# Energy 4 Impact
# Reports and Financial Statements
# 31 March 2020

Company no: 05762919
Charity no: 1119168

## Reference and Administrative details

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

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| **Company no**: | 05762919 |
| **Charity no:** | 1119168 |
| **Principal Office**: | Suite 9, 3rd floor,<br>32 Bedford Row,<br>London WC1R 4HE |
| **Registered Office:** | 10 Queen Street Place<br>London<br>EC4R 1BE |
| **Trustees:** | Anthony Marsh<br>Sheila Oparaocha<br>Dianne Rudo<br>Richenda Van Leeuwen<br>Emma Myall-Schofield<br>Katrina Pielli *(from June 2020)* |
| **Chief Executive Officer**: | Ben Good |
| **Bankers:** | HSBC Bank Plc<br>60 Queen Victoria Street<br>London EC4N 4TR |
| **Solicitors:** | Bates Wells Braithwaite<br>10 Queen Street Place<br>London EC4R 1BE |
| **Auditor:** | Crowe U.K. LLP<br>St Brides House<br>10 Salisbury Square<br>London EC4Y 8EH |

**Energy 4 Impact**

**Report of the Trustees**

**For the year ended 31 March 2020**

The Trustees present their report and the audited financial statements for the year ended 31 March 2020.

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

## History, structure, governance and management

### History

Energy 4 Impact, formerly known as GVEP International (GVEP), was established as a UK charity in 2007 by the Global Village Energy Partnership, an energy initiative created at the 2002 Johannesburg Summit for Sustainable Development and supported by the World Bank, USAID and the UK and Dutch governments.

### Structure

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

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

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

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

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

### Governance and management

The governing body of the Charity is the Board of Trustees, and which meets approximately eight times per year. Anthony Marsh is the Chair and the Chief Executive Officer is Ben Good, who joined in March 2011.

The Board has one sub-committee, the Finance and Audit Committee, which is responsible, on behalf of the Board of Trustees, for ensuring that there is a framework for accountability, for examining and reviewing all systems and methods of financial control including risk analysis and risk management, and for ensuring that the Charity is complying with relevant financial regulations and good practice. All other aspects of governance, risk and general management, including strategy, policy and remuneration, are determined by the Board of Trustees as a whole.

The membership of the Board of Trustees of Energy 4 Impact during the year was as follows:

- Anthony Marsh
- Sheila Oparaocha
- Dianne Rudo
- Richenda Van Leeuwen
- Emma Myall-Schofield

New trustees meet with the CEO before starting their tenure in order to afford them the opportunity to understand the organisation and its values. Each trustee is presented with a Charity Trustees guide that explains their responsibilities and potential liabilities as a trustee of a UK charity. In addition, trustees are regularly provided with information on programme and project progress during Board meetings.

The Charity's Head Office is in London, while its Africa Regional Office is in Nairobi, Kenya. The CEO leads a Senior Management Team comprising senior managers from the London, Nairobi and Dakar offices As at 31 March 2020, Energy 4 Impact had 67 employees across five countries: UK (3 staff), Kenya (26 staff), Tanzania (6 staff), Rwanda (15 staff) and Senegal (17 staff), plus another 12 individuals working with us as consultants on an ongoing basis.

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

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

### Related parties and connected organisations

During the year there were no related party transactions. See note 18 in the financial statements.

### Risk and internal control

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

The global Covid-19 pandemic is a source of considerable uncertainty and has the potential to impact all kinds of risks faced by the organisation. Health and safety risks include our staff contracting the disease whilst working for Energy 4 Impact, and transmitting it to colleagues, family members, members of the communities where we serve and other stakeholders. Financial risks include early termination of existing contracts, delays or cancellations of new projects, additional expenditure not recoverable through existing grant agreements and increased exchange rate volatility. Programme risks include reduced results' delivery due to the impacts on field operations of the measures introduced to manage health risks, and due to effects on the businesses we support and work with (including falling sales, reduced organizational and staff capacity, and disrupted supply chains).

To the extent that all these risks have a potential financial impact, the Board has incorporated a reasonable assessment of their potential impacts, taking both project-by-project and whole-organisation perspectives, into the preparation of Energy 4 Impact's financial plans for the next twelve months.

We are taking a range of measures to monitor and manage these risks. We have been in regular contact with our donors to secure their support for the impacts on, and actions required for, individual projects. We initiated organization-wide "lockdown restrictions" from 16 March 2020, and have developed detailed procedures for managing phased modifications of those restrictions as local conditions allow. We have been somewhat fortunate in that an unusually high (for us) proportion of our current workload is capable of being delivered by desk-based support and has therefore been relatively less disrupted. For more field-based activities, relying on remote service delivery is more difficult, but our donors have to date been supportive of our proposals where needed to amend project plans and targets to accommodate the effects of the virus. To support staff working from home we have helped with necessary IT arrangements, we have launched a small emergency loan facility to help our staff's families suffering from short term financial pressures, and we have surveyed staff to get their feedback on the support we have provided. The Board meets every two months to review the impacts of the pandemic on our staff, on projects' performance and on our financial position.

With respect to the ordinary course of business, the key risks faced by the organization are prioritised and monitored by management and the Trustees throughout the year. These include:

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

- Managing expenditure. If costs are incurred which are out of scope of existing programme funding agreements, then such costs have to be funded out of unrestricted reserves. To manage this risk, we have developed procedures to ensure the financial and commercial risks of project agreements are properly understood at the outset of new projects. At each Board meeting the financial position of projects in the management accounts is considered, and project managers are made accountable for managing expenditure and procurements in line with the underlying funding agreement.

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

- Threats to staff safety arising from security incidents. Staff are at personal risk if exposed to criminal, political or terrorism-related violence, which is a possibility in any of our places of operation, despite the fact that we do not generally operate in high-conflict regions. A set of policies and procedures are in place to enable Energy 4 Impact to minimise the risk to staff, and to respond to events or changing security risks in real time as they arise, and staff are trained about this risk and these policies and procedures.

- Fraud/misappropriation of resources. If funds are stolen by one or more members of staff, this diverts resources away from achieving our impacts, it could damage our reputation with donors, as well as demoralise staff, and, if there is a resulting loss which is funded by unrestricted reserves, damages our financial position. To manage this risk, a range of financial controls are in place and subject to regular checking and external audit, most expenditure is controlled directly by finance teams in Nairobi and London with appropriate separation of roles, external procurements are conducted in line with international standards, and the control regimes in potential partners/sub-grantees are carefully reviewed.

- Foreign exchange. Where a project is funded in one currency, often US dollars, British pounds, Euros or some other donor country currency, but its costs are mainly in a different currency, (typically that of the country where the project is being implemented), then there is a risk that an adverse exchange rate movement will result in its costs not being fully funded. To manage this risk, project managers are tasked with managing the project to budget in the donor currency, and where appropriate for sub-grant agreements to be in the donor currency.
- Safeguarding. If an employee of Energy 4 Impact (or of a subcontractor or partner) engages in exploitative behaviour targeting more a vulnerable person, (perhaps a more junior member of staff or a beneficiary), then this poses an unacceptable risk to the target of that behaviour and a severe reputational risk to Energy 4 Impact. To manage this risk, Energy 4 Impact has implemented applicable policies and procedures, and increased relevant staff education and training.

## Our Vision

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

We also recognise that energy access is not an end in itself; it is about the benefits it can deliver, for example in relation to education, livelihoods, quality of life, etc. Indeed, many of the other SDGs cannot be delivered without energy. In particular, as the world grapples with the public health and economic consequences of the pandemic, access to clean energy can play a critical role in improving populations' health, in the functioning of healthcare systems, and in enabling economic recovery. That is why we decided to include "Impact" in our name when we rebranded in 2016, and are increasingly grouping our work in four strategic themes:

- **Resilience:** climate change will have increasingly severe consequences for people's daily lives. The impact of more regular droughts on smallholder farmers is an obvious example. Often these impacts are most severe on those who are already the most vulnerable. So, how, and with what technologies, can better energy access mitigate some of those problems?
- **Women's empowerment:** when women are given the opportunity to participate in, and contribute to, economic growth, that is not only intrinsically fairer, but it also results in better outcomes for the community as a whole. That is a strong argument in any sector, but in the case of energy, where the costs of poor access often fall disproportionately on women and girls, it has a particular resonance. So, what can we do, in our work developing off-grid energy markets and productive uses, to enhance gender equity?
- **Livelihoods:** ending poverty and achieving equitable economic growth means creating income earning opportunities for all people. That requires functioning markets for all kinds of products and services, which in turn requires things to be in place like the right infrastructure, supply chains, capital and skills. And amongst those is energy, because few businesses can operate without it. So, how can better energy access be combined with other things to enhance livelihoods' opportunities?
- **The Poor and the Vulnerable:** even as economies develop, and off-grid energy markets grow, some groups in society can get left behind, because of who they are, or where they live, or how little they possess. They might be refugees, or slum-dwellers, or people living in remote rural areas. But most people want economic development to be fair, to leave no one behind. So, what should be energy access' contribution to achieving social equity?

## Activities

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

In the course of the year, we supported 1,770 enterprises, of which 59% were led by women. Their growth resulted in the creation of 1,950 new jobs, and meant that 545,000 people were provided with improved access to energy.

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

A common theme of our programmes is our focus on supporting the growth of micro-, small- and medium-sized businesses by providing training, mentoring and advice on technical, supply chain and general business matters, as well as helping them to secure access to capital. We apply this common theme, not in a standard project design, but across a range of innovative contexts, in which we try to "push the boundary" of the market-based approach to tackle newly identified challenges in our sector. Examples of these challenges include:

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

This is an approach which works. We estimate that to date over 18.1 million people have benefitted from better energy access as a result of the expansion of businesses we have supported, with 12,300 jobs created and 13.4 million tonnes of $CO_2$ emissions avoided.

Although our projects are quite varied, they have in common the goals of helping more people to access clean energy, creating jobs and reducing $CO_2$ emissions. That means our overall achievements can be measured against these broader themes, rather than by each specific project area. For a full list of our current projects and funders see pages 13-14.

### Micro-enterprise support

During the year, we have worked with over 1,400 of these small operations, which typically employ between one and four people. All of these enterprises are African-led. Examples of the types of business we support are makers of efficient cook stoves or fuel briquettes and providers of small solar-powered services.

We assign each micro-business a mentor, one of our African staff with a university degree, good connections in the locality and relevant experience.

Each mentor gives one-to-one bespoke support, travelling to meet each business every few weeks with phone support in the interim. During the lockdown restrictions of the pandemic, these activities have been undertaken remotely; as national restrictions are starting to relax in different countries, we have established a decision framework to determine when, and with what conditions, different mentor teams can resume their field activities. Every business is different but typical activities include helping people to understand their true costs to support their pricing strategy, helping them to access loans, (often from local microfinance institutions), and linking small businesses together to establish reliable supply chains.

**Small and medium enterprise support**

These are companies which employ between 10 and 200 staff and have the potential to scale up their business significantly. During the year, we have worked with 340 of these companies. The types of businesses we support include solar system suppliers, solar mini-grids, small hydro power project developers, and suppliers or customers of small solar-powered services or manufacturing businesses. We advise on capital raising (preparing the investment case, identifying and introducing investors, banks, etc. and subsequent transaction support), and on other business issues (e.g. distribution strategy, expansion to new markets, partnering, competitor analysis, pricing and regulation).

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

In addition, this year we started providing advisory services and incubation support to a wide range of energy access start-up businesses which have received grants from Innovate UK's Energy Catalyst programme. There are over 140 of these projects, many of them led by UK-based teams, and our role is to advise them as they prepare to commercialise their ideas in Africa's energy access markets. In other programmes, we have helped SMEs on issues such as field trials of equipment, developing new routes to rural markets, accessing business opportunities in the humanitarian sector, and capital raising via crowdfunding platforms.

**Job Creation**

In order for our work to be self-sustaining and provide wider benefits to local communities we also aim to create new local employment. This employment can occur directly as new jobs are created within the businesses we support, and also indirectly as a result of the increased access to energy, leading to greater economic activity in communities. Access to electricity can create significant economic opportunities as opening hours are extended and productivity increased, and both new and existing businesses can increase output and diversify their services or products. Having said that, we only measure direct job creation, so the 1,950 new jobs that we helped to create last year is an underestimate of the employment impact of our work.

**Access to Finance**

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

- Collaborating with a local microfinance institute to enable lending to rural businesses who needed to buy equipment in order to capitalize on the benefits of new power supply;
- Underwriting the credit risk for energy product suppliers to sell on credit to micro-enterprises we work with;

- Providing an array of investment readiness, investor introduction, and transaction support services to help SME clients across east Africa, and mini-grid clients throughout Africa, raise capital;
- Using crowdfunding platforms to accelerate the flow of capital into energy access businesses worldwide, through two programmes, both supported by DFID. Our CrowdPower programme works with multiple platforms, to test new ways for concessional finance to enhance the efficacy of crowdfunding campaigns. We work also with Energise Africa, a specialist platform enabling the UK "crowd" to invest in the working capital needs of so-called Pay As You Go (PAYG) solar home system suppliers. These suppliers sell systems to households on credit; who then pay for the systems over time using mobile money, and the credit risk is managed by the systems switching themselves off if the household falls behind in payments. This combination of credit, enabling affordability for customers, and technology, and reducing credit risk for suppliers, is having a powerful effect on the growth of the market for the systems, which in turn is driving a significant demand by these companies for working capital. Both of these programmes have also recently been instrumental in raising emergency finance for companies dealing with the consequences of the pandemic. Taken together, these initiaives have raised over $15m, contributed to increased energy access for over 800,000 people.
- Targeted use of cash transfers to the poorest members of society to improve the affordability of consumer credit packages associated with the PAYG industry.
- With another firm, we are working on the feasibility study for a scheme to incentivize private investment in the mini-grid sector in Uganda.
- Design of a so-called "first loss guarantee facility" which would help increase the attractiveness to lenders of lending to the energy access sector.
- Review of the capital markets landscape for companies seeking to raise capital to develop businesses based on the latest in clean cooking solutions.

**Productive Use of Energy**

When a project provides power to a community for the first time, there is an opportunity to grow the small businesses in that community, with their increases in activity powered by the new electricity supply. This so-called productive use of energy is key to realising the project's full potential economic benefit to the community, as well as to improving the project's economics by expanding the small business demand for their power.

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

Much of our work in this area originated with our interest in improving the commercial viability of mini-grids – community scale systems, often solar-powered, targeting the power needs of all or most of a village – by boosting daytime power demand. Accordingly, this has been a significant component of our work on our mini-grid oriented programmes for AfDB, Sida and the Rockefeller Foundation. But we have approached the issue from other angles as well. For example, we have been implementing, for DFID and the IKEA Foundation, a new grant-funding mechanism and partnering scheme designed to support companies and others which have plans to maximize the economic benefits impacts of energy access.

We also see significant scope to promote productive uses not in off-grid settings, but in association with the extension of the main grid, in villages which have recently been connected. Our work in Tanzania on this concept, undertaken this year, demonstrated highly attractive ratios of socioeconomic value generated to project implementation cost. In another project we showed how investing in behavioural change initiatives to increase the levels of adoption of new connections by households can have a significant beneficial impact on the unit costs of infrastructure per connection achieved. Our expertise is thereby being used to enhance the beneficial impact of grid-based rural electrification, even though we are primarily an off-grid markets specialist. We see this as very much in line with the "impact" focus of our name, and fitting well with our overall mission.

**Encouraging the Role of Women in Enterprise**

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

Nevertheless, energy value chains do represent an opportunity for increasing women's economic empowerment, and historically, we have set ourselves a goal that 50% of the enterprises we support should be led by women. This year we exceeded this goal with 59% of the over 1,700 businesses supported being led by women.

This is largely because we have had in the course of the year several programmes which have focused exclusively on developing opportunities for women-led micro-enterprises, either as participants in the small scale solar and clean cooking sectors, or as "productive use" businesses, (using power to expand their small service/manufacturing/processing businesses). In Kenya and Tanzania, we have been managing a successful project supported by The Adventure Project, and (in Kigoma, Tanzania), by UN Women. In Senegal, our Women's Economic Empowerment project is evolving from an initial focus on opportunities in small scale solar and clean cooking, to a broad spread of productive use business opportunities, in particular associated with agricultural value chains. This work has benefited significantly by a renewal of our contract with Energia, supported by the Swedish government, with a number of additional contracts with GIZ, FAO and Deliver for Good. With support from the Millennium Challenge Commission, we have been undertaking a similar project in Benin, focusing on women-led initiatives in a range of medium-sized energy-related and productive use businesses..

**Humanitarian Sector**

With UNHCR reporting 79.5 million forcibly displaced people worldwide, energy in the humanitarian sector is a key issue.

The Moving Energy Initiative, a programme led by Energy 4 Impact and funded by DFID, completed its final reports of its latest phase early in the year. The programme was highly successful in raising the profile of the opportunity to improve the way energy services and energy access are delivered in humanitarian settings. This was through a combination of high level research and advocacy, and practical, on-the-ground implementation, in particular focused on trialing market-led approaches to increasing the participation of the private sector. We supported the development of solar-powered entrepreneur activities in refugee camps in Kenya and Burkina Faso, improvements in energy efficient building design in Jordan, solar power for a health clinic in a Kenya refugee camp and a hospital in Jordan. We have also helped a PAYG solar company to set up operations in the Kenya camp. We have also prepared reports on the development of different public-private partnership models for managing energy infrastructure in camps, on the economics of a mini-grid in one particular camp, and on the potential role of financial innovation in funding humanitarian energy projects.

We are now building on this experience. We are working on an IKEA Foundation-funded prgramme in three refugee camps in Rwanda, helping about 150 refugee entrepreneurs establish or grow their productive use businesses. Furthermore, in Uganda we have been implementing, with a partner, a USAID-funded intervention to incentivise PAYG companies to sell into three refugee settlements, resulting in over 20,000 people with improved energy access. We are also about to start work on a study looking at incentive mechanisms for clean cooking in refugee camps, and are in discussions to expand our portfolio of work in this space.

**Leaving no one behind**

Some parts of the African energy access market are now on a well-established growth path, with perhaps limited need for extra help from international development partners. In east Africa, for example, the market for solar home systems coupled with PAYG technology is booming. However, there is a high risk that this growth, on its own, will leave many people behind, because they are too poor, or because of where they live, or because they are refugees. The unequal damage done by Covid-19 to economic welfare, harming the most those who can least afford it, adds to this imperative. As we work for the recovery of these economies in the aftermath of the pandemic, we must focus even more on those who need us most.

Accordingly, a developing strategic theme for us is the plight of the poorest and most vulnerable. Refugees are part of this, and have already been discussed above. Another group are the poorest people in remote regions. We have two projects addressing this. First, we are installing solar systems on schools and health clinics in the most remote and poor counties of Kenya, on behalf of the OVO Foundation. A key role in this project is to ensure the arrangements are in place to ensure the systems will continue to perform well long after they are installed. After an initial pilot, we signed an agreement to install a further 300 systems, of which nearly 200 are now installed.

The second project targets the poorest households, also in Kenya, who already receive a small cash payment each month from the government to help them pay for their basic needs. In collaboration with UNICEF, with financial support from Sida, we implemented a pilot project, building on this system with a small top-up payment, so that these households can afford the regular payments needed to pay for a PAYG solar home system. The project achieved its targets and helped over 8,000 people; we are now in discussions concerning its next phase.

Another constituency of concern are those living with poor energy access in slums. During the year we undertook detailed field research on energy access issues in three slums, in Ghana, Uganda and Sierra Leone. From this research, we developed, and raised funding for, implementation plans for two of these locations, and this work will start shortly.

**Grant making**

For selected programmes, we provide grants to partners and developers under the terms of restricted grant agreements with certain donors

**Energy 4 Impact**

**Report of the Trustees**

**For the year ended 31 March 2020**

## Summary of Progress during the year

### Operations

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

a. An additional 545,000 people with improved access to energy

b. Support for over 1,400 microenterprises and 340 SMEs. Of these, 59% were led by women.

c. 1,950 extra jobs resulting from the growth of these businesses.

d. 238,000 tonnes $CO_2$ avoided

### Business development

In the course of the year we were successful in converting several of the major prospects which were outstanding at the start of the year, into contracted business. Of particular note are new contracts to provide incubation services to Energy Catalyst, a UK government-backed innovation fund for energy innovators increasingly targeting energy access markets, plus additional funding from the IKEA Foundation to support our productive uses initiative, and additional funding from DFID's Transforming Energy Access programme for a range of activities, including (since the year end) for the implementation phase of our work in informal settlements. We also signed agreements with new donors in west Africa, and started work researching capital markets for clean cooking initiatives, and further developed our relationship with the African Development Bank. All of this meant we were able to start the 2020/21 year with a portfolio of secured business of sufficient size that our going concern assessment, discussed below, does not need to rely on an assumption of securing any new business in the coming year.

This is particularly welcome, given the uncertainties created by the Covid-19 pandemic. In the short term, the pandemic has caused one major new contract to be deferred but has otherwise not so far had a major impact on contract renewal discussions. In the longer term, this may change: donors may reconsider their priorities – although the case for energy access as integral to "building back better", supporting both improvements in health systems and more general economic recovery, is very strong – and some donors may have fewer funds to disburse. The proposed merger of the UK's DFID with the Foreign and Commonwealth Office also adds uncertainty, although this political risk is mitigated by the UK government's reaffirmation of its commitment to the 0.7% of GNI target, and its announcement in September 2019 of a significant fund for climate innovation in developing countries.

### Communications

We continue with significant levels of communications activity to ensure a high level of awareness amongst stakeholders. We spoke at over 10 international conferences. We recorded at least 2,015 mentions on our social media channels, especially Twitter and Facebook. An estimated 7.7 million people were directly and indirectly exposed to these messages. Our PR activity resulted in 82 stories appearing in different media platforms, with a potential reach of 796 million readers. Our online audience statistics reflects the global appeal of what we do, with visitors to our website, www.energy4impact.org, (64,000 visits in the year), and the readership of our newsletter (sent to about 12,000 people four times/year), spread evenly across five continents. We are also responsible for, or a partner in, some programme websites. The site, https://greenminigrid.se4all-africa.org, is part of our work supporting the development of the mini-grid market for the AfDB; its current rate of traffic is equivalent to over 14,000 visits per year. The Moving Energy Initiative website, highlighting the humanitarian energy work of the consortium we lead, has received over 53,500 visits. The website for DFID's Transforming Energy Access programme, for which Energy 4 Impact both serves on the management board and is an implementing partner, received 69,000 visits in 2019.

### Financial

Our priority for the year was to rebuild unrestricted reserves to a level in excess of our policy level of £500,000. This was achieved; as at 31 March 2020, unrestricted reserves stood at £681,789. This is discussed further in the reserves and going concern section on page 15 of this document.

## Main Programmes active during the year

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| **Energise Africa**<br>Funder: DFID | A crowdfunding initiative, designed to provide an opportunity for the crowd to finance the working capital requirements of pay-as-you-go solar home systems providers. |
| **Ideas 2 Impact**<br>Funder: DFID | A 5-year programme supporting innovation in the development sector. The programme is running prize challenges designed to incentivise innovative problem-solving around key challenges in energy access, water and sanitation, and climate adaptation. |
| **CrowdPower**<br>Funder: DFID | Exploring how crowdfunding platforms can contribute to the flow of capital into energy-access businesses and how DFID can leverage the impact of its own funds by participating in crowdfunding campaigns. |
| **Women's Economic Empowerment, Benin**<br>Funder: Millennium Challenge Commission | This project aims to improve livelihoods, incomes and employment in Benin via support for women-led enterprises that will expand energy access. |
| **Green Minigrid Helpdesk**<br>Funder: AfDB | Technical assistance to mini-grid project developers across sub-Saharan Africa. |
| **Scaling up off-grid Energy in Rwanda (SOGER)**<br>Funder: Sida (Embassy of Sweden in Kigali, Rwanda) | Growing sustainable off-grid renewable energy markets by supporting private sector companies to deliver energy access in Rwanda. |
| **Women's Economic Empowerment, Kigoma**<br>Funder: UN Women | Project to improve livelihoods, incomes and employment in Kigoma, Tanzania via support for women-led enterprises in energy access value chains. |
| **Rural Electrification Densification Project**<br>Funder: Tz Rural Energy Agency/ Embassy of Norway | Increasing the economic impact of the densification of the main grid by promoting productive uses in rural villages in Tanzania. |
| **Community-Based Energy Education Programme**<br>Funder: World Bank | An awareness raising and behaviour change project, working with local community-based organisations, to promote the uptake of connections in villages newly reached by the development of the national grid in Tanzania. |
| **Energy for the Poor Cash Transfer programme**<br>Funder: UNICEF / Sida | Increasing the poorest households' ability to afford solar home systems in Kenya by targeted cash transfers and working with selected private sector suppliers. |
| **Solar Irrigation Rwanda**<br>Funder: Opec Fund for International Development | Developing the market for small scale solar irrigation systems for smallholder farmers. |
| **Project Jua**<br>Funder: Ovo Foundation | Electrification of rural health clinics and schools in underserved counties of Kenya. |

| | |
|---|---|
| **Minigrid Support Prototype Implementation**<br>Funder: Rockefeller Foundation | Trialing improvements to minigrid business models via appliance financing and tariff subsidies. |
| **De-risking solar home systems investments in refugee settlements, Uganda**<br>Funder: USAID | Providing grant-based incentives to PAYG solar home systems companies to start operations in three refugee settlements in Uganda. |
| **Transforming Energy Access**<br>Funder: DFID | A large umbrella programme encompassing a combination of new and existing DFID energy access initiatives (including, from last year, CrowdPower and Energise Africa). Energy 4 Impact contributes to the programme board, and is an implementing partner for parts of the programme. |
| **Energy Catalyst Accelerator**<br>Funder: DFID, UKRI | Providing incubation services to energy access start-ups, mostly based in UK and aiming to commercialise in Africa, who are recipients of grants from Energy Catalyst, an innovation programme managed by UK Research and Innovation (UKRI). |
| **Women's Economic Empowerment, Senegal**<br>Funder: ENERGIA (Hivos)/Sida | Project to improve women's livelihoods, incomes and employment in Senegal via support for women-led enterprises engaged in productive use of energy, and related policy advocacy. |
| **Renewable Energy 4 Refugees (Rwanda)**<br>Funder: IKEA Foundation | Project to improve livelihoods opportunities in refugee camps in Rwanda by supporting productive use enterprises. |
| **Energy 4 Informal Settlements**<br>Funder: Vitol Foundation | Research on the state of energy access in selected slums and design of market-based interventions. |
| **Powering Renewable Energy Opportunities**<br>Funder: DFID, IKEA Foundation | Grant funding, technical assistance, new partnership mechanisms and knowledge management in multiple productive uses markets. |
| **Modern Energy Cooking Services**<br>Funder: DFID | Research into opportunities to improve capital availability for clean cooking services companies. |
| **Get Access Uganda**<br>Funder: KFW | Feasibility study for a new investment incentive scheme for minigrids in Uganda. |
| **Deliver 4 Good, Senegal**<br>Funder: Government of Canada | Advocacy for active roles for girls and women in the energy sector and for increased investment in renewable energy for women and girls. |
| **Sustainable Energy Programme, Senegal**<br>Funder: GIZ | Promoting sustainable solar cooling and freezing in rural areas, by providing technical assistance to women-led businesses. |
| **Strengthening Rural Livelihoods, Senegal**<br>Funder: FAO | Support and advice for businesses involved in agricultural value chains. |

## Financial Review

Full results for the year to 31 March 2020 are set out in the financial statements on pages 21-33. The financial statements have been prepared in accordance with applicable accounting standards and the statements of recommended practice.

Total income for the year was £4,846,628 (March 2019: £7,025,410) comprising unrestricted income of £1,223,550 and restricted income of £3,623,078. This represents a decrease of £2,178,782 or 31% from last year's figure. Total expenditure was £4,548,151 for the year (March 2019: £6,841,764) comprising £979,417 of unrestricted, and £3,568,734 of restricted expenditure. This represents a decrease of £2,293,613 or 34% from last year's figure. The decreases in income and expenditure mainly reflect the decreased level of project funding that is passed on to partners and sub-grantees. The overall surplus for the year is £298,477 (March 2019: £183,646), an increase of 62%.

The Charity's balance sheet shows total funds of £2,001,893 compared to £1,703,416 as at 31 March 2019. Restricted funds were £1,320,104 (March 2019: £1,253,767) and unrestricted funds were £681,789 (March 2019: £449,649).

### Reserves and Going Concern

The unrestricted reserves of £681,789 represent an increase of £232,140 or 52% on last year's figure, mainly reflecting tight cost control and improved overhead contributions. The Trustees have determined that Energy 4 Impact's reserves policy is to retain sufficient reserves to cover six months of essential costs, in order to ensure continuity of our activities. To this end, we will seek to maintain unrestricted reserves at a level of at least £500,000, subject to the board's discretion, particularly in relation to maintaining a sound balance between growing reserves and investing to achieve our strategic goals. At the year end, the value of unrestricted reserves was 36% above this £500,000 benchmark. In the context of the uncertainties created by the Covid-19 pandemic, the board believe that this additional buffer is prudent, and continue to monitor the situation on a monthly basis as described below.

Restricted reserves stood at £1,320,104 at 31 March 2020; (see note 17 in the financial statements for the breakdown of restricted funds).

These accounts have been prepared on a going concern basis following due enquiries made by the Trustees. These have taken into account the Covid-related and other risks identified in the Risks and Internal Control section of this report (Pages 4-6) and, specifically, the degree to which Energy 4 Impact's projected positive cash balances are underpinned by existing funding agreements and contracts with donors, in particular our current major institutional donors/funders such as the UK's DFID, Sweden's Sida and AfDB, but also a growing number of smaller foundation donors. In some cases these contracts extend substantially beyond 12 months after the date of approval of these accounts; in others the existing agreement ends earlier, but there is a firm basis to expect an extension or subsequent phase of the project.

Trustees have considered the likely impact of Covid-19 on revenues, the timings of receipts and on expenses, and the capacity of the organisation to absorb delays in payments or cancellations of contract renewals, by relying on cash reserves and/or by reducing costs. In addition, Trustees have carefully considered the capacity of Energy 4 Impact's new business pipeline on a project by project basis, which incorporates the financial value, timing and capture probabilities for multiple prospects, and potential new funding agreements with new donor partners, to generate incremental unrestricted surpluses. Our cashflow projections suggest the organization can remain solvent for at least the next 12 months even if no new business is contracted. If new business is included on a reasonable basis, taking into account contract values, capture probabilities and timing, unrestricted reserves can be expected to remain comfortably in excess of the £500,000 policy level. This new business includes a large proportion of projects which have not yet been contracted, but which are the subject of advanced discussions with a number of donors or clients whose declared intention is to contract exclusively with Energy 4 Impact. Trustees review on a monthly basis Energy 4 Impact's progress in generating new income and ensuring project expenditures and revenues are in balance.

Based on these considerations, Trustees continue to judge that it is appropriate to prepare Energy 4 Impact's financial statements on a going concern basis.

### Investments

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

### Principal funding sources

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

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

## Plans for the Future

Energy 4 Impact will continue to focus its activity on Africa, providing support to energy-focused small, medium- and micro-sized enterprises, as a route to both increasing access to clean energy, and to maximizing the impacts of that access. Increasingly, we expect our work to be focused on four strategic themes: resilience, women's empowerment, livelihoods and the poor and the vulnerable. Our aim is to develop a portfolio of projects and funding opportunities for donors aligned with these four themes. At the same time, we will retain the flexibility to respond to needs and opportunities as defined – and funded – by others where we see a good fit with our capability and broader mission. This is particularly relevant in the coming year (or more) as the donor community frames its response to the pandemic – which will be a combination of improving the health services infrastructure, addressing health risk factors in poorer communities, and revitalizing rural economies, in all of which SDG7, improved access to renewable energy, has a critical role to play.

We expect to do this:

- Across sub-Saharan Africa, which means expanding further our activities in West Africa,
- By staying at the forefront of off-grid energy innovation, in terms of financing and business models, and
- By exploring new contexts, applications and approaches to the practice of "enterprise-centred development" (such as the humanitarian sector and innovation prizes).

Our operational targets are largely a summation of the targets of our composite programmes; as well as having targets which are specific to each one, these programmes all have targets in common that relate to Energy 4 Impact's core mission: population served, jobs and carbon savings.

But in addition to delivering programme outputs for their own sake, we must also build the foundations for Energy 4 Impact's long term future. That means focusing on the way we do things, throughout the organisation, across these four dimensions:

- Operations: as well as delivering programme outputs, we need to demonstrate strong project management. That means demonstrably good financial control of projects, good resource planning and mobilisation, good monitoring and evaluation and good risk-management practices. We also need to build demonstrable capacity in key practice areas.
- Business development: to build (as a learning organisation) on our growing field experience to design and propose extensions to and developments of our existing portfolio of activities, and to engage with both new and traditional funders.
- Communications: to increase our focus on identifying key stakeholders, and promoting the critical importance of action on energy access, the achievements of Energy 4 Impact in tackling this challenge, and the important role we can continue to play. In addition, to help improve internal communications across the organisation, to reinforce our sense of common purpose and to help us to learn from each other
- Organisational development: build an organisational structure and work culture which reflects our values in order to be more effective in delivering our mission. That means, for example, implementing plans to become a learning organisation, investing in the personal and career development of middle managers and all staff, and creating a working environment which motivates, empowers and incentivises people to perform well in the short, medium and long term and reinforces key values around, for example, safeguarding.

## Statement of Responsibilities of the Trustees

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

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

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

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

### Statement as to Disclosure of Information to Auditors

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

### Auditors

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

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

Approved by the Trustees on 12 August 2020 and signed on their behalf by

Anthony Marsh
Trustee

**Independent Auditor's Report**

**To the members of Energy 4 Impact**

## Opinion

We have audited the financial statements of Energy 4 Impact for the year ended 31 March 2020 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2020 and of its incoming resources and application of resources 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 requirements of the Companies Act 2006.

## Basis for opinion

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

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Other information

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

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 financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements 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 our audit

- the information given in the trustees' report, which includes the 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 within the trustees' report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the trustees' 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 purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

### Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

Date: 3 September 2020

**Energy 4 Impact**

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

**For the year ended 31 March 2020**

| | Note | 2020 Unrestricted £ | 2020 Restricted £ | **2020 Total £** | 2019 Total £ |
|---|---|---|---|---|---|
| **Income from:** | | | | | |
| Donations and legacies | 2 | 15,368 | - | **15,368** | 20,981 |
| Charitable activities - grants | 3 | - | 3,623,078 | **3,623,078** | 5,433,830 |
| Charitable activities - consultancy | 4 | 1,199,569 | - | **1,199,569** | 1,564,444 |
| Investments | 5 | 526 | - | **526** | 238 |
| Other income | 6 | 8,087 | - | **8,087** | 5,917 |
| **Total income** | | 1,223,550 | 3,623,078 | **4,846,628** | 7,025,410 |
| **Expenditure on:** | | | | | |
| Raising funds | 7 | 60,410 | - | **60,410** | 120,455 |
| Charitable activities | 8 | 919,007 | 3,568,734 | **4,487,741** | 6,721,309 |
| **Total expenditure** | | 979,417 | 3,568,734 | **4,548,151** | 6,841,764 |
| **Net income / (expenditure)** | | 244,133 | 54,344 | **298,477** | 183,646 |
| **Transfers between funds** | 17 | (11,993) | 11,993 | **-** | - |
| **Net movement in funds** | | 232,140 | 66,337 | **298,477** | 183,646 |
| **Reconciliation of funds:** | | | | | |
| Total funds balances brought forward | 17 | 449,649 | 1,253,767 | **1,703,416** | 1,519,770 |
| **Total fund balances carried forward** | 17 | 681,789 | 1,320,104 | **2,001,893** | 1,703,416 |

The results for this period are derived from continuing operations.

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

**Energy 4 Impact**

**Balance sheet**

**As at 31 March 2020**

| | Note | £ | 2020 £ | £ | 2019 £ |
|---|---|---|---|---|---|
| **Fixed assets** | 13 | | **1,713** | | - |
| **Current assets** | | | | | |
| Debtors | 14 | **1,066,689** | | 875,019 | |
| Cash at bank and in hand | | **1,650,910** | | 1,320,963 | |
| | | **2,717,599** | | 2,195,982 | |
| **Liabilities** | | | | | |
| Creditors: amounts due within 1 year | 15 | **717,419** | | 492,566 | |
| **Net current assets** | | | **2,000,180** | | 1,703,416 |
| **Total net assets** | 16,17 | | **2,001,893** | | 1,703,416 |
| **The funds of the charity:** | | | | | |
| Restricted funds | | | **1,320,104** | | 1,253,767 |
| Unrestricted funds | | | | | |
| General funds | | | **681,789** | | 449,649 |
| **Total charity Funds** | 16,17 | | **2,001,893** | | 1,703,416 |

These accounts were approved and authorised for issue by the Board of Trustees on: 12 August 2020

Signed on behalf of the Board of Trustees by:

Anthony Marsh
Trustee

**Energy 4 Impact**

**Statement of Cashflows**

**For the year ended 31 March 2020**

| | | 2020 | | 2019 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Cash flow from operating activities** | | | | |
| Net income / (expenditure) | **298,477** | | 183,646 | |
| Adjustments for: | | | | |
| Depreciation | **155** | | 8,119 | |
| (Increase) in debtors | **(191,670)** | | (131,966) | |
| (Decrease) in creditors | **224,853** | | (35,469) | |
| **Net cash provided by / (used in) operating activities** | | **331,815** | | 24,330 |
| **Cash flow from investing activities** | | | | |
| Purchase of tangible fixed assets | **1,868** | | - | |
| **Net cash (used in) investing activities** | | **(1,868)** | | - |
| **Change in cash and cash equivalents in the year** | | **329,947** | | 24,330 |
| **Cash and cash equivalents at the beginning of the year** | | **1,320,963** | | 1,296,633 |
| **Cash and cash equivalents at the end of the year** | | **1,650,910** | | 1,320,963 |

## 1. Accounting policies

a) The charity is a private limited company (registered number 05762919), which is incorporated in the UK. The address of the principal office is Suite 9, Third Floor, 42 Bedford Row, WC1R 4HE. Energy 4 Impact is a Public Benefit Entity.

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

Unrestricted reserves at 31 March 2020 were above the target level set by the Board. In the context of the uncertainties created by the Covid-19 pandemic, the board believe that this additional level of reserves is prudent, and continue to monitor the situation on a monthly basis. Key considerations have been around the degree to which Energy 4 Impact's projected positive cash balances are underpinned by existing funding agreements and contracts with donors. Based on these considerations and those set out in more detail within the trustees' report, the trustees continue to judge that it is appropriate to prepare Energy 4 Impact's financial statements on a going concern basis.

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

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

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

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

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

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

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

## 1. Accounting policies (continued)

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

| | |
|---|---|
| Computer Equipment | 3 years |
| Motor Vehicles | 3 years |

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

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

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

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

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

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

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

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

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

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

## 2. Income from donations and legacies

**Current Year**

| | Unrestricted Funds £ | Restricted Funds £ | 2020 Total £ |
|---|---|---|---|
| General donations | 15,368 | - | **15,368** |

**Prior Year**

| | Unrestricted Funds £ | Restricted Funds £ | 2019 Total £ |
|---|---|---|---|
| General donations | 20,981 | - | **20,981** |

## 3. Income from charitable activities - grants and contracts

**Current Year**

| | Unrestricted Funds £ | Restricted Funds £ | 2020 Total £ |
|---|---|---|---|
| DFID | | 135,897 | **135,897** |
| Carbon Trust | | 786,330 | **786,330** |
| SIDA | | (265,051) | **(265,051)** |
| Loughborough University | | 79,165 | **79,165** |
| OVO Charitable Foundation | | 1,564,064 | **1,564,064** |
| OFID | | 398,918 | **398,918** |
| The Adventure Project | | 82,709 | **82,709** |
| UN Women | | 33,595 | **33,595** |
| GIZ | | 125,877 | **125,877** |
| Hivos Energia | | 216,490 | **216,490** |
| Practical Action | | 253,790 | **253,790** |
| Other | | 211,294 | **211,294** |
| Total | - | 3,623,078 | **3,623,078** |

**Prior Year**

| | Unrestricted Funds £ | Restricted Funds £ | 2019 Total £ |
|---|---|---|---|
| DFID | | **2,986,900** | **2,986,900** |
| World Bank (Russian Funding) | | 183,660 | **183,660** |
| SIDA | | 939,695 | **939,695** |
| US Department of State | | 166,843 | **166,843** |
| Loughborough University | | 35,000 | **35,000** |
| OVO Charitable Foundation | | 45,424 | **45,424** |
| Rockefeller Foundation | | 573,632 | **573,632** |
| Swedish Postcode Lottery Foundation | | 81,253 | **81,253** |
| OFID | | 190,529 | **190,529** |
| The Adventure Project | | 68,433 | **68,433** |
| UN Women | | 55,363 | **55,363** |
| GIZ | | 81,216 | **81,216** |
| Other | 19,397 | 6,485 | **25,882** |
| Total | 19,397 | 5,414,433 | **5,433,830** |

## 4. Income form charitable activities - consultancy

**Current Year**

| | Unrestricted Funds £ | Restricted Funds £ | 2020 Total £ |
|---|---|---|---|
| Consultancy income | 1,199,569 | - | **1,199,569** |

**Prior Year**

| | Unrestricted Funds £ | Restricted Funds £ | 2019 Total £ |
|---|---|---|---|
| Consultancy income | 1,564,444 | - | **1,564,444** |

## 5. Income from investments

**Current Year**

| | Unrestricted Funds £ | Restricted Funds £ | 2020 Total £ |
|---|---|---|---|
| Investment income | 526 | - | **526** |

**Prior Year**

| | Unrestricted Funds £ | Restricted Funds £ | 2019 Total £ |
|---|---|---|---|
| Investment income | 238 | - | **238** |

## 6. Other income

**Current Year**

| | Unrestricted Funds £ | Restricted Funds £ | 2020 Total £ |
|---|---|---|---|
| Desk rental | 1,076 | | **1,076** |
| Disposal of non-capitalised assets | 7,011 | | **7,011** |
| Total | 8,087 | - | **8,087** |

**Prior Year**

| | Unrestricted Funds £ | Restricted Funds £ | 2019 Total £ |
|---|---|---|---|
| Desk rental | 3,947 | | **3,947** |
| Disposal of non-capitalised assets | 1,970 | | **1,970** |
| Total | 5,917 | - | **5,917** |

## 7. Expenditure on raising funds

| Current Year | Unrestricted Funds £ | Restricted Funds £ | 2020 Total £ |
|---|---|---|---|
| Staff costs | 45,988 | - | 45,988 |
| Other costs | - | - | - |
| Reallocation of support costs | 14,422 | - | 14,422 |
| | 60,410 | - | 60,410 |

| Prior Year | Unrestricted Funds £ | Restricted Funds £ | 2019 Total £ |
|---|---|---|---|
| Staff costs | 95,837 | - | 95,837 |
| Other costs | 116 | - | 116 |
| Reallocation of support costs | 24,502 | - | 24,502 |
| | 120,455 | - | 120,455 |

## 8. Expenditure on charitable activities

| Current Year | 2020 Total £ |
|---|---|
| Staff costs | 1,452,345 |
| Travel | 277,437 |
| Consultants | 756,878 |
| Supply and installation of solar panels | 937,232 |
| Grants to Partners | 439,847 |
| Other direct | 27,572 |
| Web development and hosting | 5,473 |
| Office and overheads | 148,160 |
| Legal and professional | 22,557 |
| Accountancy | 2,927 |
| Project Audit | - |
| Bank charges | 1,534 |
| Reallocation of support costs | 415,779 |
| | 4,487,741 |

Material grants made to partners during the year were: Kiva £138,793 RDO Rwanda £62,432, Powergen £43,987 Powerhive £43,545 PowerCorner £23,185 Mwenga Power £24,261

| Prior Year | 2019 Total £ |
|---|---|
| Staff costs | 1,770,707 |
| Travel | 254,380 |
| Consultants | 885,673 |
| Grants to Partners | 3,100,141 |
| Other direct | 33,984 |
| Web development and hosting | 8,840 |
| Office and overheads | 207,144 |
| Legal and professional | 3,940 |
| Accountancy | - |
| Project Audit | 12,798 |
| Bank charges | 2,083 |
| Reallocation of support costs | 441,619 |
| | 6,721,309 |

## 9. Support costs

| **Current Year** | **Raising Funds** £ | **Charitable Activities** £ | **2020 Total** £ |
|---|---|---|---|
| Governance costs | | | |
| Staff costs | 1,568 | 45,192 | **46,760** |
| Audit | 957 | 27,596 | **28,553** |
| Other support costs | | | |
| Staff Costs | 4,271 | 123,141 | **127,412** |
| Travel | 416 | 11,991 | **12,407** |
| Consultants | 15 | 425 | **440** |
| Grants to Partners | 38 | 1,107 | **1,145** |
| Web development and hosting | 45 | 1,292 | **1,337** |
| Office and overheads | 6,192 | 178,513 | **184,705** |
| Legal and Professional | 285 | 8,219 | **8,504** |
| Accountancy | 255 | 7,340 | **7,595** |
| Depreciation | 5 | 151 | **156** |
| Bank charges | 375 | 10,812 | **11,187** |
| | 14,422 | 415,779 | **430,201** |

| **Prior Year** | **Raising Funds** £ | **Charitable Activities** £ | **2019 Total** £ |
|---|---|---|---|
| Governance costs | | | |
| Staff costs | 2,797 | 50,415 | **53,212** |
| Audit | 1,646 | 29,661 | **31,307** |
| Other support costs | | | |
| Staff Costs | 6,511 | 117,345 | **123,856** |
| Travel | 517 | 9,315 | **9,832** |
| Consultants | - | - | **-** |
| Grants to Partners | - | - | **-** |
| Web development and hosting | 127 | 2,281 | **2,408** |
| Office and overheads | 8,673 | 156,313 | **164,986** |
| Legal and Professional | 857 | 15,449 | **16,306** |
| Accountancy | 2,061 | 37,139 | **39,200** |
| Depreciation | 427 | 7,692 | **8,119** |
| Bank charges | 886 | 16,009 | **16,895** |
| | 24,502 | 441,619 | **466,121** |

## 10. Taxation

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

## 11. Staff costs and numbers

| Staff costs were as follows: | 2020 | 2019 |
|---|---|---|
| | £ | £ |
| Salaries and wages | **458,092** | 335,938 |
| Social security costs | **26,278** | 31,497 |
| Pension costs | **10,045** | 14,400 |
| | **494,415** | 381,835 |
| Overseas staff | **1,112,126** | 1,613,825 |
| Training & recruitment | **65,964** | 3,227 |
| | **1,672,505** | 1,998,887 |

No employees earned £60,000-£70,000 during the year (2019: two)
One employee earned £70,000-£80,000 during the year (2019: none)
One employee earned £80,000-£90,000 during the year (2019: one)
No employee earned £90,000-£100,000 during the year (2019: none)
One employee earned £100,000-£110,000 during the year (2019: one)

The average weekly number of employees during the year was:

| | 2020 | 2019 |
|---|---|---|
| | No. | No. |
| Raising Funds | **0.7** | 2.1 |
| Information dissemination and capacity building | **64.4** | 77.5 |
| | **65.1** | 79.6 |

The key management personnel of the charity comprise the CEO and all members of the senior management team. The total employee benefits of the key management personnel of the charity were £399,661 (2019: £368,161)

During the year the charity incurred redundancy costs of £ 4,838 (2019: £67,309). The nature of the amount was to terminate an employment contract for an employee based in our regional office in Kenya. The charity's policy on redundancy payments are in line with local employment law requirements.

## 12. *Net income for the year*

This is stated after charging:

| | 2020 | 2019 |
|---|---|---|
| | £ | £ |
| Depreciation | **155** | 8,119 |
| External auditor's remuneration - statutory audit fees | **16,250** | 15,750 |
| Other auditors - expenditure verification and grant audit work | **12,303** | 28,354 |

During the year, no trustees received expenses. (2019: none). No trustee received any remuneration.

## 13. Tangible Fixed Assets

| | Motor Vehicles £ | Office Equipment £ | Total £ |
|---|---|---|---|
| **Cost** | | | |
| At the start of the year | 40,200 | 5,649 | 45,849 |
| Additions in year | - | 1,868 | 1,868 |
| Disposals in year | (15,092) | (1,676) | (16,768) |
| At the end of the year | 25,108 | 5,841 | 30,949 |
| **Depreciation** | | | |
| At the start of the year | 40,200 | 5,649 | 45,849 |
| Charge for the year | | 155 | 155 |
| Disposals in year | (15,092) | (1,676) | (16,768) |
| At the end of the year | 25,108 | 4,128 | 29,236 |
| **Net book value** | | | |
| **At the end of the year** | - | 1,713 | 1,713 |
| At the start of the year | - | - | - |

## 14. Debtors

| | 2020 £ | 2019 £ |
|---|---|---|
| Trade debtors | 889,958 | 203,247 |
| Accrued Income | 123,216 | 586,070 |
| Prepayments | 28,490 | 28,640 |
| Other debtors | 25,025 | 57,062 |
| | 1,066,689 | 875,019 |

## 15. Creditors: amounts due within 1 year

| | 2020 £ | 2019 £ |
|---|---|---|
| Trade creditors | 146,951 | 177,416 |
| Accruals | 413,699 | 223,461 |
| Deferred income | 14,057 | - |
| Taxation and social security | 142,116 | 47,281 |
| Other creditors | 596 | 44,408 |
| | 717,419 | 492,566 |

Income received in advance of the charity having entitlement to the use of monies received is deferred. £14,057 income received during the year was deferred (2019: £nil) and £nil was released (2019: £46,334).

## 16. Analysis of net assets between funds

| **Current Year** | Unrestricted Funds £ | Restricted Funds £ | 2020 Total £ |
|---|---|---|---|
| Fixed assets | 1,713 | - | 1,713 |
| Net current assets | 680,076 | 1,320,104 | 2,000,180 |
| **Total Net Assets** | 681,789 | 1,320,104 | 2,001,893 |

| **Prior Year** | Unrestricted Funds £ | Restricted Funds £ | 2019 Total £ |
|---|---|---|---|
| Fixed assets | - | - | - |
| Net current assets | 449,649 | 1,253,767 | 1,703,416 |
| **Total Net Assets** | 449,649 | 1,253,767 | 1,703,416 |

## 17. Movements in funds

**Current Year**

| | At the start of the period £ | Transfers £ | Income £ | Expenditure £ | At the end of the period £ |
|---|---|---|---|---|---|
| **Restricted funds:** | | | | | |
| Energy Business Development | 10,143 | (10,143) | - | - | - |
| The Adventure - Stoves Kenya | 10,329 | 27,078 | 82,709 | (120,116) | - |
| SOGER | 576,632 | | (265,051) | (311,581) | - |
| GIZ | 61,503 | | 125,877 | (185,446) | **1,934** |
| Moving Energy Initiative | 3,005 | (510) | - | (2,495) | - |
| TEA CP2 | - | | 352,255 | (333,291) | **18,964** |
| TEA POP | (214) | | 186,497 | (186,497) | **(214)** |
| IUK EnCat | - | | 81,751 | (81,751) | - |
| DfID EnCat | - | | 64,297 | (64,297) | |
| IUK ECAP | - | | 101,530 | (51,530) | **50,000** |
| Peer-to-Peer Solar Programme | - | | 135,897 | (135,897) | - |
| OVO | (7,167) | | 1,564,064 | (1,077,664) | **479,233** |
| Rockefeller | 556,645 | | - | (170,791) | **385,854** |
| SPF | 3,629 | (4,433) | 1,876 | (1,072) | - |
| OFID-SIR | 39,262 | | 398,918 | (268,358) | **169,822** |
| UN Women | - | 1 | 33,595 | (33,596) | - |
| Hivos Energia EWEE2 | | | 216,490 | (142,337) | **74,153** |
| RE4R | | | 253,790 | (169,479) | **84,311** |
| Energy 4 Informal Settlements | | | 111,055 | (111,055) | - |
| Other | - | | 177,528 | (121,481) | **56,047** |
| | | | | | - |
| Total restricted funds | 1,253,767 | 11,993 | 3,623,078 | (3,568,734) | **1,320,104** |
| **Unrestricted funds:** | | | | | |
| General funds | 449,649 | (11,993) | 1,223,550 | (979,417) | **681,789** |
| Total unrestricted funds | 449,649 | (11,993) | 1,223,550 | (979,417) | **681,789** |
| **Total funds** | **1,703,416** | - | **4,846,628** | **(4,548,151)** | **2,001,893** |

Transfers from unrestricted funds are to cover overspends in restricted project work.

**Prior Year**

| | At the start of the period £ | Transfers £ | Income £ | Expenditure £ | At the end of the period £ |
|---|---|---|---|---|---|
| **Restricted funds:** | | | | | |
| Energy Business Development | 10,062 | - | 183,660 | (183,579) | **10,143** |
| WIRE | 1,100 | - | 166,843 | (167,943) | - |
| The Adventure - Stoves Kenya | 5,134 | - | 68,433 | (63,238) | **10,329** |
| SOGER | 114,455 | - | 939,695 | (477,518) | **576,632** |
| GIZ | - | - | 81,216 | (19,713) | **61,503** |
| Moving Energy Initiative | 336,043 | - | 899,486 | (1,232,524) | **3,005** |
| HUB-LCEDN | - | - | 35,000 | (35,000) | - |
| Crowd-Funding | - | - | 19,322 | (19,322) | - |
| TEA CP2 | - | - | 100,164 | (100,164) | - |
| TEA POP | - | - | 55,748 | (55,962) | **(214)** |
| Mott Foundation | 42,409 | - | - | (42,409) | |
| Peer-to-Peer Solar Programme | (6,961) | - | 1,912,180 | (1,905,219) | - |
| OVO | 8,411 | - | 45,424 | (61,002) | **(7,167)** |
| Rockefeller | 202,466 | - | 573,632 | (219,453) | **556,645** |
| SPF | 159,751 | - | 81,253 | (237,375) | **3,629** |
| OFID-SIR | 129,777 | - | 190,529 | (281,044) | **39,262** |
| UN Women | - | - | 55,363 | (55,363) | - |
| Other | 2,291 | 1,063 | 6,485 | (9,839) | |
| | 1,004,938 | 1,063 | 5,414,433 | (5,166,667) | **1,253,767** |
| **Unrestricted funds:** | | | | | |
| General funds | 514,832 | (1,063) | 1,610,977 | (1,675,097) | **449,649** |
| Total unrestricted funds | 514,832 | (1,063) | 1,610,977 | (1,675,097) | **449,649** |
| **Total funds** | **1,519,770** | - | **7,025,410** | **(6,841,764)** | **1,703,416** |

## 18. Related Party Transactions

During the year, £216,491 (2019: nil) was recognised as income from Hivos (Energia), Sheila Oparaocha is a trustee of the charity and a programme director at Hivos (Energia).

## 19. Operating Lease Commitments

At 31 March 2020, Energy 4 Impact had future minimum operating lease commitments under non-cancellable operating leases for each of the following periods:

| | **2020** | 2019 |
|---|---|---|
| | **£** | £ |
| Within one year | 18,975 | 35,175 |
| One to five years | - | - |

Lease payments recognised as an expense in the year were £35,175 (2019: £35,175).

## 20. Grant commitments

| | **2020** | 2019 |
|---|---|---|
| | **£** | £ |
| At 31 March 2020, Energy 4 Impact had the following grant commitments to grantees which are linked to head grant agreement with funders | 20,000 | 290,596 |