

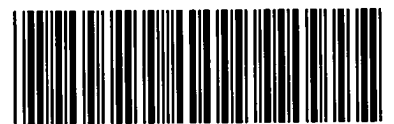
ENERGY AGENCY

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

Company Registration No. SC191428

Charity Registration No. SC029479

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Contents

Page:

2 - 3	Reference and administrative information
4 - 13	Trustees Report (including the Report of the Board of Directors)
14 - 17	Independent auditors report
18	Statement of financial activities (incorporating income and expenditure)
19 - 20	Consolidated and Company balance sheets
21 - 22	Consolidated and Company statement of cashflows
23 - 34	Notes to the group financial statements

Energy Agency

Reference and administrative information for the year ended 31 March 2021

Reference and administrative information

Charity Name

Energy Agency

Charity Number

SC029479

Company Number

SC191428

Board of Trustees

Cllr Ian Cochrane
Cllr Philip Saxton
Cllr Peter Convery
Robert Crusher
James Whiston
Valerie Russell
Dr Gary Tierney
Alastair Kay
Norman McLean
Norman Smith

Manager

Elizabeth Marquis

Registered Office/ Principal office

Watson Peat Building
Auchincruive
AYR, KA6 5HW

Secretary

Turcan Connell Company Secretaries Limited
Princes Exchange
1 Earl Grey Street
Edinburgh, EH3 9EE

(until 18th November 2020)

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

(from 18th November 2020)

Solicitors

Turcan Connell
Princes Exchange
1 Earl Grey Street
Edinburgh, EH3 9EE

(until 18th November 2020)

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

(from 18th November 2020)

Energy Agency

Reference and administrative information for the year ended 31 March 2021 (Continued)

Reference and administrative information

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

Kilpatrick & Walker
4 Wellington Square
Ayr
Ayrshire
KA7 1EN

Addelshaw Goddard
Cornerstone
107 West Regent Street
Glasgow
G2 2BA

Auditors

William Duncan + Co 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

Trustees Report (including Board of Directors report) for the year ended 31 March 2021

The Trustees are pleased to present their report together with the consolidated financial statements for the year ended 31 March 2021.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the Companies Act 2006, the Memorandum and Articles of Association, the Financial Reporting Standard for Smaller Entities (effective January 2015) 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. Currently, the mission is 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:

- Raise awareness of energy efficiency and renewable energy
- 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
- Promote energy efficiency and renewables in the business and local authority sectors
- Respond to UK and Scottish Government consultation documents to promote CO₂ reduction
- 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
- 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.

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.

The Scottish Energy Efficiency Programme (SEEP) is the overarching name of all the funded Scottish Government energy efficiency schemes. One of the major schemes : The Home Energy Efficiency Programme for Scotland: Area Based Scheme (HEEPS:ABS) is funded by Scottish Government and managed on behalf of the councils of South & East Ayrshire and Dumfries & Galloway. ABS 7 was completed in 2020. ABS 8 should be completed by 31st July 2021 due to delays caused by Coronavirus restrictions on construction. ABS 9 will follow ABS 8. 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. This work is progressing very well.

Results from the range of schemes are:

- 43,151 total customer advice interactions
- 4,862 energy efficiency referrals
- 531 households received specialist in home renewable energy advice or visits
- 24 business transport reviews conducted with identified annual savings of £475,822 and 1,279 tonnes CO2
- 240 Ebike loans provided
- 96 business audits conducted with identified annual savings of £656,352 and 1,428 tonnes CO2
- 38 community groups supported with 12 receiving CARES funding
- 792 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

The Bronze Award was originally attained in 2018 for the NHS Healthy Working Lives Award Programme and further work takes place each year to maintain the award. In 2020, 2 activities, 3 information campaigns, a mental health campaign and no smoking campaign were carried out online with staff. The award recognises we have addressed the needs of employee's health, safety and wellbeing in the workplace.

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 2021

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

Organisations suspended their award programmes in 2020 due to the pandemic.

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 fifteenth year. Background work involves identifying speakers, liaising with attendees, 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. Due to the pandemic, monthly sessions have taken place by Zoom which has seen a rise in number of attendees.

Consultancy

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

- Working with partners to progress the development of a Hydro scheme on the River Ayr.
- Building work on Nethermills Hydro Scheme has now commenced through our newly incorporated 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 IfDAS in developing their accommodation and other buildings at River Garden (Oswald Hall Gardens).

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. Communication has continued though no visits have taken place this year due to the pandemic.

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

Energy Agency Website

The website is regularly updated and constantly looks for areas of redevelopment.

Energy Agency

Trustees Report (continued) (including Board of Directors report) for the year ended 31 March 2021

Staff

The Energy Agency currently employs 32 (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 spending 8 weeks working in the Energy Agency each year. This was suspended this year due to the pandemic.

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 however, this year they did not take place due to 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. As lessons did not take place the competition took a different direction and opened to all primary age pupils. Winners were recognised at an online award ceremony in December, 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. 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 five years. We submitted a successful bid to continue with the project for two years and this has now been extended for a further year due to the pandemic.

The overall aim is to actively engage the staff and pupils in the task of saving energy and money. The model involves working 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 2020/21 Area Based Schemes for South Ayrshire, East Ayrshire and Dumfries and Galloway council areas. These schemes have continued to grow and now employ 8 full-time members of staff with an extremely high work delivery record.

The South Ayrshire Council SLA was renewed in 2020. A two-year contract with North Ayrshire Council for the delivery of work with teachers in cluster primary schools was awarded in 2020 (extended for a further year) Further work is also taking place with teachers in South Ayrshire Council to ensure that the Energy Agency is increasing the spread of sustainability messages.

The Energy Agency continues to run the Home Energy Scotland contract for southwest Scotland, this runs until March 2022. Annual variations do occur, but these are normally minor 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 southwest 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.

Energy Agency

Trustees Report (continued) (including Board of Directors report) for the year ended 31 March 2021

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 from RicardoAEA. The Project Officer is based at the Energy Agency. This contract is going back out to tender in 2021, however an extension has been provided for this work until September 2021.

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. 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 managed the SEEP projects and continues to manage the Area Based Schemes for South and East Ayrshire and Dumfries and Galloway Councils. The Area Based Schemes are now part of the Scottish Energy Efficient Programme Schemes which include contracts awarded directly from Scottish Government to the Energy Agency in addition to those contracts from local authorities. 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.

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 nondomestic sector. The Local Heat and Energy Efficiency Strategy (LHEES) and the Scottish Energy Efficiency Programme (SEEP) will put obligations on 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 will own the Nethermills Hydro scheme. The Energy Agency has continued to progress the Nethermills Hydro Scheme project and building work has begun. All consents have been received, planning permission, permission to feed power into the grid and Feed in Tariff registration. In order to utilise the Feed In Tariff, the Archimedes screw must be in place and commissioned by March 2022.

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 increasingly more work on the area based projects over the coming year, although actual 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 Trustees consider it prudent to hold a minimum of 6 months running costs within unrestricted general reserves which, based on current costs, equates to £759,800 (6 months). 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.

The income and expenditure account is included within the Statement of Financial Activities on page 14 and shows the surplus 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.

However, the Management Board's view is that it is now prudent to invest some of the reserves in the Nethermills Hydro Scheme to provide long term sustainability and a future income stream for energy efficiency projects. This will still allow a reasonable level of reserves.

Risk Management

The Trustees previously conducted a review of the major risks to which the charity is exposed. 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 2021

Coronavirus (COVID-19)

The Scottish Government and Energy Saving Trust remain committed to providing the HES service for 2020-21, with a budget of £786,870 agreed for the South West. Since the 17th March 2020, all staff working on the contract have worked from home. The telephone advice service has been rerouted to individual mobile phones and levels of staff performance and quality remain high. There has been no drop in service provision or delivery across the contract as a result of COVID-19.

The Scottish Government also remains committed to the delivery of Area Based Schemes (ABS) and increased its budget for the year 2020-21 to £55M across Scotland's 32 local authorities (previous year was £49M).

The Government is keen that Councils progress their programmes (new contracts were agreed in June 2020 for the following 15 months). On the existing programmes construction work was ordered to halt during March, April and May 2020. It gradually resumed in June through a phased plan of return introduced by the construction industry with backing from the Scottish Government.

As part of the return, the Government introduced a 9-page checklist for Councils to get ABS programmes back on site safely, with Contractors required to produce new Risk Assessments and Method Statements taking account of COVID-19.

The ABS programmes that the Energy Agency manage on behalf of South Ayrshire, East Ayrshire and Dumfries and Galloway, have been following Government advice and contractors have been back on site since June. All Energy Agency ABS staff work from home with the exception of the Quality Control officer and his assistant who since June are regularly visiting sites to check their compliance with quality and safety. ABS Coordinators hold virtual site meetings with Contractors via Zoom or MS Teams.

The Energy Agency continues to hold Managing Agent contracts for ABS programmes with the councils and has agreed Management Fees for 2020 - 2021. The fees have increased this year due to the increase in overall budgets from the Scottish Government. The number of Council Houses in the 2020-21 programmes will reduce however, as a result of East Ayrshire Council removing their housing budget from the programme due to COVID-related reasons. Our contract will continue as normal with East Ayrshire Council, but the focus will be on private housing funded by the Scottish Government ABS fund.

The Education projects will continue with the ongoing SLA from South Ayrshire and our contract with North Ayrshire running until the end of 2021. Services have also been adapted to reduce the need to go into schools.

Plans for Future Periods

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. The Energy Agency has won contracts to manage the continuation of Area Based Schemes for South Ayrshire, Dumfries and Galloway and East Ayrshire and the Home Energy Scotland contracts from the Energy Saving Trust. 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

Energy Agency

Trustees Report (continued) (including Board of Directors report) for the year ended 31 March 2021

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 investment opportunity for the long term future of sustainability in the South West.

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.

Board of Trustees

The following trustees have held office since 1 April 2020:

Cllr Ian Cochrane
Cllr Philip Saxton
Cllr Peter Convery
Robert Crusher
James Whiston
Valerie Russell
Dr Gary Tierney
Alastair Kay
Norman McLean
Norman Smith

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 retirement 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.

Trustee induction and training

Prior to appointment, potential Board Members receive information about the Energy Agency and about their responsibilities via email and other hard copy documentation prepared internally. 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:

- The obligations of Trustees (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 strategy events.

Organisational structure

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.

Related Parties

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.

The Energy Agency works in partnership with a wide range of organisations, in particular agencies represented by the Board including the member organisations: NHS Trust, Scottish Power, Community Councils, the Chamber of Commerce and 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 for the Energy Agency and Energy Agency Renewables Limited.

A member of the senior management team is a Member Director and holds the role of Convener of Energy Action Scotland and is 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 response 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 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 government strategy.

Trustees Report (continued) (including Board of Directors report) for the year ended 31 March 2021

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:

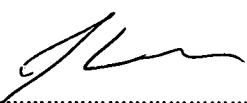
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material 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.

Approved by the Board of Trustees on 1 July 2021 and signed on its behalf by:


.....

Cllr Ian Cochrane

Trustee

1 July 2021

Energy Agency

Report of the independent auditors for the year ended 31 March 2021

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 2021 which comprise the consolidated Group statement of financial activities, the consolidated Group and Parent Charitable Company balance sheets and the related notes to the financial statements. 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 2021 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 6 and 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.

Independent auditors report for the year ended 31 March 2021

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.

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 directors remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or

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 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. 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;
- Reviewing and assessing the implications of COVID-19 including the working environment and remote working.

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.

Energy Agency

Independent auditors report (continued) for the year ended 31 March 2021

Use of our report

This report is made solely 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 charity's 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.

Alexander Dargie CA (Senior Statutory Auditor)

For and on behalf of William Duncan + Co Ltd

Chartered Accountants

Statutory Auditor

30 Miller Road

Ayr, KA7 2AY

13 July 2021

William Duncan + Co Ltd is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Energy Agency

Consolidated Statement of financial activities (incorporating income and expenditure account) for the year ended 31 March 2021

	Note	Unrestricted funds £	Restricted funds	Trading subsidiaries £	2021 Total Funds £	2020 Total Funds £
Income from:						
Charitable activities	4	7,041,885	24,207	-	7,066,092	9,331,388
Investment income		55	-	-	55	274
Turnover of trading subsidiaries		-	-	-	-	-
Total Income		7,041,940	24,207	-	7,066,147	9,331,662
Expenditure on:						
Charitable activities	5	7,003,890	24,207	-	7,020,597	9,153,920
Trading costs of subsidiaries		-	-	2,923	2,923	-
Total Expenditure		7,003,890	24,207	2,923	7,031,020	9,154,920
Net income / (expenditure)		38,050	-	(2,923)	35,127	176,742
Transfers between funds		-	-	-	-	-
Tax on profit on ordinary activities		-	-	-	-	-
Net movement in funds		38,050	-	(2,923)	35,127	176,742
Reconciliation of funds:						
Total funds at 1 April 2020		1,866,899	-	-	1,866,899	1,690,157
Total funds at 31 March 2021	14	1,904,949	-	(2,923)	1,902,026	1,866,899

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 23 to 34 form part of these financial statements

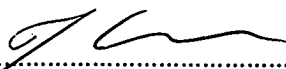
Energy Agency

Consolidated Balance Sheet as at 31 March 2021

	Note	31/03/21 £	31/03/20 £
Fixed Assets			
Tangible Assets	8	118,058	22,197
		<hr/>	<hr/>
		118,058	22,197
Current Assets			
Debtors	10	2,247,250	1,294,649
Cash at bank and in hand		1,090,770	2,108,696
		<hr/>	<hr/>
		3,338,020	3,403,345
Creditors: amounts falling due within one year	11	1,554,053	1,586,008
		<hr/>	<hr/>
Net current assets		1,783,967	1,817,337
		<hr/>	<hr/>
Total assets less current liabilities		1,902,025	1,839,534
Creditors: amounts falling due after more than one year		-	-
		<hr/>	<hr/>
Net assets		1,902,025	1,839,534
		<hr/>	<hr/>
Income funds			
<u>Unrestricted funds</u>			
Designated funds	13	680,788	852,635
General unrestricted funds		1,221,237	986,899
		<hr/>	<hr/>
		1,902,025	1,839,534
		<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 1 July 2021 and signed on their behalf by:


.....

Cllr Ian Cochrane

Trustee

Company number: SC191428

The notes on pages 23 to 34 form part of these financial statements.

Energy Agency

Charitable Company Balance Sheet as at 31 March 2021

	Note	31/03/21 £	31/03/20 £
Fixed Assets			
Tangible Assets	8	35,570	22,197
Investments	9	1	1
		35,571	22,198
Current Assets			
Debtors	10	2,766,461	1,322,013
Cash at bank and in hand		646,770	2,108,696
		3,413,231	3,430,709
Creditors: amounts falling due within one year	11	1,543,853	1,586,008
Net current assets		1,869,378	1,844,701
Net assets		1,904,949	1,866,899
Income funds			
<u>Unrestricted funds</u>			
Designated funds	13	680,788	852,635
General unrestricted funds		1,224,161	1,014,264
		1,904,949	1,866,899

The Board of Directors have prepared financial statements 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 1 July 2021 and are signed on their behalf by:



.....
Cllr Ian Cochrane

Trustees

Company number: SC191428

The notes on pages 23 to 34 form part of these financial statements.

Energy Agency

Consolidated Statement Cash flows as at 31 March 2021

	31/03/2021 £	31/03/20 £
Cash flows from operating activities		
Cash (absorbed by)/generated from operations	(912,981)	62,766
Investing activities		
Purchase of tangible fixed assets	(105,001)	(10,284)
Purchase of investments	-	1
Interest received	56	274
Net cash used in investing activities	(104,945)	(10,009)
Net cash used in financing activities	-	-
Net (decrease)/increase in cash and cash equivalents	(1,017,926)	52,757
Cash and cash equivalents at beginning of year	2,108,696	2,055,941
Cash and cash equivalents at end of year	1,090,770	2,108,696

Energy Agency

Company Statement Cash flows as at 31 March 2021

	31/03/2021	31/03/2020
	£	£
Cash flows from operating activities		
Cash (absorbed by)/generated from operations	(1,439,470)	62,766
Investing activities		
Purchase of tangible fixed assets	(22,512)	(10,284)
Purchase of investments	-	(1)
Interest received	56	274
Net cash used in investing activities	(22,456)	(10,011)
Net cash used in financing activities	-	-
Net (decrease)/increase in cash and cash equivalents	(1,461,926)	52,755
Cash and cash equivalents at beginning of year	2,108,696	2,055,941
Cash and cash equivalents at end of year	<u>646,770</u>	<u>2,108,696</u>

1 Accounting policies

Charity Information

Energy Agency is a private company limited by guarantee incorporated in Scotland. The registered office is Watson Peat Building, Auchincruive, Ayr, Ayrshire, KA6 5HW. 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 2021, 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.

The trustees have assessed and revised operational activities of the group as an initial reaction to the Coronavirus (Covid-19) outbreak and have continued to trade strongly due to surpluses made and reserves held. The management team and trustees have prepared cash flow forecasts for the period ending 12 months from the date of their approval of the financial statements and continue to monitor performance against such forecasts.

Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

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	-	2% Straight Line

Energy Agency

Notes to the group financial statements for the year ended 31 March 2021 (Continued)

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).

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.

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 grants, where related to performance and specific deliverables, are accounted for as the charity earns the right to consideration by its performance.

Resources Expended

Resources expended are included in the Statement of Financial Activities on an accruals 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, others are apportioned on an appropriate basis, for example, floor areas, estimated usage or staff time.

Restricted funds

Restricted funds are to be used for specified purposes as laid down, implicitly or explicitly, by the donor. Expenditure which meets these criteria is identified to the fund, together with a fair allocation of overhead and support costs.

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 comprise donations and other incoming resources received or generated for charitable purposes. Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

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.

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.

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.

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.

Notes to the group financial statements for the year ended 31 March 2021 (Continued)

Retirement benefits

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

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 (2020: £ nil).

3 Employees

Staff costs consist of:

	Group and Charity 2021 £	Group and Charity 2020 £
Wages and salaries	1,009,056	1,011,709
Social security costs	97,768	95,594
Other pension Costs	166,544	168,737
	1,273,368	1,276,040

Included within wages and salaries are travel costs of £5,456 (2020 - £28,185).

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%. At the 31st March 2019 the funding level was 110.2%. The next actuarial valuation will be carried out at 31st March 2022 and available in 31st March 2023. *At the date of approval the annual accounts to 31st March 2021 have not been published. A published committee meeting minute reports to the 30th April 2021 a closing fund balance of £26.8billion (31/03/2020 :£20.9 billion) and total return for the year to 30th April 2021 was +25.1% (31/03/2020: -3.5%).*

Notes to the group financial statements for the year ended 31 March 2021 (Continued)

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.

Number of Employees

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

	Group and Charity 2021 Number	Group and Charity 2020 Number
Advisory and administration	<u>32</u>	<u>33</u>

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

	2021 Number	2020 Number
£60,000 - £70,000	-	1
£70,000 - £80,000	2	1

Of the employees whose emoluments exceed £60,000, 2 (2020: 2) have retirement benefits accruing under multi-employer defined benefit pension scheme.

4 Incoming Resources from Charitable Activities

	2021 £	2020 £
Home Energy Scotland funding	857,534	857,073
Scottish Government ABS schemes & L.A. funding	6,160,726	8,138,086
South Ayrshire Council education & CPD funding	15,000	15,000
Dumfries & Galloway Council Fuel Poverty	-	96,186
North Ayrshire Council education funding	8,625	3,875
North Ayrshire Council Monitoring programme	-	11,680
South Lanarkshire Council Monitoring programme	-	21,690
Scotland's Energy Efficiency Programme funding	-	5,088
Energy Efficient Scotland funding	-	182,500
Other consultancy & project funding	-	210
Energy Saving Trust – Energy Redress Crisis Scheme (Restricted fund)	24,207	-
	<u>7,066,092</u>	<u>9,331,388</u>

5 Charitable activities

	2021	2020
	£	£
<u>Costs directly allocated to activities:</u>		
Staff costs	1,241,052	1,245,328
Publicity expenses	49,608	42,948
Travel and subsistence	5,782	8,298
Staff training costs	8,806	7,352
Postage and stationery	14,103	28,412
Telephone	15,033	12,271
Subscriptions	7,703	6,381
Rent, insurance and cleaning	60,481	60,739
Depreciation and impairment	9,138	5,922
Repairs and renewals	6,715	11,558
IT Support	7,150	6,600
Recruitment expenses	1,380	1,044
Contractor costs	5,484,287	7,641,075
	6,911,238	9,077,928
<u>Grant funding of activities:</u>		
Grants payable to individuals – Energy Redress Crisis	24,207	-
	24,207	-
<u>Support costs allocated to activities:</u>		
Wages and salaries	32,316	30,712
Legal and professional fees	16,252	3,147
Consultancy fees	5,100	5,051
Postage and stationery	8,637	8,590
Telephone and communications	5,011	4,090
Miscellaneous costs	1,060	3,090
Accountancy	16,776	15,812
	85,152	70,492
<u>Governance costs:</u>		
Audit fees	7,500	6,500
Total	7,028,097	9,154,920

Energy Agency

Notes to the group financial statements for the year ended 31 March 2021 (Continued)

6. Grants payable

	2021 £	2020 £
Grants to individuals	24,207	-

Grants payable

The grants above totalling £24,207 are made to individuals on successful criteria application to the Energy Agency for the Energy Redress Crisis Scheme as disclosed in the restricted funds at note 14 of the financial statements.

7 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.

8 Fixed assets

Group and Charity

	Fixtures & Fittings £	Office Equipment £	Motor Vehicles £	Plant & Turbine Equipment £	Total £
Cost					
Cost at 01/04/20	5,094	85,385	11,079	-	101,558
Additions	5,450	17,062	-	82,489	105,001
Disposals	-	(941)	-	-	(941)
Cost at 31/03/21	10,544	101,506	11,079	82,489	205,618
Depreciation					
Depreciation at 01/04/20	2,668	70,192	6,503	-	79,363
Charge for year	977	7,016	1,144	-	9,137
On disposals	-	(941)	-	-	(941)
Depreciation at 31/03/21	3,645	76,267	7,647	-	87,559
Net Book Value					
As at 31/03/21	6,899	25,239	3,432	82,489	118,059
As at 31/03/20	2,427	15,194	4,576	-	22,197

Energy Agency

Notes to the group financial statements for the year ended 31 March 2021 (Continued)

9 Investments

Charity

**Group
undertakings
2021
£**

Cost

At 1 April 2020 and 31 March 2021

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

Energy Agency Renewables Limited, made a loss for the period ended 31 March 2021 of £2,923. It had net liabilities of £85,411, at 31 March 2021. The trading subsidiary was incorporated on 14 January 2020 and is being used as an SPV for the Investment of the Nethermills Hydro Project.

10 Debtors

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Trade Debtors	865,415	513,055	865,415	513,055
Prepayments and accrued income	1,365,346	780,494	1,365,346	780,494
Other debtors	16,488	1,099	16,488	1,099
Amounts due from subsidiary	-	-	519,212	27,365
	2,247,249	1,294,648	2,766,461	1,322,013

Notes to the group financial statements for the year ended 31 March 2021 (Continued)

11 Creditors: amounts falling due within one year

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Trade Creditors	69,475	675,569	59,275	675,569
Accruals and deferred income	1,412,967	826,835	1,412,967	826,835
Other taxes and social security costs	71,610	83,603	71,610	83,603
Other creditors	-	-	1	1
Amounts due to subsidiary	-	-	-	-
	1,554,053	1,586,008	1,543,853	1,586,008

12 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpected balances of donations and grants held on trust for specific purposes.

Charity	Balance at 1 April 2020 £	Incoming resources £	Resources expended £	Balance at 31 March 2021 £
Energy Saving Trust – Energy Redress Crisis Scheme	-	24,207	(24,207)	-

Energy Saving Trust - Energy Redress Crisis Scheme - This was a grant giving scheme which amounted to £89,178 however due to a low uptake in the restricted times frame £64,971 was returned to the Energy Saving Trust and the remaining £24,207 was paid out to individuals in the financial year through Pay point vouchers as noted above.

13 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 2019 £	Resources expended £	Balance at 1 April 2020 £	Resources expended £	Transfers £	Balance at 31 March 2021 £
Nethermills Hydro Scheme	880,000	(27,365)	852,635	(491,847)	320,000	680,788

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 being undertaken by the newly incorporated subsidiary.

14 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 £1,729,317 (2020: £2,923,249) from South Ayrshire Council; £15,000 (2020: £15,000) SLA funding, £1,714,317 (2020: £2,908,249) Scottish Government and Local Authority Funding for work on the ABS schemes projects exclusive of value added tax.

Included within Debtors at note 11 is a balance owed from South Ayrshire Council of £561,712 as at 31 March 2021, inclusive of value added tax (2020: £191,743).

During the year South Ayrshire Council provided HR support and Payroll. The service level agreement for these amounts to £5,100 per annum, (2020: £5,000), exclusive of value added tax.

At the year end the charity owed £nil to South Ayrshire Council in respect of HR support and payroll services provided (2020: £nil)

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 £20,348 (2020: £238,086) from Ayrshire Housing for work done exclusive of value added tax in the year.

During the year the charity facilitated a contract on behalf of Ayrshire Housing who contracted work amounting to £20,348 (2020: £238,086).

At the year end the charity owed £nil to Ayrshire Housing as at 31 March 2021 in respect of the above (2020: £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 £240 (2020: £630) exempt of value added tax, as part of trading activities.

At the date of signing, Valerie Russell was employed by the Ayrshire Chamber of Commerce.

Board Members

No expenses were reimbursed to Board Members in the year.

14 Related party disclosures (cont'd)

Remuneration of key management personnel

The remuneration of key management personnel is as follows:

	2021	2020
	£	£
Aggregate compensation	<u>196,118</u>	<u>183,497</u>

15 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:

	2021	2020
	£	£
Within one year	47,128	53,131
Between two and five years	<u>11,475</u>	<u>22,090</u>
	<u>58,603</u>	<u>75,221</u>
Other		
Expiring in less than one year	5,976	650
Expiring in two to five years	4,145	19,637
Expiring in more than five years	<u>1,957</u>	<u>-</u>

16 Capital Commitments

Amounts contracted for but not provided in the financial statements:

	2021	2020
	£	£
Acquisition of tangible fixed assets	<u>65,000</u>	<u>-</u>

17 Events after the reporting date

In addition to the commitments noted at note 16, the entity has committed to a further £214,356 in contracts for the acquisition of plant and building contracts for the ongoing Nethermills Hydro Project within Energy Agency Renewables Limited.

At the date on which the financial statements were approved, the financial implications arising from the Coronavirus (Covid-19) outbreak, which has affected the UK, continue to be uncertain. The Management team has reviewed the operational activities and forecasts for an anticipated change in the company's operational activities in the short term and the Trustees (Board of Directors) are satisfied that the company remains a going concern.

Notes to the group financial statements for the year ended 31 March 2021 (Continued)

18 Cash generated from group operations

	2021	2020
	£	£
Surplus for the year	35,127	176,742
Adjustments for:		
Investment income recognised in statement of financial activities	(55)	(274)
Depreciation and impairment of tangible fixed assets	9,138	5,922
Movement in working capital:		
(Increase) in debtors	(925,236)	(396,781)
(Decrease)/increase in creditors	(31,955)	277,157
Cash (absorbed by)/generated from operations	<u>(912,981)</u>	<u>62,766</u>

19 Cash generated from operations - company

	2021	2020
	£	£
Surplus for the year	38,050	176,742
Adjustments for:		
Investment income recognised in statement of financial activities	(55)	(274)
Depreciation and impairment of tangible fixed assets	9,138	5,922
Movement in working capital:		
(Increase) in debtors	(1,444,448)	(396,781)
(Decrease)/increase in creditors	(42,155)	277,157
Cash (absorbed by)/generated from operations	<u>(1,439,470)</u>	<u>62,766</u>