments for:		
Investment income recognised in statement of financial activities	-	-
Depreciation and impairment of tangible fixed assets	58,745	11,774
Movement in working capital:		
(Increase) /Decrease in debtors	(1,866,255)	1,541,427
(Decrease)/increase in creditors	1,793,748	(814,632)
Cash (absorbed by)/generated from operations	<u>(135,386)</u>	<u>(673,357)</u>

Energy Agency

Notes to the group financial statements for the year ended 31 March 2023 (Continued)

15 Cash generated from operations - company

	2023	2022
	£	£
Surplus/ (Deficit) for the year	(123,233)	(56,832)
Adjustments for:		
Investment income recognised in statement of financial activities	-	-
Depreciation and impairment of tangible fixed assets	16,056	11,774
Movement in working capital:		
(Increase)/Decrease in debtors	(1,845,852)	804,984
(Decrease)/increase in creditors	1,820,295	(863,358)
Cash (absorbed by)/generated from operations	<u>(132,734)</u>	<u>(103,432)</u>