

REPORT AND FINANCIAL STATEMENTS


















Changeworks Resources for Life
(A Company Limited by Guarantee)
Year ended 31 March 2024

Company Registration Number: SC103904
Charity Number: SC015144

CHANGEWORKS.



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REPORT OF THE DIRECTORS (INCLUDING STRATEGIC REPORT)

The directors present their report and the audited financial statements for the year ended 31 March 2024.

Reference and administrative details

Charity Number: SC015144

Company Number: SC103904

Directors

Derek Redvers, Chair

Joanne O'Hara, Vice Chair

Eleanor Bird

Nigel Douglas

Abi Gardner

Jason MacGilp (Appointed 7 Sept 2023)

Steven Russell

Lindsay Scott

Nicola Walters

Company Secretary

Josiah Lockhart

Executive Team

Josiah Lockhart, Chief Executive

Liz Partington, Deputy Chief Executive

Graeme Farmer, Finance and Central Services Director

Laura Webb, Chief Delivery Officer

Paul Thom, Technical Director (Resigned 27 October 2023)

George Drennan-Lang, Development Director (Appointed 1 March 2024)

Auditor

Chiene + Tait LLP, (Trading as CT) Chartered Accountants and Statutory Auditor, 61 Dublin Street, Edinburgh, EH3 6NL

Bankers

The Co-operative Bank plc, 1 Balloon Street, Manchester, M60 4EP

Bank of Scotland plc, The Mound, Edinburgh, EH1 1YZ

Nationwide Building Society, Pipers Way, Swindon, Wiltshire SN38 1NW

Solicitors

Burness Paull LLP, 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ

Morton Fraser MacRoberts LLP, 2 Lister Square, Edinburgh, EH3 9GL

Registered Office and operation address

Orchard Brae House, 30 Queensferry Road, Edinburgh, EH4 2HS

REVIEW FROM CHIEF EXECUTIVE



Josiah Lockhart
Chief Executive, Changeworks

At Changeworks, we're passionate about tackling the climate emergency

in a just way through making homes in Scotland more energy efficient. This past year we increased the scale of our impact and have seen strong progress against our strategic goals.

Making a Difference for Households

This year, we provided energy advice to **over 63,000 householders**. Additionally, we've helped **over 12,000 households to install energy-efficient measures** and renewables, bringing them closer to having affordably warm homes.

Our in-depth support reached **over 4,000 households facing fuel poverty**, empowering them to manage their energy bills.

Growth and Investment

We've seen a fantastic **59% increase in income**, exceeding our target. This growth has allowed us to invest in our team, with an **18% workforce expansion** to meet the rising demand for our services.

We've also launched new online training platforms and an internal knowledge-sharing network to further enhance our expertise and efficiency.

Challenges and Opportunities

While we've made great strides, there are areas for improvement. Our carbon footprint increased slightly due to an office move.

We are reviewing our approach because we remain committed to achieving net zero by 2040.

REVIEW FROM CHIEF EXECUTIVE (CNTD.)

Furthermore, strategically allocated surpluses from previous years were used for internal investment, to enable us to scale our capacity and impact, leading to a planned deficit.

The charity, however, through careful management, was able to end the year with its **unrestricted reserves £99k higher than budgeted**, and this investment will position us for even greater impact and ability to seize opportunities in the future.

Looking Forward

We are constantly innovating. We're exploring new business models, smart energy systems, and heat networks to further accelerate decarbonisation.

We also actively share our knowledge and influence policy to create a more supportive environment for sustainable, energy efficient homes.

We are dedicated to continuous learning and improvement, ensuring our services are tailored to meet the evolving needs of Scottish communities.

Changeworks is committed to making a real difference.

We believe that everyone deserves a warm, affordable, and sustainable home.

Thank you for being part of this journey with us!



ABOUT US



We are Scotland's leading environmental charity delivering solutions for low-carbon living. A trusted expert with over 35 years' experience.

We work with partners, housing associations, local authorities and other government branches to drive transformation in energy efficiency and to tackle fuel poverty. We do this through:

- innovative partnership working
- scaling up the range and reach of our services
- working with householders to improve the energy efficiency of their homes.

We also:

- deliver Home Energy Scotland in the Southeast and Highlands and Islands on behalf of the Scottish Government and Energy Saving Trust, providing impartial energy related advice and support.
- are part of the consortium that makes up Local Energy Scotland, which administers and manages the Scottish Government's Community and Renewable Energy Scheme.
- deliver Business Energy Scotland, provide free, impartial support and access to funding to help small and medium-sized enterprises save energy, carbon and money
- have a joint venture partnership with Everwarm and Energy Saving Trust that forms Warmworks. The partnership delivers Warmer Homes Scotland, a national fuel poverty scheme funded by the Scottish Government as well as other fuel poverty and decarbonisation projects across the UK.



OUR STRATEGY



Changeworks' strategy over 2022-25 has one focus: to decarbonise Scotland's homes.

Our vision

For a world where everyone is able to live, work and enjoy life with a low carbon impact.

Our mission

To make low carbon life a positive reality for everyone.



OUR STRATEGY (CNTD.)

We work towards our mission by developing and delivering high impact solutions to make low carbon life a positive reality for everyone.

Changeworks' 2022-25 strategic plan aims to drive the decarbonisation of homes in Scotland, delivering improved energy efficiency and the installation of renewable and low-carbon heating.

By focussing on decarbonising homes, we are maximising our contribution to tackling the climate emergency.

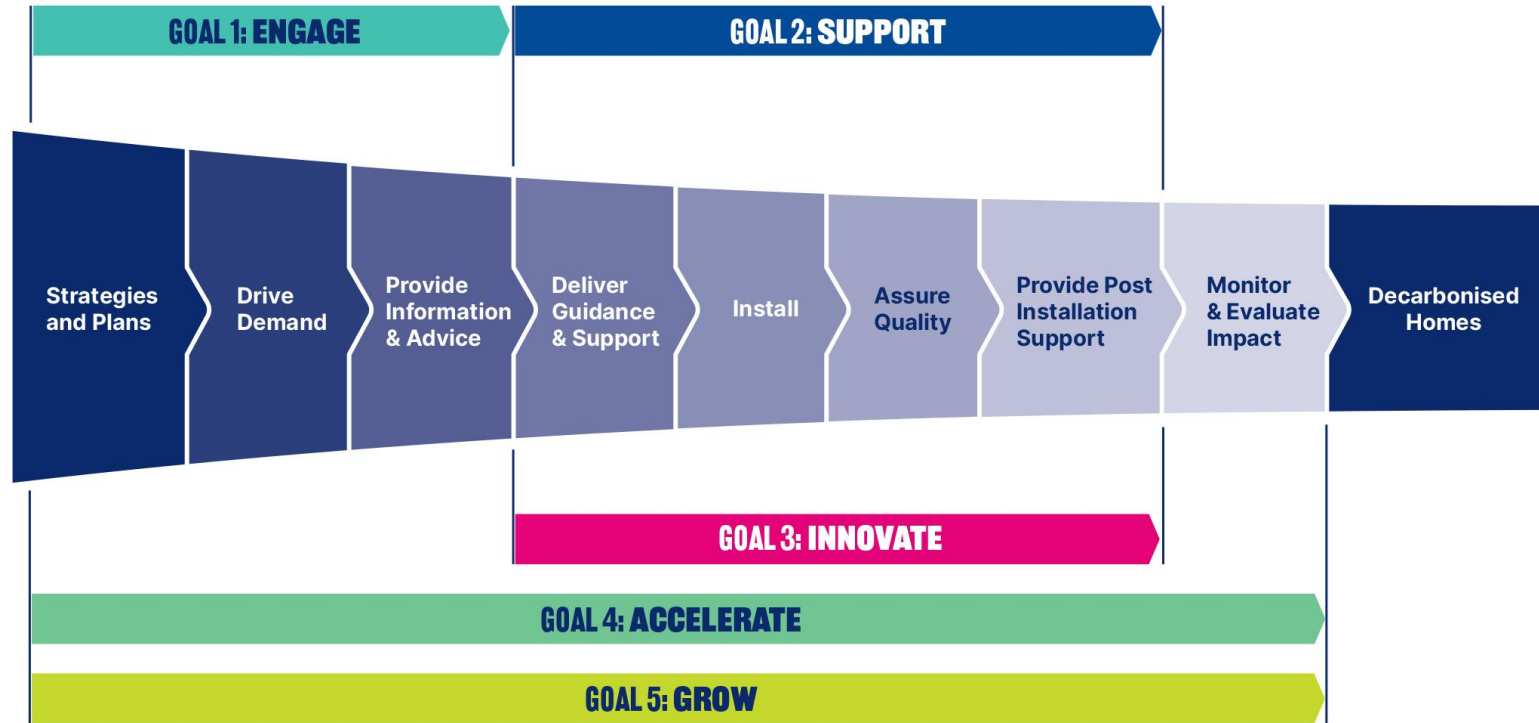
We are increasing our impact from a strong base by expanding delivery through growing existing services, such as delivering area-based schemes.

We are also developing additional services to reach new markets and accelerate decarbonisation, such as our new retrofit agency EcoCosi.

OUR VALUES:

PASSION
INTEGRITY
INNOVATION
EMPOWERMENT
COLLABORATION

OUR GOALS



OUR GOALS (CNTD.)

Our 2022/25 strategy has five goals.

GOAL 1

ENGAGE

Identify and engage households across Scotland to take action to decarbonise their homes.

GOAL 2

SUPPORT

Support households to install energy efficiency and low-carbon heating systems to decarbonise their homes.

GOAL 3

INNOVATE

Innovate delivery models and solutions for heat and energy systems for homes.

GOAL 4

ACCELERATE

Accelerate decarbonisation through research, evaluation, dissemination and influencing.

GOAL 5

GROW

Grow the capacity and capability of Changeworks to rapidly scale impact.

Our targets for delivering these goals are:

- To provide advice to **226,000** householders by 2025
- To support **28,000** homes to install energy efficiency measures and renewables in their homes by 2025
- To provide in-depth support to **10,000** households in fuel poverty by 2025
- To continue to reduce our carbon footprint each year with a view to becoming **net zero by 2040**
- To grow our income to **£13.8 million**
- To expand staffing to **277 FTE**

OUR IMPACT 2023/24



Provided advice to **63,811** householders through Changeworks' services including our delivery of **Home Energy Scotland** in the Highlands and Islands and Southeast.



Provided in-depth support to **4,030** households in fuel poverty.



12,969 homes received support to install energy efficiency measures and renewables through Changeworks' services including those who were supported with loan and grant referrals for identified measures by our **Home Energy Scotland** teams in the Highlands and Islands and Southeast of Scotland, as well as those supported in Scotland through our joint venture partnership **Warmworks**.



During 2023/24, we had **219** FTE staff.



Our income grew by **59%**.



Our carbon footprint per FTE increased by **13%**, due to our office move.



OUR IMPACT

Since the launch of our strategy in 2022, we have seen consistent progress against our strategic targets.

Since 2022, we have supported **27,758 households – 99% of our 2025 target** - to install energy efficiency measures and renewables in their homes through Changeworks' programmes.

This includes those supported through our joint venture Warmworks delivering Warmer Homes Scotland and householders supported with loan and grant referrals for identified measures by our delivery of Home Energy Scotland in the Southeast and Highlands and Islands.

Since the launch of our strategy, we have also provided advice to **116,882 householders (52% of target)** through our community engagement, Affordable Warmth and Home Energy Scotland services.

Our expert, accredited Affordable Warmth advisors have furthermore provided in-depth support to **7,244 householders** in fuel poverty, well on track at **72% of our 2025 target**. Our advisors provide tailored support to save energy, access financial support, resolve energy debt, and deliver prevention work to alleviate fuel poverty.



Our targets for 2022/25:

- To provide advice to **226,000** householders by 2025
- To support **28,000** homes to install energy efficiency measures and renewables in their homes by 2025
- To provide in-depth support to **10,000** households in fuel poverty by 2025
- To continue to reduce our carbon footprint with a view to becoming net zero by 2040
- To grow our income to **£13.8 million**
- To expand staffing to **277 FTE**

2023/24 saw a strong delivery and impact in the context of a challenging landscape of the energy crisis, alarming effects of global warming and a lack of policy drive to prioritise tackling the climate emergency.



OUR IMPACT (CNTD.)



Our targets for 2022/25:

Provide advice to 226,000 householders, in depth advice to 10,000 in fuel poverty and support 28,000 to install

In 2023/24, **4,030 households** struggling with fuel poverty received in-depth support through our Affordable Warmth services, with **over £1 million** financial savings achieved for clients.

We provided advice to **63,811 householders** through Changeworks' Affordable Warmth and community engagement services, alongside our delivery of Home Energy Scotland centres.

A total of **12,969 households** received support to install energy efficiency measures and renewables.

This includes those who received loan and grant referrals for identified measures through our delivery of Home Energy Scotland in the Highlands and Islands and Southeast. This figure also includes the solid impact Warmworks continues to have, supporting **4,103 households** in fuel poverty.

This is a strong achievement as the Warmer Homes Scotland scheme reached the end of its first phase this year, with installations from the second phase not being completed before the end of the financial year. This in turn had a knock-on effect on our impact, meaning carbon savings and insulation measures installed were reduced.



Case study

Michael lives in a top floor flat in the Borders. The walls had no insulation, making the flat difficult to heat. Last year, fear of high energy bills meant Michael was reluctant to switch on his heating.

"I could never afford to heat all this flat. In winter, I would only heat one room."

Michael signed up to the Energy Efficient Scotland: Area Based Scheme running in his area to get internal wall insulation installed. With his flat properly insulated, Michael is now feeling confident about the colder months.

"I look forward to next winter when I can be warm."

CHANGEWORKS.



OUR IMPACT (CNTD.)



Our targets for 2022/25: Reduce carbon footprint

Our carbon footprint in terms of tonnes CO₂e per Full Time Equivalent employee (FTE) **increased by 13%** in 2023/24. This is primarily due to the office move, as there was dual running of the old and new offices while fit-out works were taking place and includes the inherited non-renewable tariff for part of the year.

We have ambitious targets of becoming net zero by 2040 and will review our approach to achieve this.

As part of our commitment to reducing our carbon footprint, our carbon reduction team continually implement and share ideas and tips for colleagues to action.

For example, in spring 2023, colleagues were offered the opportunity of receiving free energy saving measures for their homes.



OUR IMPACT (CNTD.)

 **Our targets for 2022/25:**
Expand staffing to 277 FTE

In 2023/24, we had **216 FTE staff**. Since the launch of our 2022-25 strategy, we **have increased our workforce by 18%** to enable us to scale and grow our reach and impact.

Alongside continued focus on improving efficiency and efficacy of our systems and processes, we have invested in developing our staff through launching a new online training portal and a staff intranet for information sharing.

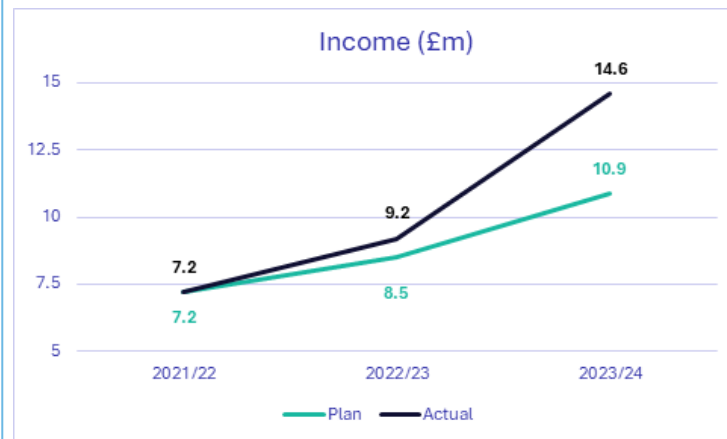
This investment has resulted in a more effective, resilient and commercially flexible workforce.

 **Our targets for 2022/25:**
Grow income to £13.8m

Income has grown by 103% since 2021/22, including a change in how one of our contracts is managed. Our comparative income has **grown by 38%**, slightly below our target.

Due to the need for urgent action with the accelerating climate emergency and energy crisis, in 2023/24 we used £1.2m of the total £3.5 strategic fund from excess reserves which was ringfenced in 2022/23 to build our capacity and develop services.

For more detail, see the Financial Review section.



OUR IMPACT (CNTD.)

Progress against

GOAL 1: ENGAGE

Our goals are to:

- Develop decarbonisation and affordable warmth strategies for communities and social housing
- Create demand for our services and build long-term engagement
- Scale our approach to place-based, inclusive community empowerment and engagement
- Develop and scale information and advice to enable householders to install measures
- Develop services to support people to adopt low carbon behaviours in the home
- Provide support to households who are in fuel poverty

In 2023/24 we:

- Increased our market share of decarbonisation strategies, meeting operational targets to engage customers
- Launched our new website offering energy advice to scale our reach
- Continued developing our approach to community engagement testing place-based approaches and reaching excluded communities
- Piloted a new service providing advice to Housing Association tenants
- Continued to provide fuel poverty advocacy services supporting people in immediate need with their energy and heating



Case study

Anna was in significant energy debt and struggled to keep warm at home. This was impacting her wellbeing. She also felt her energy supplier treated her like she was 'worthless'.

Through her social worker, she was put in touch with an advisor from Changeworks' Housing Association Energy Support service. The advisor supported her to reduce her energy bills and applied for funding to clear the debt.

"My advisor has a caring voice and treats me with dignity."

The advisor worked with Anna to prevent her from falling back into energy debt. Anna now feels more confident in managing bills and has an affordably warm home.

OUR IMPACT (CNTD.)

Progress against

GOAL 2: SUPPORT

Our goals are to:

- Expand our delivery of Scottish Government installation programmes to increase the scale of our impact
- Scale up our services to support Social Housing providers to decarbonise their housing stock
- Deliver services to support self-funding owners to accelerate large scale decarbonisation
- Deliver installation support services to maximise savings and comfort, and minimise carbon emissions
- Engage the supply chain to ensure quality installs and open new partnerships to scale

In 2023/24 we:

- Grew our project management service through securing new contracts with local authorities and social landlords and retaining others
- Piloted an innovative retrofit on prescription service with the Energy Systems Catapult
- Continued to support households in the self-funded market via our advice centre contracts
- Invested in the development of our retrofit agency aimed at the self-funding market, launching EcoCosi to deliver home plans for our first customers while we work on plans to scale this approach
- Invested in a new team to transform our relationship with the supply chain



Case study

EcoCosi from Changeworks is a home improvement service for homeowners that delivers home comfort with energy efficient retrofit.

As the experts in decarbonisation, Changeworks provides tailored advice and a quality service.

Since the service launch in 2023/24, we have received **1,120 registrations**.

The service is currently available in Edinburgh but will be rolled out across Scotland in the near future.



OUR IMPACT (CNTD.)



Progress against

GOAL 3: INNOVATE

Our goals are to:

- Innovate new business models to develop services to accelerate the adoption of decarbonisation measures across tenures
- Investigate solutions to enable smart and local energy systems that support the decarbonisation of a greater number of homes while protecting the integrity of the National Grid
- Identify solutions and approaches to increase deployment of and connections to communal, local and district heat networks
- Develop whole house retrofit solutions for common Scottish house archetypes

In 2023/24 we:

- Made steady progress, with innovation a core value and cornerstone of our strategic plan
- Focussed on new business models to create and develop services and investigating solutions to enable smart and local energy systems
- Completed research into new business models identifying a number of areas to take forward in the coming year
- Integrated our work on Scottish house archetypes into specific projects and are now testing out the model with partners
- Collaborating with partners, we are also continuing to explore our role in supporting the roll-out of heat networks.



Case study

Changeworks partnered with Energy Systems Catapult to deliver the Warm Home Prescription project in Aberdeen City and Aberdeenshire.

The aim is to help vulnerable people with health conditions made worse by being cold who are struggling to stay warm and well at home, and stay out of hospitals, through 'prescribing' warmth.

“We’re delighted to be working with Energy Systems Catapult to deliver this innovative service.

By installing energy efficient measures and offering invaluable energy advice to vulnerable households we can drastically help improve their wellbeing.” Ewan Fisher, Technical Support Manager, Changeworks

OUR IMPACT (CNTD.)



Progress against

GOAL 4: ACCELERATE

Our goals are to:

- Learn from others and undertake research to further develop understanding, thinking and knowledge to inform our current and future delivery
- Disseminate knowledge, expertise, and insights to support the decarbonisation of homes in Scotland
- Influence the development of a supportive operating environment of policies, regulations, and funding, working with partners

In 2023/24 we:

- Implemented a cross-organisational process to surface and share expertise, best practice and successes
- Improved the visibility and impact of our research and projects, through marketing, speaking at sector conferences and maximising partnership opportunities to share our expertise with wider audiences such as Scottish Federation of Housing Associations members and via BE-ST
- Invested in developing our external impact evaluation services
- Responded to several government consultation and continued to deliver our influencing strategy



Award

Changeworks' impact evaluation services received a Commended Service Scotland Award in the VIBES Awards 2023, which recognises businesses that have developed a service that brings environmental and business benefits.

Changeworks has developed monitoring tools that can be used to gather robust data which covers householder experiences, energy consumption variations, SAP analysis, household comfort levels as it relates to residents' health and wellbeing. The impact evaluation service ensures learnings are maximised.

“This commendation is a testament to the importance of learning and improvement for reducing our impact on the environment.”

Joanna Long, Senior Impact Evaluation Consultant, Changeworks

OUR IMPACT (CNTD.)

Progress against

GOAL 5: GROW



Our goals are to:

- Strengthen our capacity and capability to enable rapid growth
- Drive continual improvement of management systems and processes to operate efficiently and manage risk as we scale
- Continue to reduce our carbon emissions as we grow
- Build our brand awareness to reach and engage wider audiences
- Develop our digital capabilities to scale and digitise our services
- Develop an integrated organisational householder journey to unify services offers and identify gaps

In 2023/24 we:

- Delivered an audience segmentation, brand refresh and new website
- Maintained and secured organisational accreditations recognising our compliance with standards
- Continued to embed and gain benefit from our new finance system
- Replaced recruitment software to improve candidate experience and enable HR efficiencies
- Launched a staff intranet to share internal knowledge and understanding
- Continued to invest in our workforce development, launching a new online training portal with key courses
- Continued to prioritise Equality, Diversity and Inclusion across the organisation through a new working group to secure accreditation
- Continued to invest in our business development activities to support our continued growth and development
- Relocated our Edinburgh office to a modern workspace fit for our future growth and to provide a great place for our teams to work but also drive collaboration
- Continued to define and develop the capabilities we will need in the future as we scale

FINANCIAL REVIEW

Our current strategic plan has a strong focus on growth to scale our impact, enabled by internal investment built up from significant reserves from previous years.

Since 2021/22 income has more than **doubled to £14.6m** in 2023/24, £3.8m above target. Removing £4.7m of this which comprises of subcontractor pull-through, where we are reimbursed for paying subcontractor invoices, our **income has grown by 38%** since 2021/22.

Recognising the need to grow to scale given the accelerating climate emergency, the Board ring-fenced £3.5m of excess reserves in 2022/23 for internal investment to build capacity and develop services to increase our impact.

This £3.5m was placed in a Strategic Fund to be utilised over our 2022/25 strategic plan. In 2023/24, we utilised £1.2m of the Strategic Fund, which is the main factor behind our £1.9m deficit.

However, this represented a £0.5m underspend on our budget of £1.7m from this fund.

The resulting saving was transferred from the Strategic Fund to our General Fund to ensure this was maintained at a reasonable level (see Reserves Policy).

ANALYSIS OF SURPLUS / (DEFICIT)	£	£
SURPLUS / (DEFICIT)		(1,881,599)
COMPRISES:		
LOSS ON RESTRICTED FUNDS (TIMING OF GRANT RECEIPTS)	(393,644)	
ANNUAL LEAVE ACCRUAL	(185,791)	
INTERNAL INVESTMENT VIA STRATEGIC FUND	(1,180,287)	
UNDERLYING PERFORMANCE	(121,877)	
		(1,881,599)

FINANCIAL REVIEW (CNTD.)

Additionally, the charity recognised an annual leave accrual for the first time, impacting the year's deficit by £186k.

These cumulative effects result in an underlying deficit of £122k, £155k worse than budget, but with unrestricted reserves £99k higher than the agreed budget at the start of the financial year.

Reserves policy

The reserves policy is reviewed annually by the Board. Minimum general fund requirement is calculated annually by identifying a range of risks and estimating their potential financial impact using a risk weighting based on their likely occurrence.

Designations of unrestricted reserves for specific purposes are approved annually by the Board.

The Board estimates that, after removing designated funds, unrestricted reserves of £1.4m (2023: £1.3m) are required to cover operational risk.

The level of unrestricted reserves is monitored by the Board on a quarterly basis, and by the Executive Team monthly. As of 31 March 2024, total unrestricted funds were £5.2m (2023: £6.7m).

After removing designated funds, the general fund stood at £1.0m (2023: £1m) which is £400k short (2023: £300k) of the minimum level required as per the Board's calculation of operational risk. A budget has been set for 2024-25 that aims to close this gap to £100k.

Designated funds

Following annual review, the Board has agreed to designate £4.1m of charitable funds as follows:

- Dilapidations Reserve: £30k to cover renovation, decoration and dilapidation commitments of our various office leases, where not provided for in the accounts.
- Fixed Asset Reserve: £1.6m being the book value of the charity's fixed assets at year-end. This reflects reserves tied up in physical assets and therefore not available for immediate spend.
- Strategic Fund: £860k to self-fund elements of our three-year Strategic Plan (one year remaining). This is the remaining amount of £3.5m set aside by the Board for this purpose at the start of financial year 2022-23.
- Investments: £9k funds tied up in non-liquid investments (Warmworks Scotland LLP and the Edinburgh Community Solar Co-operative).



FINANCIAL REVIEW (CNTD.)

- Investment Fund: £901k which represents the increase in the reserves position from the sale of our holding in Changeworks Recycling which has been ring-fenced for future investment.
- Warmworks member's security: £750k to cover the maximum drawdown against our Warmworks member's security.

Risk management

The directors have assessed the risks to which the charitable company is exposed, as outlined in the Risk Register which is reviewed regularly by the Executive Team and the Audit and Risk Committee and approved annually by the Board. Mitigation strategies / controls are in place for all identified risks.

There are no risks categorised as 'severe' in the current risk register but five are categorised as 'major':

RISK SUMMARY	CONTROLS / MITIGATIONS
Loss of key contracts through re-tender, which account for a significant percentage of our income.	Project team, led by a member of the Executive Team, working on the retender, with clear project plan and external specialist support.
Failing to grasp opportunities from evolving technological and digital changes.	Digital Summit formed to co-ordinate a strategic approach to organisational digital transformation.
Our desired impact may be adversely affected by ineffective prioritisation of work.	Executive Team set priorities and review quarterly.
Planned utilisation of the Strategic Fund is removing a significant cash buffer and introducing a higher level of cash risk.	Stronger focus on cash management and forecasting, with new tools and cultural shift led by the Executive and Leadership Teams.
Government funding of the decarbonisation agenda may reduce as the political landscape changes.	Targeted influencing while aiming to diversify away from government funding.

ACCREDITATIONS AND CERTIFICATES

Changeworks is proud to hold the following accreditations, a testament to our organisational capability, skills and commitment to being an exemplar workplace.

- Carbon Footprint Standard – Carbon Neutral Organisation
- Cyber Essentials
- Cycle Friendly Employer
- Investors in People (Platinum status)
- Investing in Volunteers
- ISO 9001 (Quality Management Systems)
- ISO 14001 (Environmental Management Systems)
- ISO 45001 (Occupational Health & Safety)
- Living Wage Employer



Our volunteers

In 2023-24, volunteers contributed almost 1,000 hours of their time to support Changeworks. The number of volunteers increased by 87%, meaning we now have 75 trained volunteers available to call upon.

“Changeworks provides an amazing platform for me to make a difference in people’s lives and the environment.”

FUTURE PLANS

As we move into the final year of our strategy, we will continue to innovate and grow to accelerate the decarbonisation of Scotland's homes deliver against our strategic goals.

We will continue to:

- develop new and evolve existing services
- build on existing and develop new partnerships
- expand the reach of our community engagement
- use our expertise, voice and influence to accelerate home decarbonisation
- invest in our infrastructure, including in our digital capabilities, to further scale our reach.

We will also be looking to the next strategic period, 2025-30. Our focus will remain on improving the energy efficiency of homes and supporting householders to ensure a just transition to net zero.

We will develop more specific plans during 2024/25 and in preparation, are undertaking work to understand and develop the capabilities we will require in the future to accelerate our growth further.



STRUCTURE, GOVERNANCE AND MANAGEMENT

Changeworks Resources for Life is a company limited by guarantee governed by its Articles of Association passed by special resolution on 23 October 2020 (replacing the existing Articles dated 31 March 1987, amended 22 March 2006).

The company is registered as a charity with the Office of the Scottish Charity Regulator.

Changeworks Resources for Life is governed by a Board of Directors who are appointed under a process outlined in our Articles of Association. The Board ensures the company is managed efficiently and takes the lead in strategic decisions, although the day-to-day management of affairs is delegated to the Chief Executive.

Group structure

The charitable company, Changeworks Resources for Life has one dormant trading subsidiary, Changeworks Enterprises Limited, and has a one-third interest in Warmworks Scotland LLP, which was established in June 2015.

Appointment of directors

The maximum number of directors is ten and a minimum of six – each of whom can hold office for a maximum of three three-year terms.

Directors' induction and training

New directors are given a briefing on their legal obligations under charity and company law, the board and decision-making process, the business plan and recent financial performance of the charity.

New directors are also encouraged to meet with key employees and attend strategy events and are offered external finance training.



STRUCTURE, GOVERNANCE AND MANAGEMENT CNTD.

Organisational Structure

The Board meets at least quarterly, and the Chief Executive has delegated authority for the operational management of the charity. The Chief Executive is supported in the delivery of the operational management by the Executive Team, as listed on page three.

Key management remuneration

Remuneration of all personnel, including key management, is covered by our Pay Policy, agreed by the Board December 2015.

Changeworks has developed its own salary grades and operates a job evaluation system where individual roles are assessed as to the level of responsibility and placed on the same grade as other roles within Changeworks that have a similar level of responsibility.

A number of factors are considered when assessing the level of responsibility. For roles up to middle manager level the assessment is carried out by a panel of staff. More senior posts are assessed by a sub-group of the Board and the Chief Executive. The HR Manager acts as an advisor to both panels. The Chief Executive's salary is determined by the Board.

Senior salaries are restricted to a maximum of six times that of the Real Living Wage.

Related parties

Related party information is disclosed in [note 23](#) to the accounts.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors (who are also trustees of Changeworks Resources for Life for the purposes of charity law) are responsible for preparing the Directors' 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 directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom 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;
- observe the methods and principles of the Charities SORP (FRS 102) (2nd edition – Oct 2019);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue on that basis.

The directors are responsible for maintaining 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, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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.



STATEMENT OF DIRECTORS' RESPONSIBILITIES CNTD.

Disclosure of information to the auditor

As far as the directors are aware at the time the report is approved:

- there is no relevant information of which the charitable company's auditor is unaware: and
- the directors have taken all steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information, and to establish that the charitable company's auditor is aware of the information

Directors

Members of the Board of Directors, who are directors for the purpose of company law and trustees for the purpose of charity law, who served during the year and up to the date of this report are set out on page 3. Members of the charitable company guarantee to contribute an amount not exceeding £1 to the assets of the charitable company in the event of winding up.

This report has been prepared in accordance with the Accounting and Reporting by Charities Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

The Directors' Report and Strategic Report are approved by the Board of Directors on 23 August 2024 and signed on its behalf by:



Derek Redvers

Director



INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS AND MEMBERS

Opinion

We have audited the financial statements of Changeworks Resources for Life (the charitable company) for the year ended 31 March 2024 which comprise the Statement of Financial Activities (incorporating the Income and Expenditure Account), the Balance Sheet, the Statement of Cash Flows, and the 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 2024 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

INDEPENDENT AUDITOR'S REPORT CNTD.

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 United Kingdom, including the Financial Reporting Council'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 audit 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 charity'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 Report of the Directors, 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.



INDEPENDENT AUDITOR'S REPORT CNTD.

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 the audit:

- the information given in the Report of the Directors, incorporating the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the 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 Strategic report and the Report of the Directors.

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

INDEPENDENT AUDITOR'S REPORT CNTD.

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the directors

As explained more fully in the directors' responsibilities statement set out on page [28](#), the directors (who are also the trustees of the charity for the purposes of charity 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 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 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 directors 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

We have been appointed auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you in accordance with regulations made under those Acts.



INDEPENDENT AUDITOR'S REPORT CNTD.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the charity and the sector in which it operates and considered the risk of acts by the charity which were contrary to applicable laws and regulations, including fraud. This included but was not limited to the Charities and Trustee Investment (Scotland) Act 2005, and The Charities Accounts (Scotland) Regulations 2006.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

We focused on laws and regulations that could give rise to a material misstatement in the charity's financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of the directors and key management personnel;
- review of minutes of board meetings throughout the period; and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.



INDEPENDENT AUDITOR'S REPORT CNTD.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at

<http://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 and to the charitable company's directors, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charitable company's members, as a body, and the charitable company's directors, as a body, 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, the charitable company's members, as a body, and the charitable company's directors, as a body, for our audit work, for this report, or for the opinions we have formed.

Barry Truswell

Barry Truswell CA (Senior Statutory Auditor)
For and on behalf of
CT
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

Date:

CT is eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006

STATEMENT OF FINANCIAL ACTIVITIES

STATEMENT OF FINANCIAL ACTIVITIES	NOTES	UNRESTRICTED FUNDS	RESTRICTED FUNDS	TOTAL FUNDS 2023/24	TOTAL FUNDS 2022/23
INCOME AND ENDOWMENTS FROM:		£	£	£	£
CHARITABLE ACTIVITIES	<u>5</u>	13,604,583	887,567	14,492,150	9,007,361
INVESTMENT INCOME	<u>6</u>	66,307	-	66,307	144,600
TOTAL INCOME		13,670,890	887,567	14,558,457	9,151,961
EXPENDITURE ON:		£	£	£	£
CHARITABLE ACTIVITIES	<u>7</u>	15,158,845	1,281,211	16,440,056	9,822,275
TOTAL EXPENDITURE		15,158,845	1,281,211	16,440,056	9,822,275
NET GAINS/(LOSS) ON INVESTMENTS	<u>13</u>	-	-	-	776,299
NET (EXPENDITURE)/INCOME		(1,487,955)	(393,644)	(1,881,599)	105,985
TRANSFER RESTRICTED TO UNRESTRICTED		-	-	-	-
NET (EXPENDITURE)/INCOME AND MOVEMENT IN FUNDS		(1,487,955)	(393,644)	(1,881,599)	105,985
RECONCILIATION OF FUNDS:		£	£	£	£
TOTAL FUNDS AT 31 MARCH 2023	<u>22</u>	6,656,034	111,226	6,767,260	6,661,275
TOTAL FUNDS AT 31 MARCH 2024	<u>22</u>	5,168,079	(282,418)	4,885,661	6,767,260

The charitable company has no recognised gains or losses other than the results for the year as set out on this page. All the activities of the charitable company are classed as continuing. The notes on pages 39 to 72 form part of the financial statements

BALANCE SHEET

These financial statements were authorised for issue by the directors on 23 August 2024 and are signed on its behalf by:

Derek Redvers

Derek Redvers

Director

Josiah Lockhart

Josiah Lockhart

Company Secretary

Company Registration Number SC103904

The notes on pages 39 to 72 form part of the financial statements.

BALANCE SHEET	NOTES	31 MARCH 2024	31 MARCH 2023
FIXED ASSETS:		£	£
TANGIBLE ASSETS	<u>12</u>	1,584,979	411,028
INVESTMENT ASSETS	<u>13</u>	8,801	10,001
TOTAL FIXED ASSETS		1,593,780	421,029
CURRENT ASSETS:		£	£
DEBTORS	<u>14</u>	3,525,356	3,366,894
CASH AT BANK AND IN HAND		2,743,148	4,735,018
TOTAL CURRENT ASSETS		6,268,504	8,101,912
LIABILITIES:		£	£
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	<u>15</u>	(2,964,756)	(1,755,681)
NET CURRENT ASSETS		3,303,748	6,346,231
TOTAL ASSETS LESS CURRENT LIABILITIES		4,897,528	6,767,260
PROVISIONS FOR LIABILITIES	<u>17</u>	(11,867)	-
TOTAL NET ASSETS		4,885,661	6,767,260
THE FUNDS OF THE CHARITY:	<u>22</u>	£	£
UNRESTRICTED FUNDS		5,168,079	6,656,034
RESTRICTED FUNDS		(282,418)	111,226
TOTAL FUNDS		4,885,661	6,767,260

STATEMENT OF CASH FLOWS

STATEMENT OF CASH FLOWS	NOTES	2023/24	2022/23
CASH FLOWS FROM OPERATING ACTIVITIES:		£	£
NET CASH USED IN OPERATING ACTIVITIES	25	(640,337)	(960,728)
CASH FLOWS FROM INVESTING ACTIVITIES:		£	£
DIVIDENDS, INTEREST AND RENTS FROM INVESTMENTS		66,308	144,600
PURCHASE OF PROPERTY, PLANT AND EQUIPMENT		(1,419,041)	(266,563)
SALE OF INVESTMENTS		1,200	776,349
NET CASH PROVIDED BY INVESTING ACTIVITIES		(1,351,533)	654,386
CHANGE IN CASH AND CASH EQUIVALENTS IN THE REPORTING PERIOD		(1,991,870)	(306,342)
CHANGE IN CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE REPORTING PERIOD		4,735,018	5,041,360
CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD		2,743,148	4,735,018

ANALYSIS OF CHANGES IN NET DEBT	AT THE START OF THE YEAR 1 April 2023	CASH FLOWS	FX MOVEMENT	OTHER NON-CASH	AT YEAR-END 31 March 2024
	£	£	£	£	£
CASH	4,735,018	(1,991,671)	(199)	-	2,743,148
	4,735,018	(1,991,671)	(199)	-	2,743,148
FINANCE LEASE OBLIGATIONS	-	-	-	-	-
TOTAL	4,735,018	(1,991,671)	(199)	-	2,743,148



NOTES TO THE FINANCIAL STATEMENTS

1. General information

These financial statements are presented in pounds sterling (GBP) as that is the currency in which the charitable company's transactions are denominated. They comprise the financial statements of Changeworks Resources for Life.

The principal activity of Changeworks Resources for Life is developing and delivering high impact solutions to make low carbon life a positive reality for everyone.

Changeworks Resources for Life is a charitable company limited by guarantee incorporated in the United Kingdom and registered in Scotland.

It is recognised as a charity for tax purposes by HMRC and is registered with the Office of the Scottish Charity Regulator (OSCR) under charity number SC015144. Details of the registered office and company registration number can be found on page 3 of these financial statements.

2. Principal accounting policies

a) Basis of accounting

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (FRS 102) (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition – October 2019)', the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

Changeworks Resources for Life meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost unless otherwise stated in the relevant accounting policy.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires directors to exercise their judgement in the process of applying the accounting policies. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The principal accounting policies applied in the preparation of these financial statements are noted below. These policies have been applied consistently to all the years presented in dealing with items which are considered material in relation to the charitable company's financial statements unless otherwise stated.



NOTES TO THE FINANCIAL STATEMENTS CNTD.

b) Going concern

Following an examination of current performance, major contracts, business environment, business development plans and reserves position, the directors are of the opinion that the charitable company can continue to meet its obligations as they fall due for the foreseeable future. As a consequence, the directors have prepared the financial statements on the going concern basis.

c) Recognition and allocation of income

Income is recognised when the company has legal entitlement to the funds, the receipt is probable, and the amount can be measured reliably.

Donation and legacy income include donations, gifts, legacies and grants that provide core funding or are of a general nature.

Income from charitable activities includes income received under contract or grant funding which is subject to specific performance conditions. Where there are performance conditions attached to any grants and donations, income is recognised when the conditions have been met or when meeting the conditions are within the charity's control and there is sufficient evidence that they have been met or will be met. Income from contracts for services is recognised at fair value (contract value) with the delivery of the service and when the stage of completion, the costs incurred and the costs to complete can be measured reliably. Where income is received in advance the income is deferred until the service has been provided.

Where a grant condition allows for the recovery of any unexpended grant, a liability is recognised when repayment becomes probable.

Where there are terms placed on income that limit the charity's discretion over how that income can be used, that income is shown as restricted income in the accounts.

Gift aid is treated as part of the related gift unless the donor or terms of appeal have specified otherwise and is credited when receivable.

Investment income is recognised on a receivable basis and is measured at transaction value.

d) Volunteers and donated services and facilities

The value of services provided by volunteers is not incorporated into these financial statements.

NOTES TO THE FINANCIAL STATEMENTS CNTD.

e) Recognition and allocation of expenditure

Expenditure is recognised when the charity has entered into a legal or constructive obligation and is allocated, where possible, directly to the function to which it relates.

Charitable activities include expenditure associated with supply of environmental services and include both the direct costs and support costs relating to these activities. Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources. Accommodation and central support functions including finance, ICT and HR are charged to projects. For the year ended 31st March 2023, recharges were set at £13k per full time Edinburgh-based employee.

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

f) Funds

Restricted funds are those which have been given to the charity 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 support costs.

Unrestricted funds are incoming resources receivable or generated for the objects of the charity without further specified purpose and are available as general funds.

Designated funds are unrestricted funds that have been earmarked by the directors for a specific purpose.

g) Tangible fixed assets

Fixed assets are originally recorded at cost, with only assets costing in excess of £1,000 capitalised. Depreciation is provided on all fixed assets at rates calculated to write off the cost of each asset, less its estimated residual value, over its expected useful life as follows:

TANGIBLE FIXED ASSETS	
EQUIPMENT	20% or 33% straight line
FIXTURES & FITTINGS	20% straight line
MOTOR VEHICLES	20% straight line
OFFICE ALTERATIONS	shorter of 10 years or remaining life of lease

h) Investments

Investments in joint venture entities and in a social investment are held at cost less accumulated impairment losses.

i) Debtors

Trade debtors are amounts due from customers for goods sold or services performed. Trade debtors are recognised at the undiscounted amount of cash receivable, which is normally invoice price, less any allowances for doubtful debts.



NOTES TO THE FINANCIAL STATEMENTS CNTD.

j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks and are measured at fair value.

k) Creditors

Trade creditors are obligations to pay for goods or services that have been acquired. They are recognised at the undiscounted amount owed to the supplier, which is normally the invoice price.

l) VAT

Input tax relating to some charitable expenditure is irrecoverable and is therefore reported as part of the expenditure to which it relates when directly attributable. Input tax on overheads has been apportioned accordingly and the irrecoverable portion included in [note 8](#).

m) Financial assets and liabilities

Financial instruments are recognised in the balance sheet when the charity becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at transaction price.

Financial instruments are all classified as 'basic' in accordance with Chapter 11 of FRS102.

At the end of each reporting period, basic financial instruments are measured at amortised cost using the effective interest rate method.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire, or when the charity has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

n) Operating leases

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged to the Statement of Financial Activities on a straight-line basis over the period of the lease.

o) Pensions

Changeworks Resources for Life makes employer pension contributions, representing 8% of gross salary, for all eligible employees under The Occupational and Personal Pension Schemes (Automatic Enrolment) Regulations 2010. The charitable company operates a qualifying group personal pension scheme, into which contributions are paid. Changeworks staging date for auto enrolment was 1st May 2014 when all eligible employees were auto enrolled, and re-enrolment took place in 2017, 2020 and 2023.

NOTES TO THE FINANCIAL STATEMENTS CNTD.

p) Grant making policy

Intervention funding is allocated to private sector households whose income and savings are below an agreed threshold. Funding is provided if the health of the householder would be improved by installation of a measure, such as a new heating system. Both the householder and their health care worker can make a referral to the Affordable Warmth team.

3. Critical judgements and estimates

In preparing the financial statements directors make estimates and assumptions which affect reported results, financial position and disclosure of contingencies. Use of available information and application of judgement are inherent in the formation of the estimates, together with experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

No estimates or assumptions have been made in the preparation of these financial statements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. PREVIOUS YEAR'S COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

PREVIOUS YEAR STATEMENT OF FINANCIAL ACTIVITIES	UNRESTRICTED FUNDS	RESTRICTED FUNDS	TOTAL FUNDS 2022/23
INCOME AND ENDOWMENTS FROM:	£	£	£
CHARITABLE ACTIVITIES	8,099,483	907,878	9,007,361
INVESTMENT INCOME	144,600	-	144,600
TOTAL	8,244,083	907,878	9,151,961
EXPENDITURE ON:	£	£	£
CHARITABLE ACTIVITIES	8,834,678	987,597	9,822,275
TOTAL	8,834,678	987,597	9,822,275
NET GAINS/(LOSS) ON INVESTMENTS	776,299	-	776,299
TRANSFER RESTRICTED TO UNRESTRICTED	185,704	(79,719)	105,985
NET INCOME/(EXPENDITURE) AND MOVEMENT IN FUNDS	48,478	(48,478)	-

5. INCOME FROM CHARITABLE ACTIVITIES

The sole charitable activity undertaken by the charity is the supply of environmental services.

Income from Warmworks comprises profit distribution and management charges from Warmworks Scotland LLP – the activities of which are in line with our own charitable activities.

INCOME FROM CHARITABLE ACTIVITIES	UNRESTRICTED FUNDS	RESTRICTED FUNDS	2023/24 TOTAL
GRANTS:	£	£	£
COUNCIL GRANTS	-	74,090	74,090
OTHER GRANTS	20	813,477	813,497
TOTAL GRANTS	20	887,567	887,567
CONTRACT INCOME	12,381,404	-	12,381,404
WARMWORKS	1,223,159	-	1,223,159
TOTAL INCOME	13,604,583	887,567	14,492,150

PREVIOUS YEAR COMPARATIVES	UNRESTRICTED FUNDS	RESTRICTED FUNDS	2022/23 TOTAL
GRANTS:	£	£	£
COUNCIL GRANTS	-	155,032	155,032
OTHER GRANTS	13,800	752,846	766,646
TOTAL GRANTS	13,800	907,878	921,678
CONTRACT INCOME	7,287,622	-	7,287,622
WARMWORKS	798,061	-	798,061
TOTAL INCOME	8,099,483	907,878	9,007,361



6. INVESTMENT INCOME

INVESTMENT INCOME	2023/24 TOTAL	2022/23 TOTAL
	£	£
BANK INTEREST RECEIVABLE	65,792	29,376
LOAN INTEREST – CHANGeworks RECYCLING*	-	1,691
DIVIDENDS FROM SOCIAL INVESTMENTS (SEE NOTE 13)	515	325
GIFT AID DONATIONS RECEIVED	-	113,208
TOTAL	66,307	144,600

*Now Change Waste Recycling

7. CHARITABLE ACTIVITIES EXPENDITURE

CHARITABLE ACTIVITIES EXPENDITURE	STAFF COSTS	PROJECT COSTS	SUPPORT COSTS (NOTE 8)	2023/24 TOTAL
	£	£	£	£
SUPPLY OF ENVIRONMENTAL SERVICES	6,922,296	5,126,499	4,371,615	16,420,410
GOVERNANCE COSTS (NOTE 8)	-	-	19,646	19,646
TOTAL	6,922,296	5,126,499	4,391,261	16,440,056

Project costs have increased by 383% due to a new sizeable contract which includes pull through sub-contractor costs and associated income.

PREVIOUS YEAR'S COMPARATIVES	STAFF COSTS	PROJECT COSTS	SUPPORT COSTS (NOTE 8)	2022/23 TOTAL
	£	£	£	£
SUPPLY OF ENVIRONMENTAL SERVICES	5,614,405	1,060,539	3,126,768	9,801,712
GOVERNANCE COSTS (NOTE 8)	-	-	20,563	20,563
TOTAL	5,614,405	1,060,539	3,147,331	9,822,275

8. SUPPORT AND GOVERNANCE COSTS

The charity allocates its support costs as shown in the table below. Support costs are allocated on a basis consistent with the use of resources calculated on the basis of full-time equivalent employees.

SUPPORT AND GOVERNANCE COSTS	ENVIRONMENTAL SERVICE 2023/24	GOVERNANCE 2023/24	2023/24 TOTAL	ENVIRONMENTAL SERVICE 2022/23	GOVERNANCE 2022/23	2022/23 TOTAL
	£	£	£	£	£	£
SALARIES & TEMP STAFF	2,031,168	-	2,031,168	1,548,336	-	1,548,336
ACCOMMODATION & TRAVEL	546,313	-	546,313	416,007	-	416,007
OFFICE RUNNING COSTS	845,823	-	845,823	521,661	-	521,661
INSURANCE	133,068	-	133,068	111,093	-	111,093
MARKETING	222,893	-	222,893	131,499	-	131,499
STAFF TRAINING	134,421	-	134,421	72,372	-	72,372
PROFESSIONAL FEES	457,929	15,711	473,640	325,800	20,073	345,873
BOARD EXPENSES	-	3,935	3,935	-	491	491
TOTAL	4,371,615	19,646	4,391,261	3,126,768	20,563	3,147,331

The 2023/24 included a period of running two offices in Edinburgh, increasing the office running costs for the year.

Changeworks does not pay any remuneration to its trustees/directors but reimburses them for reasonable travel expenses incurred at the charity's request.

9. ANALYSIS OF STAFF COSTS

STAFF COSTS	2023/24	2022/23
	£	£
SALARIES AND WAGES	7,139,783	5,691,416
SOCIAL SECURITY COSTS	656,252	533,972
PENSION COSTS	565,825	449,300
REDUNDANCY AND RELATED COSTS	28,806	-
TEMPORARY STAFF	152,712	137,191
ANNUAL LEAVE PAY ACCRUAL	185,791	-
OTHER STAFF RELATED COSTS	224,295	350,862
TOTAL	8,953,464	7,162,741

This year, an accrual for holiday pay amounting to £185,791 has been included to reflect earned but untaken holiday entitlement. Previously, this accrual was not recognised as it fell below the materiality threshold. This change ensures compliance with FRS 102 and the Charities SORP and provides a true and fair view of our financial position.

9. ANALYSIS OF STAFF COSTS CNTD.

Number of employees receiving emoluments (salary plus National Insurance contributions) during the year over £60,000.

EMPLOYEE EMOLUMENTS	2023/24	2022/23
BETWEEN £60,000 AND £70,000	5	0
BETWEEN £70,000 AND £80,000	3	2
BETWEEN £80,000 AND £90,000	1	2
BETWEEN £90,000 AND £100,000	1	0
BETWEEN £100,000 AND £110,000	1	0

No director received any remuneration or received any other benefits from an employment with the charity or a related entity for services as a director. No directors were reimbursed for travel expenses during the year (2023: £nil), the charity incurred £3,935 (2023: £491) in relation to Board training and meetings. The key management personnel of the company comprise of the Executive as noted on page 3. The employee benefits for key management totalled £476,061 (2023: £443,763), this includes employer NI and employer pension contributions.

The average number of employees during the year on a head count basis was 237 (2023: 200). The average number of employees during the year, calculated on the basis of full-time equivalents, was as follows:

EMPLOYEE NUMBERS	2023/24 NO.	2022/23 NO.
MANAGEMENT AND ADMINISTRATION STAFF	26	24
PROJECT STAFF	193	162
TOTAL	219	186

10. NET INCOME FOR THE YEAR

THIS IS STATED AFTER CHARGING:	2023/24	2022/23
	£	£
DEPRECIATION	228,844	228,157
AUDITOR'S REMUNERATION: AUDIT FEE	11,607	10,950
LEASE CHARGES UNDER OPERATING LEASES	338,595	187,410

Lease charges have increased due to the move to Orchard Brae House.

11. TAXATION

The charitable company is exempt from corporation tax on its charitable activities.

12. TANGIBLE FIXED ASSETS

FIXED ASSETS	EQUIPMENT	FIXTURES & FITTINGS	OFFICE ALTERATIONS	TOTAL
	£	£	£	£
COST				
AT 1 APRIL 2023	1,115,583	20,841	12,430	1,148,854
ADDITIONS	319,194	-	1,099,847	1,419,041
DISPOSAL OF ASSETS	(68,144)	(15,516)	(23,172)	(106,832)
AT 31 MARCH 2024	1,366,633	5,325	1,089,105	2,461,063
DEPRECIATION				
AT 1 APRIL 2023	704,554	20,841	12,430	737,825
CHARGE FOR YEAR	189,506	-	39,338	228,844
DISPOSAL OF ASSETS	(62,542)	(15,516)	(12,527)	(90,585)
AT 31 MARCH 2024	831,518	5,325	39,241	876,084
NET BOOK VALUE				
AT 31 MARCH 2023	411,028	-	-	411,028
AT 31 MARCH 2024	535,115	-	1,049,864	1,584,979

Net assets increased during the year due to the office alterations in Orchard Brae House prior to the relocation.

13. INVESTMENTS

	2023/24	2022/23
	£	£
SOCIAL INVESTMENTS	8,800	10,000
JOINT VENTURES	1	1
TOTAL	8,801	10,001

Subsidiary undertakings

The charity's investments at the balance sheet date in the share capital of subsidiary companies include the following:

SUBSIDIARY	ACTIVITY	ORDINARY £1 SHARES	COUNTRY OF INCORPORATION	SHAREHOLDING
Changeworks Enterprises Ltd SC207925	DORMANT	100	UK	100%

Changeworks Enterprises Ltd (formerly known as Changeworks Trading Ltd, name changed on 11 April 2024) was dormant throughout the year and therefore did not generate a profit in the year to 31 March 2024 (2023: £nil). The aggregate capital and reserves of Changeworks Enterprises Ltd as at 31 March 2024 was £nil (2023: £nil).

13. INVESTMENTS (CNTD.)

Joint ventures

a) Changeworks Recycling Limited (Now Change Waste Recycling Limited)

Changeworks sold its 50% shareholding in Changeworks Recycling Limited (SC244949) on 10 February 2023. The shareholding had previously been carried at cost of £50.

The profit on sale of investment figure of in 2023-24 was £nil (2023: £776,299). This comprises:

JOINT VENTURES	2023/24	2022/23
	£	£
PROCEEDS FROM SHARE BUYBACK	-	776,349
LESS CARRYING VALUE OF INVESTMENT	-	(50)
TOTAL	-	776,299

13. INVESTMENTS (CNTD.)

Joint ventures

b) Warmworks Scotland LLP

Warmworks Scotland LLP (SO305326) is a joint venture owned equally by Changeworks Resources for Life, Energy Savings Trust Enterprises Limited and Everwarm. The initial cost of the investment was £1 per partner. The principal activity of the Warmworks Scotland LLP is managing the installation of grant-funded energy saving measures into domestic dwellings. A summary of its trading results is shown below:

WARMWORKS SCOTLAND LLP	2023/24	2022/23
	£	£
INCOME	69,903,568	82,027,571
EXPENDITURE	(66,626,481)	(80,144,642)
TAXATION	(38,725)	(39,515)
PROFIT	3,238,362	1,843,414
FIXED ASSETS	853,376	1,418,810
CURRENT ASSETS	20,486,874	18,489,862
CURRENT LIABILITIES	(14,126,448)	(14,023,084)
LONG TERM LIABILITIES	(276,457)	(617,127)
NET ASSETS	6,937,345	5,268,461

13. INVESTMENTS (CNTD.)

Joint ventures

If the investment in the joint venture had been accounted for under the equity method of accounting, the effect would have been as follows):

WARMWORKS SCOTLAND LLP INVESTMENT	2023/24	2022/23
	£	£
INCREASE IN CARRYING VALUE OF INVESTMENT	2,331,448	1,756,153
INCREASE/(DECREASE) IN INCOME FROM INVESTMENTS	556,295	416,410
DECREASE IN BALANCE OF FUNDS BROUGHT FORWARD	1,756,153	1,339,743
INCREASE IN NET CURRENT ASSETS	-	-

Current Assets includes withheld Construction Industry Scheme income of £757,731 which is to be reclaimed directly by the partners from HMRC during financial year 2024/25 and transferred back to Warmworks.

All three Warmworks partners have signed a Parent Company Guarantee in respect of Warmworks' largest Scottish Government contract.

13. INVESTMENTS (CNTD.)

Social investments

In November 2015 Changeworks Resources for Life purchased 5,000 ordinary shares of £1 in the Edinburgh Community Solar Co-op at a cost of £5,000. The Co-op was set up to realise a large-scale solar PV project in Edinburgh and the decision was taken to invest in it to support the initiative, in line with the company's charitable objectives, rather than purely with a view to receiving financial return.

A further 5,000 £1 ordinary shares were purchased in December 2020, bringing the total holding to 10,000 £1 shares.

In September 2023, the Edinburgh Community Solar Co-op returned 12% of share capital to all members = £1,200 (2023: £nil).

Dividends of £515 (2023: £325) were received during the year.

14. DEBTORS

DEBTORS	2023/24	2022/23
	£	£
AMOUNTS FALLING DUE WITHIN ONE YEAR		
TRADE DEBTORS	3,205,769	3,045,778
PREPAYMENTS	153,738	104,663
OTHER DEBTORS	8,085	12,769
ACCRUED INCOME	157,764	203,683
TOTAL	3,525,356	3,366,894

Trade debtors are amounts due from customers for goods sold or services performed. Trade debtors are recognised at the undiscounted amount of cash receivable, which is normally invoice price, less any allowances for doubtful debts.

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

CREDITORS	2023/24	2022/23
	£	£
TRADE CREDITORS	955,237	602,480
VAT	577,078	553,359
PENSION CONTRIBUTIONS	66,962	60,355
PAYE & NIC	166,349	147,632
OTHER CREDITORS, DEFERRED INCOME AND ACCRUALS	1,199,130	391,856
TOTAL	2,964,756	1,755,681

Trade creditors are obligations to pay for goods or services that have been acquired. They are recognised at the undiscounted amount owed to the supplier, which is normally the invoice price.

16. DEFERRED INCOME

DEFERRED INCOME	2023/24	2022/23
	£	£
BALANCE BROUGHT FORWARD	331,607	185,090
DEFERRED IN YEAR	3,985,186	1,877,748
RELEASED TO INCOME AND EXPENDITURE	(3,817,307)	(1,731,231)
TOTAL	499,486	331,607

Deferred income relates mainly to income received during the year for Energy Efficient Scotland: Area Based Schemes (EES:ABS) to be undertaken the following year as well as some contracts that were paid in advance in March for work to be undertaken in 2024-25.

17. PROVISIONS FOR LIABILITIES

DILAPIDATIONS PROVISION	2023/24	2022/23
	£	£
BALANCE BROUGHT FORWARD	-	260,077
INCREASE IN PROVISION FOR THE YEAR	11,867	23,642
PAYMENT IN LIEU OF DILAPIDATIONS	-	(200,000)
RELEASED IN YEAR	-	(83,719)
TOTAL	11,867	-

The provision increase in the year relates to a buildup of a reserve for the dilapidations on Orchard Brae House which will become due at the end of the lease. This provision will be built up over the course of the lease term based on estimates. The current estimate is the cost of down takings incurred ahead of our relocation to the site. Also included is a small provision for the removal of an air conditioning unit still in place at Newhaven Road at the balance sheet date.

In 2022-23 £200k was paid to Changeworks Recycling in lieu of dilapidations, due to leaving the office mid-lease. The remainder of the provision was released as no longer required.

18. FINANCIAL ASSETS AND LIABILITIES

FINANCIAL ASSETS AND LIABILITIES	2023/24	2022/23
	£	£
FINANCIAL ASSETS AT AMORTISED COST	6,114,766	7,997,248
FINANCIAL LIABILITIES AT AMORTISED COST	1,889,153	1,054,691

Financial assets at amortised cost comprise cash at bank and in hand, trade debtors, accrued income, other debtors, and (for the comparative figures) amounts owing from related entities.

Financial liabilities comprise accruals, trade and sundry creditors, deferred income and pension contributions.

19. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2024, the charity had commitments under non-cancellable operating leases as set out below:

OPERATING LEASES	LAND & BUILDINGS 31 MARCH 2024	OTHER 31 MARCH 2024	LAND & BUILDINGS 31 MARCH 2023	OTHER 31 MARCH 2023
	£	£	£	£
OPERATING LEASES WHICH EXPIRE:				
WITHIN ONE YEAR	271,550	107,161	68,252	46,354
WITHIN 2 TO 5 YEARS	1,099,081	146,153	8,667	62,105
OVER 5 YEARS	288,608	-	-	-
TOTAL	1,659,239	253,314	76,919	108,459

Land & buildings commitments have increased due to the move to new premises at Orchard Brae. This has a ten-year lease signed 19 April 2024 with a break clause on 18 April 2030.

20. PENSIONS

The charity operates a defined contribution scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. The pension cost charge represents contributions payable by the charity to the fund and amounted to £565,825 (2023: £449,300).

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

NET ASSETS	GENERAL FUNDS	DESIGNATED FUNDS	RESTRICTED FUNDS	2023/24 TOTAL FUNDS
	£	£	£	£
TANGIBLE FIXED ASSETS	-	1,584,979	-	1,584,979
FIXED ASSET INVESTMENTS	-	8,801	-	8,801
PROVISIONS	(11,867)	-	-	(11,867)
CURRENT ASSETS	1,793,831	4,364,809	109,864	6,268,504
CURRENT LIABILITIES	(749,286)	(1,823,188)	(392,282)	(2,964,756)
NET ASSETS AT 31 MARCH 2024	1,032,678	4,135,401	(282,418)	4,885,661

PREVIOUS YEAR'S COMPARATIVES	GENERAL FUNDS	DESIGNATED FUNDS	RESTRICTED FUNDS	2022/23 TOTAL FUNDS
	£	£	£	£
TANGIBLE FIXED ASSETS	-	411,028	-	411,028
FIXED ASSET INVESTMENTS	-	10,001	-	10,001
CURRENT ASSETS	1,293,369	6,666,546	141,997	8,101,912
CURRENT LIABILITIES	(280,272)	(1,444,638)	(30,771)	(1,755,681)
NET ASSETS AT 31 MARCH 2023	1,013,097	5,642,937	111,226	6,767,260



22. MOVEMENT IN FUNDS



MOVEMENT IN FUNDS	AT 1 APRIL 2023	INCOMING RESOURCES AND INVESTMENT GAINS	OUTGOING RESOURCES	TRANSFERS	AT 31 MARCH 2024
RESTRICTED FUNDS	£	£	£	£	£
LOW CARBON COMMUNITIES	93,774	201,771	(358,988)	-	(63,443)
AFFORDABLE WARMTH TEAM	(22,984)	562,297	(837,331)	-	(298,018)
SE PROJECTS TEAM	1,478	-	(1,278)	-	200
CORPORATE	38,958	123,499	(83,614)	-	78,843
TOTAL RESTRICTED FUNDS	111,226	887,567	(1,281,211)	-	(282,418)
UNRESTRICTED FUNDS	£	£	£	£	£
DESIGNATED FUNDS					
RELOCATION RESERVE	1,000,000	-	-	(1,000,000)	-
DILAPIDATIONS RESERVE	30,000	-	-	-	30,000
FIXED ASSET RESERVE	411,028	-	-	1,173,951	1,584,979
INVESTMENTS	10,001	-	-	(1,200)	8,801
WARMWORKS MEMBER'S SECURITY	750,000	-	-	-	750,000
INVESTMENT FUND	901,299	-	-	-	901,299
STRATEGIC FUND	2,540,609	-	-	(1,680,287)	860,322
TOTAL DESIGNATED FUNDS	5,642,937	-	-	(1,507,536)	4,135,401
GENERAL FUND	1,013,097	13,670,890	(15,158,845)	1,507,536	1,032,678
TOTAL UNRESTRICTED	6,656,034	13,670,890	(15,158,845)	-	5,168,079
TOTAL FUNDS	6,767,260	14,558,457	(16,440,056)	-	4,885,661

22. MOVEMENT IN FUNDS (CNTD.)



PREVIOUS YEAR'S COMPARATIVE FIGURES	AT 1 APRIL 2022	INCOMING RESOURCES AND INVESTMENT GAINS	OUTGOING RESOURCES	TRANSFERS	AT 31 MARCH 2023
	£	£	£	£	£
RESTRICTED FUNDS					
LOW CARBON COMMUNITIES	34,167	182,021	(122,414)	-	93,774
AFFORDABLE WARMTH TEAM	93,365	629,956	(697,827)	(48,478)	(22,984)
SE PROJECTS TEAM	93,627	-	(92,149)	-	1,478
CORPORATE	18,265	95,900	(75,207)	-	38,958
TOTAL RESTRICTED FUNDS	239,423	907,877	(987,597)	(48,478)	111,226
UNRESTRICTED FUNDS					
DESIGNATED FUNDS					
RELOCATION RESERVE	600,000	-	-	400,000	1,000,000
DILAPIDATIONS RESERVE	45,000	-	(23,643)	8,643	30,000
FIXED ASSET RESERVE	378,236	266,563	(228,157)	(5,614)	411,028
INVESTMENTS	10,051	-	(50)	-	10,001
WARMWORKS MEMBER'S SECURITY	750,000	-	-	-	750,000
LOANS TO RELATED ENTITIES	150,000	-	(25,000)	(125,000)	-
INVESTMENT FUND	-	776,299	-	125,000	901,299
STRATEGIC FUND	3,500,000	-	(959,391)	-	2,540,609
TOTAL DESIGNATED FUNDS	5,433,287	1,042,862	(1,241,855)	408,643	5,642,937
GENERAL FUND	988,565	7,977,520	(7,592,823)	(360,165)	1,013,097
TOTAL UNRESTRICTED	6,421,852	9,020,382	(8,834,678)	48,478	6,656,034
TOTAL FUNDS	6,661,275	9,928,259	(9,822,275)	-	6,767,260

22. MOVEMENT IN FUNDS CNTD.

Restricted Funds are grants that have been awarded to Changeworks to carry out specific projects within an agreed time period.

Balances on restricted funds constitutes grant instalments received but not yet spent or spend ahead of funding being received.

The funds are categorised by type in the above table – there were four restricted projects that had a balance over £50k at year end:

- (£145k) – balance on funds spent delivering energy information, advice and advocacy to tenants of five housing associations operating across Scotland. We received the full grant award on 29th April '24.
- (£129k) – balance of funds spent on delivering an Affordable Warmth supporting low-income people in the South East of Scotland. We received the full grant award on 3rd April '24.
- £77k – in relation to the administration of the Climate Emergency Response Group where membership contributions were paid in advance.
- (£67k) – balance on funds spent delivering community engagement, energy advice and small measures packs in fuel poor rural communities. We received the full grant award on 12th April '24.

Restricted fund income received was £0.9m (2023: £0.9m). There were 23 projects (2023: 19) in the year delivering these grant-funded services.



22. MOVEMENT IN FUNDS CNTD.

Fund transfers:

There were no transfers between restricted and unrestricted funds (2023: £48k).

Purpose of designated funds:

- **Dilapidations reserve:** The fund designated by the Board to cover renovation, decoration and dilapidation commitments of our various office leases.
- **Fixed Asset reserve:** The fund designated by the Board to represent the level of general fund not available for immediate use due to being tied up in fixed assets. The fund level is equal to the carrying value of fixed assets on the balance sheet.
- **Investments:** The fund designated by the Board to represent the level of general fund not available for immediate use due to being tied up in illiquid investments. This has fallen by £1,200 due to two rounds of share buy backs by Edinburgh.
- **Investment fund:** The fund designated by the Board to ring-fence the increase in reserves resulting from the sale of Changeworks Recycling – to ensure they are used for future investment and not to meet ‘normal’ operating expenses.
- **Strategic fund:** The fund designated by the Board to cover the unfunded costs of implementing the current three-year strategic plan. Of the £3.5m allocated to the Strategic Fund in 2022/23, for the implementation of our three-year strategic plan (2022/23 – 2024/25). During the year £1.2m was utilised and a further £0.5m transferred to the general fund to bring this level in line with our reserves policy, leaving a balance of £0.9m. The directors have agreed to spend the remaining balance in 2024/25.
- **Relocation reserve:** The fund designated by the Board to cover costs of relocating our Edinburgh HQ to our new office in 2023. This move completed in December 2023, with the reserve being depleted in full, with a corresponding increase in the Fixed asset reserve.
- **Warmworks members’ security:** The fund designated by the Board to cover the maximum drawdown against our Warmworks member’s security.

23. RELATED PARTIES

Related party transactions and year-end balances are disclosed in the tables below:

RELATED PARTY	NATURE OF RELATIONSHIP	INCOME 2023/24	EXPENDITURE 2023/24	DEBTOR BALANCE 31 MARCH 2024	CREDITOR BALANCE 31 MARCH 2024
		£	£	£	£
CLIMATE EMERGENCY RESPONSE GROUP (CERG)	CHANGEWORKS CEO, JOSIAH LOCKHART, IS ONE OF FOUR CORE MEMBERS	-	5,000	-	-
WARMWORKS SCOTLAND LLP	JOINT VENTURE – ONE THIRD OWNED BY CHANGEWORKS. JOSIAH LOCKHART AND GRAEME FARMER (CHANGEWORKS FINANCE & CENTRAL SERVICES DIRECTOR) ARE ON THE WARMWORKS BOARD	1,223,159	-	720,000	-

Changeworks administers CERG's finances through its own books. Any balances remaining at the end of this relationship will be returned to CERG. Summary of CERG finances 2023/24:

CERG FINANCES	2023/24
	£
OPENING FUND	38,958
INCOME (INCLUDING £5K CONTRIBUTION FROM CHANGEWORKS)	125,825
EXPENDITURE	(87,171)
CLOSING FUND	77,612

24. RESULTS BY DELIVERY GOAL

As detailed in the directors' report, our charitable activities can be categorised into four delivery goals.

The following tables analyse our financial results by delivery goal, though should be treated as indicative as many of our activities align to more than one goal. Support costs not capable of being attributed to one specific goal are allocated across the four goals pro rata to income.

RESULTS BY DELIVERY GOAL	INCOME 2023/24	EXPENDITURE 2023/24	SURPLUS 2023/24	INCOME 2022/23	EXPENDITURE 2022/23	SURPLUS 2022/23
	£	£	£	£	£	£
GOAL 1: IDENTIFY AND ENGAGE HOUSEHOLDS ACROSS SCOTLAND ON ACTIONS TO DECARBONISE THEIR HOMES	5,291,753	6,285,400	(993,647)	4,767,299	(7,065,082)	(2,297,783)
GOAL 2: SUPPORT HOUSEHOLDS TO INSTALL ENERGY EFFICIENCY AND LOW CARBON HEATING SYSTEMS TO DECARBONISE THEIR HOMES	8,518,729	9,293,434	(774,705)	4,518,689	(1,759,985)	2,758,704
GOAL 3: INNOVATE DELIVERY MODELS AND SOLUTIONS FOR HEAT AND ENERGY SYSTEMS FOR HOMES	511,172	569,289	(58,117)	554,571	(694,377)	(139,806)
GOAL 4: ACCELERATE DECARBONISATION THROUGH RESEARCH, EVALUATION, DISSEMINATION AND INFLUENCING	236,803	291,933	(55,130)	87,701	(302,831)	(215,130)
TOTAL	14,558,457	16,440,056	(1,881,599)	9,928,260	(9,822,275)	105,985

25. RECONCILIATION OF NET INCOME TO NET CASHFLOW ON OPERATING ACTIVITIES

CASHFLOW FROM OPERATING ACTIVITIES	2023/24	2022/23
	£	£
NET INCOME FOR THE YEAR	(1,881,599)	105,985
ADJUSTMENT FOR:		
DEPRECIATION CHARGES	228,844	228,157
GAINS/LOSSES ON INVESTMENT	-	(776,299)
DIVIDENDS, INTEREST AND RENTS FROM INVESTMENTS	(66,307)	(144,600)
LOSS/(PROFIT) ON SALE OF FIXED ASSETS	16,247	5,614
(INCREASE)/DECREASE IN DEBTORS	(158,463)	(867,784)
(INCREASE)/DECREASE IN CREDITORS	1,209,074	748,276
INCREASE IN PROVISIONS	11,867	(260,077)
NET CASH USED IN OPERATING ACTIVITIES	(640,337)	(960,728)

26. GOING CONCERN

The Directors are satisfied that confirmed funding and existing reserves are more than sufficient to ensure that the charity can continue to operate for at least twelve months from the date of approval of these accounts.

27. POST BALANCE SHEET EVENTS

There have been no material post balance sheet events.

28. OTHER NON-AUDIT SERVICES

We do not engage our auditor to provide non-audit services.

29. CAPITAL COMMITMENTS

There were no material capital commitments at the balance sheet date.

METHODOLOGY AND DATA SOURCES

Impact reporting

The methodology for the impact data in the 2023/24 report has remained the same as for the 2022/23 report, but we have expanded our data sources to more accurately reflect our impact through joint ventures and services delivered.

Our methodology and data sources will be revisited for the next strategic reporting period as we develop our strategy beyond the current strategic period.

In the first quarter of 2024-25, the priorities for monitoring and assessing our impact are to review and update current methods/ conversion factors for quantifying carbon reductions and financial savings,

and to apply them to the data for 2023-24 and 2022-23 (for comparative purposes).

Carbon footprint

Our carbon footprint is calculated based on the current UK Government guidance and conversion factors for greenhouse gas reporting issued annually by the Department for Environment, Food and Rural Affairs (DEFRA).

Our approach is externally validated by Carbon Footprint Ltd to ensure it meets all relevant standards, including the ISO 14064-3 (GHG Emissions Verification) framework and PAS 2060 – Carbon Neutrality.

Since 2018-19, our carbon reduction and offsetting activities have enabled us to be recognised as a Carbon Neutral Organisation.

Our calculation includes the following emissions:

- Scope 1 - Direct emissions from the activities that are under an organisation's direct control, such as fuel combustion, vehicles and fugitive emissions
- Scope 2 - Indirect emissions related to the production of electricity and heat that is purchased by the organisation
- Scope 3 - All other indirect emissions resulting from activities that are neither owned nor controlled by the entity, including emissions related to the use of consumer goods, transportation, waste treatment, and employee travel and home working.



CHANGEWORKS.

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