

Company registration number 02622374 (England and Wales)

THE ENERGY SAVING TRUST LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

THE ENERGY SAVING TRUST LIMITED

COMPANY INFORMATION

Directors	K S Lim M C Thornton OBE
Company number	02622374
Registered office	223-231 Pentonville Road London United Kingdom N1 9NG
Auditor	Azets Audit Services 2nd Floor Regis House 45 King William Street London EC4R 9AN

THE ENERGY SAVING TRUST LIMITED

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THE ENERGY SAVING TRUST LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present the strategic report for the year ended 31 March 2023.

Fair review of the business

The Company's principal activities during the year continued to be focused on delivering programmes which reduce energy use, promote small scale renewables and support sustainable transport. Activities include the provision of impartial consumer advice, a variety of loans and grants programmes, supporting businesses with customer engagement, certification, accreditation and field trials of technologies, consultancy and data analysis. We also support and deliver research into practical solutions to reduce society's reliance upon carbon intensive energy solutions. Key financial and other performance indicators were as follows:

	As restated	
	2023	2022
	£000	£000
Gross transaction value	90,875	87,974
Turnover	83,482	86,892
Gross profit	4,982	5,993
Operating profit / (loss)	(1,174)	(766)
Profit / (loss) after tax	(1,127)	(803)
Current asset ratio	1.70	1.78
Loan funds under management	296,095	266,615

Turnover decreased in the year by £3.4m primarily due to funding decreases to support the delivery of transport and renewables programmes, offset by an increase in advice and business development and international programmes. We continued to experience an increasing demand for loans to support policy-led energy efficiency and transport programmes. During the year the Company increased loans under management to £296m (2022 - £267m). The largest areas of loan funding during the year focused on supporting low carbon transport initiatives, home energy efficiency and district heating programmes, and Scottish business energy saving activities. These were offset by the net recovery of Covid emergency loans and loans supporting community and rural energy efficiency schemes. Losses after taxation were £1,127k (2022 losses – £803k). The Company uses ratio analysis, adjusted for assets and liabilities held on behalf of third parties, to monitor liquidity. The directors consider that the Company has adequate liquidity to meet all known working capital and creditor commitments as they fall due.

THE ENERGY SAVING TRUST LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Principal risks and uncertainties

The directors assess the risks to the Company as part of the EST Group on a regular basis and address them via the Audit Committee which meets twice a year. The principal risks and uncertainties that the Company faces are as follows:

Short term Government grant funded programmes

Whilst the Group has diversified in recent year, it continues to benefit from a significant level of government grant funded activity, either directly or indirectly. Funding on this basis is commonly provided for single fiscal years only. It is not always possible to agree on indemnity with the funder to cover potential close down costs and therefore a redundancy risk exists for the group where there is a no demand elsewhere within the Group for similar skills once a programme concludes. However, we are seeing consistent year to year expansion in our government grant funded activity which reduces this risk, whilst we are also able to redeploy to other work as necessary.

Foreign exchange risk

Energy Saving Trust continues to deliver a number of European Union funded projects and initiatives despite the UK leaving the European Union. In doing so, EST has to bid for and accept work paid for in Euros. These programmes typically run for three-year periods with funding released during the life of the programme based upon pre-agreed delivery milestones. Whilst the Group seeks to manage all programmes profitably, exposure to currency fluctuations could lead to losses being incurred. Similarly, we run programmes in the global south for the IKEA Foundation paid for in dollars and this also exposes us to currency fluctuations, these programmes may increase in size, increasing our consequent exposure.

Tightness in the employment market for our sector

As the economy recovers from the pandemic and the climate emergency intensifies there is an increasing demand for the skills we require within the business and recruiting and retaining staff is becoming difficult. We continue to actively invest in our staff and their development to aid retention and remote working gives us the ability to recruit from a wider geographical pool for jobs which is a significant help. We are also assisted by the desire of many qualified people to work for us as a mission-led organisation.

THE ENERGY SAVING TRUST LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Section 172 Statement

Decisions at Energy Saving Trust are driven by the organisation's mission to address the climate emergency. The UK and the Scottish, Welsh and Northern Ireland governments' commitments to statutory net zero emissions targets means EST will continue to be at the heart of the movement towards a low carbon economy, working to reduce the UK's dependency on fossil fuels and raising awareness of energy efficiency, small scale renewables and sustainable transport. Much of our work to increase energy efficiency and the use of sustainable energy also results in a reduction in fuel bills as well as in carbon emissions and the current crisis in energy prices means ever greater interest, support and impact for our work.

We seek to grow the organisation to produce greater impact on both the ever-intensifying climate emergency and the fuel price crisis, investing in increasing the scale of our programmes and in reaching more people with our messages, in line with a strategic plan for growth approved by the Board and reviewed and updated each year. We are able to make this investment as any surpluses we generate are not distributed but reinvested to support and develop our mission. We continue to focus on key areas; currently these are extending our consumer advice services to reach more of the UK, growing our digital offerings and services and increasing the number of programmes and services we deliver in the key English market.

To address these key areas we have developed a number of state of the art tools to provide and use data on energy use and carbon emissions from homes whilst on sustainable transport, we work with a wide variety of partners to develop solutions that address and mitigate transport energy use and carbon emissions, including solutions to improve air quality. We also provide widely used information, data and insight on energy saving behaviours, insulation and energy efficiency, small scale renewable energy, sustainable transport and water efficiency. In the four nations of the UK, by collaborating with other organisations, we continue to engage with hard-to-reach audiences, including those on lower incomes and/or in fuel poverty, helping to remove the barriers that prevent vulnerable customers from getting the support needed to save money and reduce energy consumption.

Finally, beyond the UK, as well as continuing to play a key role in a number of EU-funded projects, we are also delivering projects funded by the Foreign, Commonwealth and Development Office and the Ikea Foundation to both improve access to energy efficient products and services in the developing world and to significantly reduce the costs of these products and services. We continue to develop opportunities in these areas, primarily through existing and growing relationships with Government departments concerned with overseas development, with charitable foundations and with philanthropic donors.

Energy Saving Trust's work is also driven by its values of expertise, collaboration, impartiality and fairness, innovation, determination and support, and our reputation is high amongst our stakeholders as a result. In line with our values, we work collaboratively with a wide range of stakeholders in the public and private sectors and conduct regular surveys of our stakeholders to obtain their views of our work and shape it going forward. We also adhere closely to these values in our business relationships with suppliers, including ensuring we pay promptly on agreed terms. We have a strong focus on quality in all our services to our many thousands of customers, including investing in a dedicated customer service quality team. We treat all our customers fairly, with strong complaints procedures and a focus on learning from our customers' feedback to drive continuous improvement. Our success in these areas is reflected in our high Net Promoter Scores for our customer-facing services.

Energy Saving Trust is also driven by its values in its approach to its own staff team. We use an annual employee engagement survey to find out what colleagues value about the organisation, what improvements they would like to see and what they think we are doing well. These results are considered at both senior leadership team and Board level and are the key input for a programme of continuous improvement of our work and of our employee value proposition. This year, in response to the survey, we upped our investment in training and development, appointing a dedicated training and development officer with a significantly increased training budget. In addition to the survey, we have also set up quarterly listening groups to allow us to hear directly from staff throughout the year. There is also an innovation forum which allows any member of the team to put forward suggestions to senior management.

We work closely with all four UK governments as key stakeholders and funders of our work and our work supports and contributes to many of their key policies and objectives. We maintain close liaison with a range of officials in all four governments and feed back lessons from the programmes that we deliver on their behalf to assist their policy development.

THE ENERGY SAVING TRUST LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Energy Saving Trust's work supports and empowers many communities across the UK through our range of programmes addressing fuel poverty, through other programmes supporting local authorities and housing associations and by assisting community organisations in developing community-owned renewable generation assets. Energy Saving Trust is naturally also very focused on its own impact on the environment, particularly its carbon emissions. The company has already taken a number of individual measures in this area, for example we have an interest-free loan scheme for all staff members which provides loans for energy efficiency and carbon-saving measures in their homes and a salary sacrifice electric vehicle leasing scheme. We have also appointed a net zero officer to drive our net zero transition and a sustainable procurement officer to work with our suppliers to reduce our Scope 3 emissions. A further part of our move to net zero is to source as much as possible from suppliers who are themselves committed to and actively working to achieve net zero status.

M C Thornton OBE
Director

5 July 2023

THE ENERGY SAVING TRUST LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

THE ENERGY SAVING TRUST LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present their annual report and financial statements for the year ended 31 March 2023.

Principal activities

The Energy Saving Trust ("EST") is one of the UK's leading independent bodies working with households, communities and businesses to help save energy and reduce carbon emissions to address the damaging effects of climate change.

EST is wholly controlled by EST (Holdings) Limited. As part of the 'EST Group', EST's principal activity is to support the Group in achieving its objectives by delivering impartial, authoritative and evidence-based advice on how to save energy and reduce carbon emissions.

EST focuses on delivering practical solutions for households, communities, businesses and the road transport sector – solutions which reduce carbon emissions and can save money. It works with a wide range of partners, government, energy suppliers, manufacturers, and the European Commission and Member States.

Results and dividends

The loss for the year, after taxation, amounted to £1,127k (2022 – £803k).

The Energy Saving Trust is incorporated as a company limited by guarantee and has no authority to pay dividends. Members have the right to vote at annual general meetings and the obligation to contribute a maximum of £1 on winding-up should there be a call on the guarantee they provide.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

K S Lim
M C Thornton OBE

Research and development

EST continually commits resource to the research and development of solutions that support online tools to aid customer engagement around solutions for reducing energy and water use.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The Company has strong regard to the interest of its staff team of more than 400, as they are at the heart of everything we do and we invest in their success. All employees have regular touch points with managers, as well as clear objectives and a personal development plan.

We provide access to a 24/7 employee assistance helpline via our Employee Assistance Programme, provided by Health Assured. There is also a staff recognition scheme by which employees' achievements in line with our values are publicly celebrated. All staff are paid at least the real-living wage.

We use an annual employee engagement survey to find out what colleagues value about the organisation, what improvements they would like to see and what they think we are doing well. These results are considered at both senior leadership team and Board level and are the key input for a programme of continuous improvement of our work and of our employee value proposition. This year, in response to the survey, we upped our investment in training and development, appointing a dedicated training and development officer with a significantly increased training budget. In addition to the survey, we have also set up quarterly listening groups to allow us to hear directly from staff throughout the year. There is also an innovation forum which allows any member of the team to put forward suggestions to senior management.

THE ENERGY SAVING TRUST LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Business relationships

We also adhere closely to these values in our business relationships with suppliers, including ensuring we pay promptly on agreed terms. We have a strong focus on quality in all our services to our many thousands of customers, including investing in a dedicated customer service quality team. We treat all our customers fairly, with strong complaints procedures and a focus on learning from our customers' feedback to drive continuous improvement. Our success in these areas is reflected in our high Net Promoter Scores for our customer-facing services.

Energy and carbon report

Whilst not considered to be a KPI, Energy Saving Trust assesses the impact of its energy advice for a number of funding stakeholders. These are reported at a Group level and further information can be found on the accounts of EST (Holdings) Limited.

Our environmental performance

We have measured our complete greenhouse gas emissions inventory for the financial year 01.04.2022 –31.03.2023 (2022/23) in line with our science-based net zero targets and commitment to disclose our emissions. These are reported at a Group level and further information can be found on the accounts of EST (Holdings) Limited.

Auditor

Azets Audit Services were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

M C Thornton OBE
Director

5 July 2023

THE ENERGY SAVING TRUST LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF THE ENERGY SAVING TRUST LIMITED

Opinion

We have audited the financial statements of The Energy Saving Trust Limited (the 'company') for the year ended 31 March 2023 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its deficit 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 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 directors' 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 on the 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 directors 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 financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

THE ENERGY SAVING TRUST LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF THE ENERGY SAVING TRUST LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' 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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors 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 directors 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 directors are responsible for assessing the 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 directors either intend to liquidate the 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 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.

THE ENERGY SAVING TRUST LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF THE ENERGY SAVING TRUST LIMITED

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and 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 indicators of potential bias.

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 of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Use of our report

This report is made solely to the company's member 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 company's member those matters we are required to state to the member in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member, for our audit work, for this report, or for the opinions we have formed.

John Howard (Senior Statutory Auditor)
For and on behalf of Azets Audit Services Limited

25 July 2023

Chartered Accountants
Statutory Auditor

2nd Floor
Regis House
45 King William Street
London
EC4R 9AN

THE ENERGY SAVING TRUST LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

		2023	2022
	Notes	£000's	as restated £000's
Turnover	3	83,482	86,892
Cost of sales		(78,500)	(80,899)
Gross Profit		4,982	5,993
Administrative expenses		(6,156)	(5,759)
Exceptional administrative expenses	9	-	(1,000)
Operating (loss)/profit	4	(1,174)	(766)
Interest receivable and similar income		47	-
(Loss)/profit before taxation		(1,127)	(766)
Tax on (loss)/profit	8	-	(37)
(Loss)/profit for the financial year		(1,127)	(803)

The income and expenditure account has been prepared on the basis that all operations are continuing operations.

THE ENERGY SAVING TRUST LIMITED

BALANCE SHEET

AS AT 31 MARCH 2023

		2023	2022
	Notes	£000's	as restated £000's
Fixed assets			
Tangible assets	10	464	344
Current assets			
Debtors falling due after more than one year	11	157,687	147,786
Debtors falling due within one year	11	62,565	52,516
Cash at bank and in hand		175,883	154,066
		396,135	354,368
Creditors: amounts falling due within one year	13	(232,688)	(199,574)
Net current assets		163,447	154,794
Total assets less current liabilities		163,911	155,138
Creditors: amounts falling due after more than one year	14	(157,687)	(147,787)
Provisions for liabilities			
Provisions	15	89	89
		(89)	(89)
Net assets		6,135	7,262
Reserves			
Other reserves		3,703	3,703
Income and expenditure account		2,432	3,559
Members' funds		6,135	7,262

The financial statements were approved by the board of directors and authorised for issue on 5 July 2023 and are signed on its behalf by:

M C Thornton OBE
Director

Company Registration No. 02622374

THE ENERGY SAVING TRUST LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Other reserves £000's	Income and expenditure £000's	Total £000's
As restated for the period ended 31 March 2022:			
Balance at 1 April 2021	3,703	4,362	8,065
Year ended 31 March 2022:			
Loss and total comprehensive income for the year	-	(803)	(803)
	<u>3,703</u>	<u>3,559</u>	<u>7,262</u>
Balance at 31 March 2022	3,703	3,559	7,262
Year ended 31 March 2023:			
Loss and total comprehensive income for the year	-	(1,127)	(1,127)
	<u>3,703</u>	<u>2,432</u>	<u>6,135</u>
Balance at 31 March 2023	<u><u>3,703</u></u>	<u><u>2,432</u></u>	<u><u>6,135</u></u>

THE ENERGY SAVING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

Company information

The Energy Saving Trust Limited is a private company limited by guarantee incorporated in England and Wales. The registered office is 223-231 Pentonville Road, London, United Kingdom, N1 9NG.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000's.

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

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of EST (Holdings) Limited. These consolidated financial statements are available from Companies House.

1.2 Prior period error

A prior year reclassification has occurred to amend the classification of transactions to the most appropriate line item within the Statement of Comprehensive Income. The reclassification does not impact the overall result for the period or change the opening equity. As such no restatement note is included in these financial statements.

1.3 Going concern

The directors have made an assessment in preparing these financial statements as to whether the Company is a going concern. This includes assessing the Company's working capital forecasts and projections, over a three year period, taking into account its operating market and project activities. Based on this and the existing cash balances compared to committed expenditure, the directors have concluded that there are no material uncertainties that may cast doubts on the Company's ability to continue as a going concern.

1.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover represents all grant income, including that received from government sources, invoiced services and fees receivable in the period net of value added tax. The Company is entitled to grant revenue when it has made the related expenditure and any amounts received in advance of this point are treated as deferred income.

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably

THE ENERGY SAVING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Interest income

Interest income is recognised in profit or loss using the effective interest method.

1.5 Tangible fixed assets

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:

Leasehold improvements	In accordance with the property lease
Fixtures and fittings	5 years on a straight-line basis
Computer equipment	2 to 5 years on a straight line basis

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 credited or charged to surplus or deficit.

1.6 Impairment of fixed assets

At each reporting period end date, the company 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 exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in surplus or deficit, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in surplus or deficit, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and 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.

THE ENERGY SAVING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.8 Financial instruments

Financial assets and financial liabilities are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured on initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the Company's cash management.

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

1.9 Scottish Government loan schemes

The Scottish Government has assigned responsibility for administering a variety of loan schemes to the Company.

The Company recognises revenue grants to fund the administration of the schemes as income in accordance with the accounting policy for turnover.

Under the schemes, funding has been provided to enable the Company to make loans available to recipients in Scotland. On receipt of funding, cash is recognised by the Company together with a matching creditor. As new loans are advanced to business and individuals, a debtor is recognised in the accounts of the Company. Loan repayments are utilised to reduce the scheme debtors. The Company understands that whilst the lending risk is, in the first instance, borne by the Company, the Scottish Government recognises that any losses can be funded from the unutilised cash loan pool and following appropriate authorisation, release the Company from any obligation to return or transfer the relevant matching funding.

The Department for Business, Energy and Industrial Strategy ("BEIS") previously The Department for Energy and Climate Change ("DECC") has assigned responsibility for administering the PAYS ("Pay As You Save") loan scheme to the Company. This scheme provides interest free loans to householders to install energy saving measures in their homes. The loans are repayable over 25 years. The Company recognises revenue grants to fund the administration of the schemes as income in accordance with the accounting policy for turnover.

The administration of this scheme is outsourced to third party service providers who partner with the Company to administer the loans to householders and collect the loan repayments. All repayments collected by our partners are paid back to the Company on an annual basis. Following receipt, the Company has an obligation to repay to BEIS these amounts less any agreed administration fee owing.

The Company accounts for cash, debtors and creditors arising under the scheme on a gross basis, reflecting the amounts due from householders as debtors and amounts ultimately repayable to BEIS as a creditor on its balance sheet.

THE ENERGY SAVING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.10 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

Current tax

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Provisions

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

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 company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

THE ENERGY SAVING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.14 Leases

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

1.15 Foreign exchange

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

1.16 Finance Costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.17 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

THE ENERGY SAVING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

2 Judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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. Revision to the accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Key estimates and assumptions made by management are:

Critical judgements

Revenue recognition

Revenue is recognised based on the policies set out in these financial statements. An element of judgement may be required when determining whether the Company should recognise as turnover various forms of pass through grant income and the corresponding charge to profit and loss.

Provisions

The quantum of the provisions, shown in note 15, requires an element of estimation based on future outcomes from uncertain events.

Loan fund grant creditors

Judgement has been applied in determining the accounting policy for loan schemes described more fully on page 16. Funds granted to provide loans by the Company to third parties are recognised as creditors and disclosed under the heading "loan fund grant creditors" in note 13 and 14, rather than recognised as income or borrowings. The Company judges it is inappropriate to account for the interest or bad debts arising in the Statement of Comprehensive Income. This is on the basis that as agent to the transaction, interest and bad debt is not due to or payable by the Company.

3 Turnover

	2023	As restated 2022
	£000's	£000's
Turnover analysed by class of business		
Grant Income	73,831	76,763
Service Contract Income	9,651	10,129
	<u>83,482</u>	<u>86,892</u>

THE ENERGY SAVING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

3 Turnover (Continued)

	2023	As restated 2022
	£000's	£000's
Turnover analysed by geographical market		
United Kingdom	82,433	85,550
Rest of Europe	526	372
Rest of the World	523	970
	<u>83,482</u>	<u>86,892</u>

Grant income has been received to carry on public benefit activities in respect of energy efficiency and water saving initiatives.

4 Operating deficit

	2023	2022
	£000's	£000's
Operating deficit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(51)	12
Depreciation of owned tangible fixed assets	226	213
Operating lease charges	404	481
	<u>579</u>	<u>706</u>

5 Auditor's remuneration

	2023	2022
	£000's	£000's
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	35	30
	<u>35</u>	<u>30</u>
For other services		
Audit-related assurance services	-	4
Taxation compliance services	7	18
	<u>7</u>	<u>22</u>

THE ENERGY SAVING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2023 Number	2022 Number
Administration	68	55
Operations	365	282
Total	433	337

Their aggregate remuneration comprised:

	2023 £000's	2022 £000's
Wages and salaries	12,865	10,513
Social security costs	1,274	1,058
Pension costs	1,117	877
	15,256	12,448

7 Directors' remuneration

	2023 £000's	2022 £000's
Remuneration for qualifying services	366	278
Company pension contributions to defined contribution schemes	39	31
	405	309

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2022 - 2).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2023 £000's	2022 £000's
Remuneration for qualifying services	205	188
Company pension contributions to defined contribution schemes	24	21

8 Taxation

	2023 £000's	2022 £000's
Current tax		
UK corporation tax on profits for the current period	-	37

THE ENERGY SAVING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

8 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2023 £000's	2022 £000's
Loss before taxation	(1,127)	(766)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	(214)	(146)
Tax effect of expenses that are not deductible in determining taxable profit	15	208
Unutilised tax losses carried forward	249	-
Excess of depreciation over capital allowances	(50)	(22)
Deferred tax adjustments in respect of prior years	-	(3)
Taxation charge for the year	-	37

9 Exceptional item

	2023 £000's	2022 £000's
Expenditure		
Intercompany bad debt provision	-	1,000

Exceptional costs in the prior year relate to a provision of £1m against an intercompany balance with a non-trading entity which were not considered to be recoverable.

THE ENERGY SAVING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

10 Tangible fixed assets

	Leasehold improvements £000's	Fixtures and fittings £000's	Computer equipment £000's	Total £000's
Cost				
At 1 April 2022	61	159	1,023	1,243
Additions	-	21	325	346
Disposals	(61)	(129)	(14)	(204)
At 31 March 2023	-	51	1,334	1,385
Depreciation and impairment				
At 1 April 2022	61	146	692	899
Depreciation charged in the year	-	6	220	226
Eliminated in respect of disposals	(61)	(129)	(14)	(204)
At 31 March 2023	-	23	898	921
Carrying amount				
At 31 March 2023	-	28	436	464
At 31 March 2022	-	13	331	344

11 Debtors

	2023 £000's	2022 £000's
Amounts falling due within one year:		
Trade debtors	5,153	5,606
Loan fund debtor	52,339	38,337
Amounts owed by group undertakings	2,156	5,705
Amounts owed by related parties	35	-
Other debtors	126	312
Prepayments and accrued income	2,756	2,556
	62,565	52,516
Amounts falling due after more than one year:		
Loan fund debtor	157,687	147,786
Total debtors	220,252	200,302

Loan fund debtors are concessionary loans and are repayable from 0 to 25 years at an interest rate between 0-5%. Any loss on loan debtors are borne by the funder.

THE ENERGY SAVING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

12 Cash and cash equivalents

The cash balance of £175,883k (2022 - £154,066k) includes £171,225k held on behalf of third parties. This includes £162k (2022:£402k) funding for Grants payable on behalf of FCDO for the LEIA scheme, drawn from 2022/23 funding received of £1.58m (project to date: £9m).

13 Creditors: amounts falling due within one year

	2023 £000's	2022 £000's
Trade creditors	2,042	2,361
Loan fund creditor	138,408	118,829
Corporation tax	-	44
Other taxation and social security	646	399
Other creditors	282	1,345
Accruals and deferred income	91,310	76,596
	<u>232,688</u>	<u>199,574</u>

14 Creditors: amounts falling due after more than one year

	2023 £000's	2022 £000's
Loan fund creditor	<u>157,687</u>	<u>147,787</u>

Loan fund grant creditor balances of £296,095k (2022 - £266,615k) include Scottish Government Loans Schemes in Scotland and the PAYS Pilot Scheme ("Pay As You Save") in England.

Loan fund grant creditors are matched with loan debtors (see note 11) and restricted cash (see note 12). The amounts are interest free.

15 Provisions for liabilities

	2023 £000's	2022 £000's
	<u>89</u>	<u>89</u>

Dilapidations provisions have been made in respect of the Company leased properties in London and Edinburgh. These are reviewed annually and adjusted as necessary to reflect the best estimate of the liability.

Movements on provisions:

	£000's
At 1 April 2022 and 31 March 2023	<u>89</u>

THE ENERGY SAVING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

16 Reserves

Capital contributions

Capital contributions represent contributions from legacy company members to fund the long term working capital requirements of the Company. The sums were paid in the early years following the establishment of the Company and the directors are aware of no ongoing rights or obligations arising from the receipt of these funds. The intention behind the contributions was to encourage the Company to retain sufficient funding to support its working capital and risk management requirements.

Profit and loss account

This reserve relates to the cumulative retained earnings.

17 Retirement benefit schemes

	2023 £000's	2022 £000's
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	1,117	877

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. There were £162k (2022 - £8k) pension contributions accrued at the balance sheet date.

18 Operating lease commitments

Lessee

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

	2023 £000's	2022 £000's
Within one year	478	206
Between two and five years	443	99
	<u>921</u>	<u>305</u>

Included in the above is a building rent commitment of £893k (2022 - £305k). Rental commitments are included in relation to non-cancellable operating leases. Where the Company has the option to break the clause at a future date, lease payment have been included only up to this date and the miscellaneous costs.

THE ENERGY SAVING TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

19 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	2023 £000's	2022 £000's
Joint Ventures		
Sale of goods and services	29	179
Amounts owed to the company	35	-
	<u> </u>	<u> </u>

Warmworks Scotland LLP is a joint venture in which a fellow subsidiary, Energy Saving Trust Enterprises Limited, has a one third interest.

20 Ultimate controlling party

The immediate parent undertaking and ultimate controlling party is EST (Holdings) Limited (registered number: 09246829), a company registered in England and Wales.

The largest and smallest group of undertakings in which the results of the Company are consolidated is that headed by EST (Holdings) Limited. Copies of the group accounts are available from Companies House.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.