

**CHANGeworks**  
**Resources for Life**  
**(A company limited by guarantee)**  
**Report and Financial Statements**  
**Year ended 31 March 2019**

**Charity Number: SC015144**  
**Company Registration Number: SC103904**

**CHANGEWORKS RESOURCES FOR LIFE**  
**Contents of the Financial Statements**  
**For the year ended 31 March 2019**

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# **CHANGeworks RESOURCES FOR LIFE**

## **Report of the Directors**

**For the year ended 31 March 2019**

The directors present their report and the audited financial statements for the year ended 31 March 2019.

### **Reference and administrative details**

**Charity Number: SC015144**

**Company Number: SC103904**

#### **Directors**

Councillor Ian Perry  
Councillor Eleanor Bird  
Mary Church  
Nigel Douglas  
Fay Purves (deceased 21 July 2018)  
Derek Redvers  
Dr Margaret Somerville  
Philip Wright  
Joanne O'Hara (appointed 24 April 2019)  
Nicola Walters (appointed 24 April 2019)  
Steven Russell (appointed 24 April 2019)

#### **Secretary**

Teresa Bray

#### **Directorate**

Teresa Bray, Chief Executive  
Graeme Farmer, Finance & Resources Director  
Sharon McIntyre, Operations Director  
Liz Partington, Deputy Chief Executive  
Paul Thom, Technical Director

#### **Auditor**

Scott- Moncrieff, Chartered Accountants & Statutory Auditor, Exchange Place 3, Seiple Street, Edinburgh, EH3 8BL

#### **Bankers**

The Co-operative Bank plc, Ground Floor, 96 Fountainbridge, Edinburgh, EH3 9QA  
Triodos Bank, Brunel House, 11 The Promenade, Bristol, BS8 3NN  
Bank of Scotland plc, 6 Picardy Place, Edinburgh, EH1 3JT

#### **Solicitors**

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

#### **Registered Office and operation address**

36 Newhaven Road, Edinburgh, EH6 5PY

# CHANGeworks RESOURCES FOR LIFE

## Report of the Directors

For the year ended 31 March 2019

### Objectives and activities

A clear vision and mission, supported by our values, remains core to the achievement of our purpose at Changeworks.

The Changeworks Strategic Plan, running to 2022, is now being progressed. Our twelve strategic goals describe everything Changeworks does. It builds on our skills and expertise and takes into account the wider operating environment in Scotland and globally.

Our plans are ambitious – creating the world we want to live in requires nothing less. The urgent need to reduce emissions requires a great level of ambition. To that end, we have updated the carbon reduction strategic objective and now commit to net-zero carbon emissions by April 2020.

To successfully achieve our goals will require the continued commitment of our skilled and experienced staff and volunteers. We will work in partnership with many other organisations and need the support of our funders.

Changeworks is a respected charity with a strong track record of delivering low carbon solutions often in partnership with others. We need external funding to continue delivery of our day-to-day services. As a result of strong financial management and returns from our joint ventures, we will make strategic, targeted investment to:

- Research and pilot new services
- Strengthen our delivery
- Share our knowledge and expertise.

### Our vision

A world where people are able to live, work and enjoy life with a low carbon impact. We recognise climate change is the most significant threat to the environment and our way of life.

### Our Mission

Our mission is to develop and deliver high impact solutions to make low carbon life a positive reality for everyone.

Our mission reflects that our main activity is the development and delivery of solutions. We are seeking a positive reality for **everyone** since as a charity tackling inequalities is core to our mission. Higher carbon emissions correlate with higher levels of income and wealth, so we need to work with people across all sectors of society.

As one of the largest charities working in our field in Scotland, we need to ensure that our services are efficient and effective. To achieve our overall vision, we need to ensure that others benefit from our knowledge and expertise so that they can deliver effectively as well. We are also committed to learning from others. Most of our solutions focus on understanding that people's actions and behaviours are key to the delivery of solutions.

To maximise our impact, we will adopt the following approach to develop our work and services:

**Research:** improved solutions are necessary to deliver the scale of change that is required to tackle climate change. With the pace of technological change new options are being developed but the importance of structuring services around people is often forgotten. Through our delivery we can identify areas where services need to be improved. We have particular expertise in

## CHANGeworks RESOURCES FOR LIFE

### Report of the Directors

#### For the year ended 31 March 2019

implementing energy efficiency projects, data analysis, behaviour change and the human aspects of energy systems. Collectively these put us in a strong position to identify where research is required and commissioning and delivering key elements. To enhance both the rigour and credibility of our research we will work with academic partners where relevant.

**Piloting:** testing ideas and new approaches through pilots provides opportunities to put research, both our own and others, into practice prior to delivering at a larger scale. Not all elements of pilots will work, and it is important to learn lessons from both the successes and failures. It is essential we integrate monitoring and evaluation into all pilots.

**Delivering:** solutions developed and tested then need to be delivered at scale. Delivery at scale is central to Changeworks activities. We want to make a significant difference – we need to expand the breadth, depth, range and effectiveness of all our services. We deliver services we develop ourselves and programmes designed by others and gain valuable insights that can be used in research, piloting and innovation to improve our services.

**Mainstreaming:** the level of activity required to for Scotland to adopt an enjoyable low carbon life is too great for Changeworks to deliver in isolation. In many cases solutions are better delivered by others such as local community groups, social landlords, local authorities or other agencies. Through our research, piloting and delivery we have knowledge and experience we can share that is useful to other organisations in the delivery of their services.

#### **Achievements and performance**

Changeworks has continued to deliver a range of services covering energy efficiency, renewables, waste prevention and fuel poverty reduction. We provide both in-depth and large-scale services and our geographical reach covers all of Scotland. The past year has seen steady growth in our services building on our skills and expertise. In 2018-19 our services were focused on:

## CHANGeworks RESOURCES FOR LIFE

### Report of the Directors

For the year ended 31 March 2019

Householders	<ul style="list-style-type: none"><li>• advising and helping people to improve their homes' energy efficiency and fit micro-renewables</li><li>• working with people to change their behaviour in how they use energy in the home, travel and resources</li><li>• providing advice and in-depth outreach support to people in or at risk of fuel poverty</li><li>• providing specific services targeted at socially excluded groups to ensure that they are able to adopt a lifestyle that benefits people and the environment</li><li>• providing integrated area-based approaches in communities allowing householders to access a full range and depth of solutions to enable a low carbon life</li></ul>
Communities	<ul style="list-style-type: none"><li>• supporting communities to install community owned renewables and to maximise the community benefit from developer led renewables</li><li>• supporting communities to advise and assist people in improving the energy efficiency of their homes and fitting micro-renewables</li><li>• supporting communities to work with people to change how they use energy in the home, transport and resources</li><li>• supporting community groups to share their expertise and co-ordinate their action</li><li>• working with communities to develop area based practical solutions to save energy and prevent waste</li></ul>
Businesses	<ul style="list-style-type: none"><li>• delivering a business recycling service to help businesses work towards zero waste through our joint venture Changeworks Recycling</li><li>• advising and helping businesses to improve their energy efficiency</li><li>• working with business employees to change how they use energy, transport and resources both at work and home</li><li>• providing specialist support to help organisations reduce their CO<sub>2</sub> emissions in their field of operation</li><li>• supporting the development of policy and practice that makes sustainability straightforward for businesses and organisations</li><li>• supporting businesses in an area-based approach to reduce waste and access energy efficiency support</li></ul>
Organisations	<ul style="list-style-type: none"><li>• providing specialist support to local authorities to deliver area-based insulation programmes</li><li>• providing support and networking opportunities for housing associations to improve the energy efficiency of their housing stock, install renewables and support their tenants</li><li>• providing specialist support to help organisations reduce CO<sub>2</sub> emissions in their field of operation</li></ul>

# CHANGeworks RESOURCES FOR LIFE

## Report of the Directors

For the year ended 31 March 2019

### Changeworks impact in 2018/19

We consider it important for the impact of our work to be evaluated and have developed a methodology which seeks to do this. For 2018/19 our achievements included:

	Outcome	Indicator	2018/19	2017/18
1	People, communities, organisations and businesses reduce their CO <sub>2</sub> e emissions	Tonnes of CO <sub>2</sub> e lifetime saved through Changeworks' work	191,817	184,511
2	People, communities, organisations and businesses adopt practical solutions to live sustainably	Number of people adopting practical solutions	51,093	50,605
		Number of organisations adopting practical solutions	2,872	2,061
3	People, communities, organisations and businesses have increased wellbeing	Number of clients have positive improvements in their own home (heating, affordability, comfort etc)	1,767	1,153
		Number of clients who say they have increased ability/confidence to deal with suppliers, agencies etc	1,158	1,030
		£ saved for vulnerable households	20,803,505	17,524,267
4	People, communities, organisations and businesses have increased capacity [to take action] to live sustainably	Number of people who report increased skills to facilitate / support others	929	1,560
5	People, communities, organisations and businesses increase resource efficiency through waste prevention and recycling	Tonnage of material recycled	3,918	3,615
		Tonnage of material reduced or reused	3	135

Our activities in 2018/19 saved an estimated 191,817 tonnes CO<sub>2</sub>e lifetime. This represents a 4% increase from the (revised) previous year's figure of 184,511. We are proud of this achievement and our contribution to Scotland's carbon reduction targets, though we are aware of the need to continually improve and enhance our services.

We also recognise that not all activity can be measured empirically, and a number of case studies are prepared each year to illustrate our achievements.

# **CHANGeworks RESOURCES FOR LIFE**

## **Report of the Directors**

### **For the year ended 31 March 2019**

Our fuel poverty work has saved an estimated £20.8m lifetime for vulnerable households. This is a 19% increase from the previous year. Again, we are proud of our achievements in this area, assisting some of the most vulnerable people in Scotland, but are aware of the need to continually enhance and improve our services to meet changing needs and take advantage of emerging technologies.

For the evaluation of our activities we have refined our calculations to ensure more accurate data when working out duplicate carbon and we have updated the lifetime carbon and financial savings factors to reflect fuel cost changes and decarbonisation of the grid.

#### **The environmental impact of Changeworks operations**

In addition to our outcomes relating our services, we strive to operate sustainably and be an inspiring and empowering place to work for staff and volunteers. Our most recent staff and volunteer surveys found that 95% of staff are positive in their work, and 100% of volunteers replying to the survey are positive about being involved with Changeworks.

We have calculated our carbon footprint for 2018/19 to be 1.34 tonnes CO<sub>2</sub>e per FTE, compared to 1.40 (revised) for the previous year – a decrease of 4.5%. This decrease is a combination of a slight reduction in gas use in the Edinburgh office and a switch to renewable energy suppliers in the Peebles Hub and Inverness office. We plan to sustain this decrease in coming years by switching the Burntisland Hub to renewable energy also. It is also anticipated that the switch to hybrid and electric pool cars in January 2019 will further decrease the footprint of the organisation. Our active Green Team will continue to influence staff choices to improve sustainability and reduce the carbon impact of the charity.

As a measure of our overall carbon impact - the number of tonnes of carbon saved for each tonne expended was 1,158 compared to 1,143 the previous year – an increase of 1%.

#### **Accreditations**

We hold the following accreditations:

- European Foundation for Quality Management Committed to Excellence 2 stars
- Investors in People
- Investing in Volunteers
- ISO 14001 (Environmental Management Systems)
- Living Wage Employer.
- Cycle Friendly Employer

#### **Warmworks**

Warmworks Scotland LLP, a joint venture owned equally by Changeworks Resources for Life, Energy Saving Trust Enterprises Limited and Everwarm, has had a very successful year delivering the Scottish Government contract to deliver the national fuel poverty scheme, Warmer Homes Scotland. Warmworks operates throughout Scotland and manages the delivery of the installation of heating and insulation measures for vulnerable households. In 2018/19 the scheme helped 3,818 households, saving on average £313 per household.

#### **Financial Review**

We have seen a further strengthening of our financial position during 2018/19.



## CHANGWORKS RESOURCES FOR LIFE

### Report of the Directors

#### For the year ended 31 March 2019

The annual surplus of £0.6m (2018: £1.6m) has increased total funds to £6.1m, of which £2.2m (2018: £1.5m) is unrestricted (available for charitable purposes without restriction or designation). This is £1.2m in excess of the minimum reserves level set by the Board, and a process has been agreed to ensure this excess is gradually utilised in a planned and appropriate manner on charitable activities.

Following annual review, the Board has agreed to designate funds as follows:

- **Dilapidations Reserve:** £92,216 to cover dilapidation commitments of our various office leases.
- **Fixed Asset Reserve:** £612,556 being the book value of the charity's fixed assets to reflect the illiquid nature of these assets. This will be held as long as the net book value of fixed assets is material.
- **Strategic Fund:** £2,000,000 to cover additional costs of the first three years of our new strategic plan, ensuring progress against our goals as stated below. This includes internal funding of charitable programmes and activities not covered by external funding.
- **Investments:** £5,051 funds tied up in illiquid investments – Warmworks, Changeworks Recycling and Edinburgh Solar Co-op. Fund to remain in place as long as such investments are held.
- **Loans to related entities:** £300,000 tied up in loans and loan facilities not yet drawn down to Changeworks Recycling Ltd – owned 50% by the charity.
- **Warmworks Parent Company Guarantee:** £750,000 to cover our maximum potential exposure under the Scottish Government HEEPS 2 contract (delivered by Warmworks). Expected to remain in place for the duration of the Warmworks contract.

#### 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 by the Board.

The Board estimates that, after removing designated funds, unrestricted reserves of £952k (2018: £860k) are required to cover estimated operational risk.

The level of unrestricted reserves is monitored by the Board on a quarterly basis. As at 31 March 2019, total unrestricted funds were £5.9m (2018: £5.3m). After removing the above designated funds, the general fund stood at £2.2m (2018: £1.5m) which is £1.2m (2018: £0.6m) in excess of the level required as per our calculation of operational risk.

The Board is aware that excess reserves should be made available to fund charitable activities and accordingly has agreed a deficit budget for 2019/20, funded by the planned use of our designated Strategic Fund reserve.

# CHANGeworks RESOURCES FOR LIFE

## Report of the Directors

For the year ended 31 March 2019

### Risk management

The risk policy adopted by the directors is as follows:

“To achieve its mission and objectives Changeworks has to be prepared to take risks. Changeworks operates a system of identifying and evaluating risks. Where risks are identified, a decision is made whether to minimise, mitigate or manage the risk. Where it is decided to manage the risk the contribution to the overall risk portfolio is considered and the overall level of risk accepted will not be at a level that would undermine the continued operation of Changeworks. The level of risk acceptable must be considered against the contribution to Changeworks’ aim. High-risk activities with little direct contribution to the objectives should not be undertaken even if there is a possibility of significant amounts of income generation.”

The directors have assessed the risks to which the charitable company is exposed, in particular those related to the operations and finances of the charitable company. The directors are satisfied that systems are in place to manage exposure to the major risks, as outlined in the Risk Register which is reviewed on an annual basis. Mitigation strategies / controls are in place for all identified risks.

### Plans for future periods

Our Strategic Plan 2019-2022, which informs and directs our future plans and activities. Our twelve goals for this period are as follows:

- **Energy Efficiency of Buildings:** Successfully deliver at scale a wide range of better insulated and healthy buildings.
- **Renewable and Low Carbon Solutions:** Maximize effective deployment of low carbon and renewable technologies ensuring the needs of people are met.
- **Integrated Area Based Approach:** Lead on the development and delivery of an integrated area-based approach to low carbon living and working.
- **Fuel Poverty and Consumer Protection:** Strive to ensure everyone, irrespective of income, enjoys the benefits of well regulated, affordable, low carbon heat and power.
- **Circular Economy:** Increase our role in achieving a zero-waste society.
- **Engagement and Behaviours:** Bring about significant behavioural change that supports low carbon living.
- **Staff and Volunteers:** Be an exceptional place to work where our staff and volunteers are empowered to deliver solutions for a low carbon life
- **Finance:** Ensure we have sufficient funds to achieve our ambitions.
- **Being an Exemplar:** Being an outstanding quality driven organisation operating as a role model in our field.
- **Research, Development and Innovation:** Drive improvements in projects and services, building on evidence and inspiring innovation.
- **Technology and resources:** Proactively adopt technology to improve the delivery of our services.
- **Communication and Brand Awareness:** Significantly increase our visibility, personality and profile.

Our Strategy Directorate is charged with measuring our performance against these goals and is already leading new ways of working to ensure the whole organisation can track and report progress.

## **CHANGeworks RESOURCES FOR LIFE**

### **Report of the Directors**

**For the year ended 31 March 2019**

#### **Structure, governance and management**

Changeworks Resources for Life is a company limited by guarantee governed by its Memorandum and Articles of Association dated 31 March 1987 and amended to allow for the current governance arrangement on 22 March 2006. The company is registered as a charity with the Office of the Scottish Charity Regulator. Membership is open to The City of Edinburgh Council and Friends of the Earth (Scotland) Limited.

Changeworks Resources for Life is governed by a Board of Directors, which is drawn from local Government and the community. 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 active 50% owned trading company, Changeworks Recycling Limited, whose main activity is business recycling services, plus one dormant trading subsidiary Changeworks Trading Limited. Changeworks Resources for Life also has a one-third interest in Warmworks Scotland LLP – established June 2015.

#### *Appointment of Directors*

The maximum number of directors is 11, of whom a maximum of 2 shall be nominated and a maximum of 9 directors shall be co-opted. 1 nominated member can be appointed by The City of Edinburgh Council and 1 by Friends of the Earth (Scotland) Limited. The directors may at any time appoint any person (other than an employee of the company) to be a director providing they are willing to act as such.

#### *Directors' Induction & 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.

#### *Organisational Structure*

The Board meets 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 Directorate made up of the Deputy Chief Executive, Operations Director, Technical Director and the Finance and Resources Director.

Although a formal hierarchical structure has been adopted, we do not allow structures to limit our delivery and actively promote cross-departmental working.

#### *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 which utilises 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 taken into account 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

## **CHANGeworks RESOURCES FOR LIFE**

### **Report of the Directors**

#### **For the year ended 31 March 2019**

by a sub-group of the Board and the Chief Executive. The HR Co-ordinator 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 lowest paid member of staff, though to date none have reached this level.

#### *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);
- make judgements and estimates that are reasonable and prudent;
- 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.

#### **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

## **CHANGEWORKS RESOURCES FOR LIFE**

### **Report of the Directors**

#### **For the year ended 31 March 2019**

out on page 1. 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) and in accordance with special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The Directors' Report is approved by the Board of Directors on 2 October 2019 and signed on its behalf by:

Director \_\_\_\_\_  
Ian Perry

**CHANGeworks RESOURCES FOR LIFE**  
**Independent Auditor's Report to the Members and Directors**  
**For the year ended 31 March 2019**

**Opinion**

We have audited the financial statements of Changeworks Resources for Life for the year ended 31 March 2019 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 2019 and of charitable company's 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 regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 the provisions available for small entities, in the circumstances set out in note 27 to the financial statements, and we have fulfilled our 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**

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

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

**Other information**

The 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. 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.

**CHANGeworks RESOURCES FOR LIFE**  
**Independent Auditor's Report to the Members and Directors**  
**For the year ended 31 March 2019**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has 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 Directors' Report.

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:

- adequate and proper accounting records have not been kept by the charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the Directors' Report and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.

**Responsibilities of the directors**

As explained more fully in the directors' responsibilities statement set out on page 10, the directors (who are the directors for the purposes of company law and trustees 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.

**CHANGeworks RESOURCES FOR LIFE**  
**Independent Auditor's Report to the Members and Directors**  
**For the year ended 31 March 2019**

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 as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](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.

**Michael Harkness, Senior Statutory Auditor**

**For and on behalf of**

**Scott-Moncrieff, Statutory Auditor**

Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006

Chartered Accountants

Exchange Place 3

Semple Street

Edinburgh

EH3 8BL

Date:



**CHANGeworks RESOURCES FOR LIFE**  
**Statement of Financial Activities (incorporating Income and Expenditure account)**  
**As at 31 March 2019**

		Unrestricted funds	Restricted funds	Total funds 2019	Total funds 2018
	Notes	£	£	£	£
<b>Income and endowments from:</b>					
Charitable activities	5	5,330,565	1,257,037	6,587,602	6,564,051
Investment Income	6	128,793	-	128,793	195,320
<b>Total</b>		<u>5,459,358</u>	<u>1,257,037</u>	<u>6,716,395</u>	<u>6,759,371</u>
<b>Expenditure on:</b>					
Charitable activities:	7	<u>4,799,895</u>	<u>1,268,999</u>	<u>6,068,894</u>	<u>5,455,592</u>
<b>Total</b>		<u>4,799,895</u>	<u>1,268,999</u>	<u>6,068,894</u>	<u>5,455,592</u>
<b>Net gains/(loss) on investments</b>	13	<u>(9,795)</u>	<u>-</u>	<u>(9,795)</u>	<u>299,950</u>
<b>Net income/(expenditure) and movement in funds</b>		<u>649,668</u>	<u>(11,962)</u>	<u>637,706</u>	<u>1,603,729</u>
<b>Reconciliation of funds:</b>					
Total funds at 31 March 2018	22	<u>5,299,386</u>	<u>165,084</u>	<u>5,464,470</u>	<u>3,860,741</u>
<b>Total funds at 31 March 2019</b>	22	<u>5,949,054</u>	<u>153,122</u>	<u>6,102,176</u>	<u>5,464,470</u>

The charitable company has no recognised gains or losses other than the results for the year as set out above. All of the activities of the charitable company are classed as continuing.

The notes on pages 18 to 39 form part of the financial statements.

# CHANGEWORKS RESOURCES FOR LIFE

## Balance Sheet

As at 31 March 2019

	Notes	2019 £	2018 £
<b>Fixed assets:</b>			
Tangible assets	12	612,556	684,926
Investments	13	5,051	5,051
		<hr/>	<hr/>
Total fixed assets		617,607	689,977
<b>Current assets</b>			
Debtors	14	2,433,644	2,390,531
Cash at bank and in hand		4,190,753	3,448,141
		<hr/>	<hr/>
Total current assets		6,624,397	5,838,672
<b>Liabilities:</b>			
Creditors: amounts falling due within one year	15	(1,063,578)	(1,000,462)
		<hr/>	<hr/>
<b>Net current assets</b>		5,560,819	4,838,210
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		6,178,426	5,528,187
<b>Provisions for liabilities</b>	17	(76,250)	(63,717)
		<hr/>	<hr/>
<b>Total net assets</b>		6,102,176	5,464,470
		<hr/>	<hr/>
<b>The funds of the charity:</b>	22		
Unrestricted funds		2,189,231	1,457,472
Restricted funds		153,122	165,084
Designated funds		3,759,823	3,841,914
		<hr/>	<hr/>
<b>Total funds</b>		6,102,176	5,464,470
		<hr/>	<hr/>

These financial statements have been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006 and were authorised for issue by the directors on 2 October 2019 and are signed on its behalf by:

I Perry  
Director

T Bray  
Company Secretary

Company Registration Number SC103904

The notes on pages 18 to 37 form part of the financial statements.

# CHANGEWORKS RESOURCES FOR LIFE

## Statement of Cash Flows

As at 31 March 2019

	Notes	2019 £	Restated 2018 £
<b>Cash flows from operating activities:</b>			
<b>Net cash used in operating activities</b>	24	752,387	638,735
		<hr/>	<hr/>
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		128,793	195,320
Purchase of property, plant and equipment		(128,773)	(210,297)
Proceeds of sale of investment		(9,795)	300,000
		<hr/>	<hr/>
<b>Net cash provided by investing activities</b>		(9,775)	1,611,833
		<hr/>	<hr/>
<b>Change in cash and cash equivalents in the reporting period</b>		742,612	923,758
<b>Cash and cash equivalents at the beginning of the reporting period</b>		3,448,141	2,524,383
		<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the reporting period</b>		4,190,753	3,448,141
		<hr/>	<hr/>

The notes on pages 18 to 37 form part of the financial statements.

# **CHANGeworks RESOURCES FOR LIFE**

## **Notes to the Financial Statements**

**For the year ended 31 March 2019**

### **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 1 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)', 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

## **CHANGeworks RESOURCES FOR LIFE**

### **Notes to the Financial Statements**

**For the year ended 31 March 2019**

#### **(a) Basis of accounting (continued)**

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.

#### **(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. For Project Management contracts, the stage of completion is measured with reference to the head contract between the local authority and the Scottish Government. 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.

## **CHANGeworks RESOURCES FOR LIFE**

### **Notes to the Financial Statements**

**For the year ended 31 March 2019**

**(c) Recognition and allocation of income (continued)**

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.

**(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 2019, 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:

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

## **CHANGeworks Resources for Life**

### **Notes to the Financial Statements**

**For the year ended 31 March 2019**

#### **(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.

#### **(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) 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.

#### **(m) 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.

#### **(n) Operating leases**

Rentals applicable to operating leases where substantially all of 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.

## **CHANGeworks RESOURCES FOR LIFE**

### **Notes to the Financial Statements**

**For the year ended 31 March 2019**

#### **(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 1<sup>st</sup> May 2014 when all eligible employees were auto enrolled, and re-enrolment took place in 2017.

#### **(p) Grant making policy**

Intervention funding is allocated to private sector households who do not qualify for statutory grants, e.g. the Central Heating Programme, and 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 past 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.



# CHANGEWORKS RESOURCES FOR LIFE

## Notes to the Financial Statements

For the year ended 31 March 2019

### 4. Previous year's comparative SOFA

	Unrestricted funds £	Restricted funds £	Total funds 2018 £
<b>Income and endowments from:</b>			
Charitable activities	5,468,561	1,095,490	6,564,051
Investment Income	195,320	-	195,320
<b>Total</b>	<b>5,663,881</b>	<b>1,095,490</b>	<b>6,759,371</b>
<b>Expenditure on:</b>			
Charitable activities:	4,351,687	1,103,905	5,455,592
<b>Total</b>	<b>4,351,687</b>	<b>1,103,905</b>	<b>5,455,592</b>
Net gains on investments	299,950	-	299,950
<b>Net income/(expenditure) and movement in funds</b>	<b>1,612,144</b>	<b>(8,415)</b>	<b>1,603,729</b>

# CHANGeworks RESOURCES FOR LIFE

## Notes to the Financial Statements

For the year ended 31 March 2019

### 5. Income from charitable activities

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

	Unrestricted funds	Restricted funds	2019 Total
	£	£	£
<b>Grants:</b>			
Council grants	-	565,799	565,799
Other grants	-	645,226	645,226
	-	1,211,025	1,211,025
Contract income	4,968,562	46,012	4,519,574
Warmworks	862,003	-	862,003
<b>Total</b>	<b>5,330,565</b>	<b>1,257,037</b>	<b>6,587,602</b>

Previous year comparatives	Unrestricted funds	Restricted funds	2018 Total
	£	£	£
<b>Grants:</b>			
Council grants	-	429,129	429,129
Other grants	-	646,110	646,110
	-	1,075,239	1,075,239
Contract income	4,111,751	20,251	4,132,002
Warmworks	1,356,810	-	1,356,810
<b>Total</b>	<b>5,468,561</b>	<b>1,095,490</b>	<b>6,564,051</b>

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.

# CHANGeworks Resources for Life

## Notes to the Financial Statements

For the year ended 31 March 2019

### 6. Investment income

	2019 Total £	2018 Total £
Bank interest receivable	7,152	2,721
Loan interest – CWR	8,165	5,223
Dividends from social investments (see note 13)	270	-
Gift Aid donations received	113,206	187,376
	<u>128,793</u>	<u>195,320</u>

### 7. Charitable activities expenditure

	Staff costs £	Project Costs £	Support Costs (Note 8) £	2019 Total £
Supply of Environmental Services	3,025,343	1,174,603	1,855,641	6,055,587
Governance costs (note 8)	-	-	13,307	13,307
<b>Total</b>	<u>3,025,343</u>	<u>1,174,603</u>	<u>1,868,948</u>	<u>6,068,894</u>

  

Previous year's comparatives	Staff costs £	Project Costs £	Support Costs (Note 8) £	2018 Total £
Supply of Environmental Services	2,891,739	862,600	1,689,511	5,443,850
Governance costs (note 8)	-	-	11,742	11,742
<b>Total</b>	<u>2,891,739</u>	<u>862,600</u>	<u>1,701,253</u>	<u>5,455,592</u>

# **CHANGeworks Resources for Life**

## **Notes to the Financial Statements**

**For the year ended 31 March 2019**

### **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.

	<b>Environmental Services</b>	<b>Governance</b>	<b>2019 Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Salaries & temp staff	785,032	-	785,032
Accommodation	356,232	-	356,232
Office running costs	546,637	-	546,637
Insurance	78,232	-	78,232
Marketing	19,780	-	19,780
Staff training	35,113	-	35,113
Professional fees	31,062	11,984	43,046
Board & SMT expenses	3,553	1,323	4,876
	<hr/>	<hr/>	<hr/>
<b>Total</b>	<b>1,855,641</b>	<b>13,307</b>	<b>1,868,948</b>
	<hr/>	<hr/>	<hr/>

<b>Previous Year's comparatives</b>	<b>Environmental Services</b>	<b>Governance</b>	<b>2018 Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Salaries & temp staff	693,484	-	693,484
Accommodation	351,377	-	351,377
Office running costs	435,613	-	435,613
Insurance	88,324	-	88,324
Marketing	28,739	-	28,739
Staff training	26,994	-	26,994
Professional fees	58,939	9,890	68,829
Board & SMT expenses	6,041	1,852	7,893
	<hr/>	<hr/>	<hr/>
<b>Total</b>	<b>1,689,511</b>	<b>11,742</b>	<b>1,701,253</b>
	<hr/>	<hr/>	<hr/>

# **CHANGeworks Resources for Life**

## **Notes to the Financial Statements**

**For the year ended 31 March 2019**

### **9. Analysis of staff costs**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Salaries and wages	3,527,328	3,195,693
Social security costs	290,557	268,646
Pension costs	277,642	259,551
Temporary staff	47,491	86,485
	<u>4,143,018</u>	<u>3,810,375</u>

One employee received emoluments of between £60,000 - £70,000 during the year (2018:0). No employees received emoluments of between £70,000 - £80,000 during the year (2018:0). One employee received emoluments of between £80,000 - £90,000 during the year (2018:1).

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 (2018: one director £143).

The key management personnel of the company comprise of the Directorate as noted on page 1. The employee benefits for key management totalled £323,247 (2018: £525,389).

The average number of employees during the year on a head count basis was 137 (2018: 127).

The average number of employees during the year, calculated on the basis of full-time equivalents, was as follows:

	<b>2019</b>	<b>2018</b>
	<b>No.</b>	<b>No.</b>
Management and administration staff	15	13
Project staff	108	102
	<u>123</u>	<u>115</u>

# CHANGeworks Resources for Life

## Notes to the Financial Statements

For the year ended 31 March 2019

### 10. Net income for the year

	2019	2018
	£	£
<b>This is stated after charging:</b>		
Depreciation	201,142	165,831
Auditor's remuneration: audit fee	9,130	9,890
Lease payments under operating leases	121,667	73,860
Non audit fees	750	2,642

### 11. Taxation

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

### 12. Tangible fixed assets

	Equipment £	Fixtures & fittings £	Office Alterations £	Totals £
<b>COST</b>				
At 1 April 2018	617,054	35,040	654,212	1,306,305
Additions	110,567	-	18,206	128,773
Disposal of assets	(43,975)	(1,560)	-	(45,535)
At 31 March 2019	683,645	33,480	672,418	1,389,543
<b>DEPRECIATION</b>				
At 1 April 2018	340,514	12,388	268,478	621,379
Charge for year	115,919	4,673	80,550	201,142
Disposal of assets	(43,975)	(1,560)	-	(45,535)
At 31 March 2019	412,459	15,501	349,028	776,987
<b>NET BOOK VALUE</b>				
At 31 March 2019	271,187	17,979	323,390	612,556
At 31 March 2018	276,541	22,651	385,734	684,926

# CHANGeworks RESOURCES FOR LIFE

## Notes to the Financial Statements

For the year ended 31 March 2019

### 13. Investments

	2019 £	2018 £
Social investments	5,000	5,000
Joint ventures	51	51
	<hr/>	<hr/>
	5,051	5,051
	<hr/>	<hr/>

#### 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 Trading Ltd SC207925	Dormant	100	UK	100%

Changeworks Trading Ltd was dormant throughout the year and therefore did not generate a profit in the year to 31 March 2019 (2018: £nil). The aggregate capital and reserves of Changeworks Trading Ltd as at 31 March 2019 was £nil (2018: £nil).

#### Joint ventures

##### a) Changeworks Recycling Limited

Changeworks holds a 50% shareholding in Changeworks Recycling Limited (SC244949). A summary of its 2018/19 trading results are shown below:

	2019 £	2018 £
Income	5,426,816	4,301,430
Expenditure	(4,760,709)	(4,211,373)
Taxation	(104,435)	(15,754)
Donations under gift aid	(113,206)	(187,376)
	<hr/>	<hr/>
Profit	448,466	(113,073)
	<hr/>	<hr/>
Fixed assets	364,739	382,942
Current assets	1,762,554	1,044,618
Current liabilities	(1,027,663)	(793,641)
Non-current liabilities	(365,083)	(371,766)
Provisions	(126,379)	(102,451)
	<hr/>	<hr/>
Net assets	608,168	159,702
	<hr/>	<hr/>

# CHANGeworks RESOURCES FOR LIFE

## Notes to the Financial Statements

For the year ended 31 March 2019

### 13 Investments (continued)

#### Joint ventures (continued)

##### a) Changeworks Recycling Limited (continued)

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

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Increase in carrying value of investment	247,697	96,118
Increase in income from investments	128,296	96,118
Increase in balance of funds brought forward	79,801	-
Increase in net current assets	200,100	82,101

##### b) Warmworks Scotland LLP

On 10<sup>th</sup> June 2015, Warmworks Scotland LLP (SO305326), a joint venture owned equally by Changeworks Resources for Life, Energy Savings Trust Enterprises Limited and Everwarm, entered into a Scottish Government contract to deliver a national fuel poverty scheme over five to seven years. The initial cost of this investment was £1. A summary of the trading results is shown below:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Income	23,004,207	27,043,005
Expenditure	(22,043,849)	(25,451,754)
Profit	<u>960,358</u>	<u>1,591,251</u>
Fixed assets	131,487	160,723
Current assets	5,153,878	5,692,672
Current liabilities	(4,654,102)	(5,096,478)
Net assets	<u>631,263</u>	<u>756,917</u>

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

	<b>2019</b>	<b>2108</b>
	<b>£</b>	<b>£</b>
Increase in carrying value of investment	231,173	252,305
Decrease in income from investments	221,232	226,102
Increase in balance of funds brought forward	252,305	478,407
Increase in net current assets	200,100	241,936



# **CHANGeworks RESOURCES FOR LIFE**

## **Notes to the Financial Statements**

**For the year ended 31 March 2019**

### **13 Investments (continued)**

#### **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. Dividends of £270 were received during the year.

### **14. Debtors**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b><u>Amounts falling due within one year</u></b>		
Trade debtors	2,023,350	2,000,949
Prepayments	36,359	65,837
Amounts owing from related entities	60,000	92,969
Other debtors	3,893	-
Accrued income	135,042	55,776
	<hr/>	<hr/>
	2,258,644	2,215,531
<b><u>Amounts falling due after one year</u></b>		
Amounts owing from related entities	175,000	175,000
	<hr/>	<hr/>
	175,000	175,000
	<hr/>	<hr/>
Total	2,433,644	2,390,531
	<hr/> <hr/>	<hr/> <hr/>

### **15. Creditors: amounts falling due within one year**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Trade creditors	91,246	158,627
VAT	340,026	360,690
Pension contributions	35,640	29,432
PAYE & NIC	86,132	77,229
Other creditors, deferred income and accruals	510,533	374,484
	<hr/>	<hr/>
	1,063,578	1,000,462
	<hr/> <hr/>	<hr/> <hr/>

# **CHANGeworks Resources for Life**

## **Notes to the Financial Statements**

**For the year ended 31 March 2019**

### **16. Deferred income**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Balance brought forward	347,871	264,963
Deferred in year	452,288	347,871
Released to income and expenditure account	(347,871)	(264,963)
	<u>452,288</u>	<u>347,871</u>

### **17. Provisions for liabilities**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Dilapidations provision</b>		
Balance brought forward	63,717	51,182
Increase in provision for the year	12,533	12,535
	<u>76,250</u>	<u>63,717</u>

Dilapidations provision is as per an independent survey of our Newhaven Road office.

### **18. Financial assets and liabilities**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Financial assets at amortised cost	6,588,038	5,772,835
Financial liabilities at amortised cost	185,131	214,672

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

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

# CHANGEWORKS RESOURCES FOR LIFE

## Notes to the Financial Statements

For the year ended 31 March 2019

### 19. 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 £277,642 (2018: £259,551).

### 20. Commitments under operating leases

At 31 March 2019, the charity had commitments under non-cancellable operating leases as set out below:

	<b>2019 Land &amp; buildings £</b>	<b>2019 Other £</b>	<b>2018 Land &amp; buildings £</b>	<b>2018 Other £</b>
<b>Operating leases which expire:</b>				
Within one year	70,793	55,092	61,288	9,144
Within 2 to 5 years	21,646	97,647	-	33,680
Over 5 years	-	1,070	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Totals</b>	<b>92,439</b>	<b>153,809</b>	<b>61,288</b>	<b>42,824</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

### 21. Analysis of net assets between funds

	<b>General funds £</b>	<b>Designated funds £</b>	<b>Restricted funds £</b>	<b>2019 Total funds £</b>
Tangible fixed assets	-	612,556	-	612,556
Fixed asset investments	5,051	-	-	5,051
Current assets	2,565,752	3,878,835	179,810	6,624,397
Current liabilities	(381,572)	(655,318)	(26,688)	(1,063,578)
Provisions	-	(76,250)	-	(76,250)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net assets at 31 March 2019</b>	<b>2,189,231</b>	<b>3,759,823</b>	<b>153,122</b>	<b>6,102,176</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

# CHANGeworks Resources for Life

## Notes to the Financial Statements

For the year ended 31 March 2019

### 21. Analysis of net assets between funds (cont.)

Previous year's comparatives	General funds	Designated funds	Restricted funds	2018 Total funds
	£	£	£	£
Tangible fixed assets	-	684,926	-	684,926
Fixed asset investments	-	5,051	-	5,051
Current assets	1,724,313	3,919,050	195,308	5,838,672
Current liabilities	(266,841)	(703,396)	(30,224)	(1,000,462)
Provisions	-	(63,717)	-	(63,717)
<b>Net assets at 31 March 2018</b>	<b>1,457,472</b>	<b>3,841,914</b>	<b>165,084</b>	<b>5,464,470</b>

# CHANGeworks Resources for Life

## Notes to the Financial Statements

For the year ended 31 March 2019

### 22. Movements in funds

	At 1 April 2018 £	Incoming resources £	Outgoing resources £	Net Gain on investments £	Transfers £	At 31 March 2019 £
<b>Restricted funds</b>						
Waste Education & Information & Prevention	100,750	268,738	(291,857)	-	-	77,631
Affordable Warmth Team	1,922	48,191	(45,331)	-	-	4,782
Energy Services	3,713	93,541	(93,416)	-	-	3,838
SE Projects Team	38,031	759,435	(760,868)	-	-	36,598
HI Projects Team	-	37,133	(37,133)	-	-	-
Consultancy Team	(19,515)	26,865	(7,350)	-	-	-
Core	40,183	16,345	(26,255)	-	-	30,273
SE Advice Team	-	1,182	(1,182)	-	-	-
HI Advice Team	-	5,607	(5,607)	-	-	-
<b>Total restricted funds</b>	<b>165,084</b>	<b>1,257,037</b>	<b>(1,268,999)</b>	<b>-</b>	<b>-</b>	<b>153,122</b>
<b>Unrestricted funds:</b>						
<i><b>Designated funds</b></i>						
Dilapidations reserve	101,937	-	-	-	(9,721)	92,216
Fixed asset reserve	684,926	-	-	-	(72,370)	612,556
Investments	5,051	-	-	-	-	5,051
Warmworks parent company guarantee	750,000	-	-	-	-	750,000
Loans to related entities	300,000	-	-	-	-	300,000
Strategic Fund	2,000,000	-	-	-	-	2,000,000
<b>Total designated funds</b>	<b>3,841,914</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(82,091)</b>	<b>3,759,823</b>
<b>General fund</b>	<b>1,457,472</b>	<b>5,459,358</b>	<b>(4,799,895)</b>	<b>(9,795)</b>	<b>82,091</b>	<b>2,189,231</b>
<b>Total unrestricted funds</b>	<b>5,299,386</b>	<b>5,459,358</b>	<b>(4,799,895)</b>	<b>(9,795)</b>	<b>-</b>	<b>5,949,054</b>
<b>Total funds</b>	<b>5,464,470</b>	<b>6,716,395</b>	<b>(6,068,894)</b>	<b>(9,795)</b>	<b>-</b>	<b>6,102,176</b>

# CHANGeworks Resources for Life

## Notes to the Financial Statements

For the year ended 31 March 2019

### 22. Movements in funds (continued)

Previous year's comparative figures	Restated At 1 April 2017 £	Incoming resources £	Outgoing resources £	Net Gain on investments £	Transfers £	At 31 March 2018 £
<b>Restricted funds</b>						
Waste Education & Information & Prevention	69,851	257,016	(226,117)	-	-	100,750
Affordable Warmth Team	3,114	47,578	(48,770)	-	-	1,922
Energy Services	7,687	132,772	(136,746)	-	-	3,713
SE Projects Team	90,120	554,656	(606,745)	-	-	38,031
HI Projects Team	3,053	38,878	(41,931)	-	-	-
Consultancy Team	(916)	16,555	(35,154)	-	-	(19,515)
SE Advice Team	590	-	(590)	-	-	-
Core	-	48,035	(7,852)	-	-	40,183
<b>Total restricted funds</b>	<b>173,499</b>	<b>1,095,490</b>	<b>(1,103,905)</b>	<b>-</b>	<b>-</b>	<b>165,084</b>
<b>Unrestricted funds:</b>						
<b>Designated funds</b>						
Dilapidations reserve	110,331	-	-	-	(8,394)	101,937
Fixed asset reserve	640,460	-	-	-	44,466	684,926
Investments	5,101	-	-	-	(50)	5,051
Warmworks parent company guarantee	750,000	-	-	-	-	750,000
Loans to related entities	-	-	-	-	300,000	300,000
Business Investment Fund	943,000	-	(163,328)	-	(779,672)	-
Strategic Plan	-	-	-	-	2,000,000	2,000,000
<b>Total designated funds</b>	<b>2,448,892</b>	<b>-</b>	<b>(163,328)</b>	<b>-</b>	<b>1,556,350</b>	<b>3,841,914</b>
<b>General fund</b>	<b>1,238,350</b>	<b>5,663,881</b>	<b>(4,188,359)</b>	<b>299,950</b>	<b>(1,556,350)</b>	<b>1,457,472</b>
<b>Total unrestricted funds</b>	<b>3,687,242</b>	<b>5,663,881</b>	<b>(4,351,687)</b>	<b>299,950</b>	<b>-</b>	<b>5,299,386</b>
<b>Total funds</b>	<b>3,860,741</b>	<b>6,759,371</b>	<b>(5,455,592)</b>	<b>299,950</b>	<b>-</b>	<b>5,464,470</b>

## CHANGeworks RESOURCES FOR LIFE

### Notes to the Financial Statements

For the year ended 31 March 2019

#### 22. Movements in funds (continued)

Of the £2m allocated to the Strategic Fund in 2018/19, for the implementation of our three-year strategic plan, £187,244 was utilised during the year. The fund was topped back up to £2m with the agreement of the Board at the end of the financial year, to align with the formal start date of the three-year strategic plan.

**Restricted Funds** - Restricted funds are funds subject to specific trusts or public bodies' restrictions that have been awarded to Changeworks to carry out our charitable objectives within an agreed time period. Balances on restricted funds are categorised by type in the above table – no individual restricted grant had a balance over £35K at year end. The total grant income of Changeworks was £1,257,037 split over the different charitable deliverables that the Charity engage in, namely energy services, waste or volunteer programmes and research. There were 32 projects in the year delivering these grant funded services.

Three grants that were awarded were individually in excess of 7% of the total; namely the Big Lottery Canny Tenants project (£103K), the City of Edinburgh Council waste prevention programme (£86K) and the City of Edinburgh energy services to promote our affordable warmth strategy (£190K).

**Fund Transfers:** The transfer of funds reflects where any restrictions placed on the fund have been fully met and so the fund is now unrestricted.

#### **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.

**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.

**Loans to group companies:** The fund designated by the Board to represent the level of general fund not available for immediate use due to being either loaned to group companies or ring-fenced as a potential future loan. See note 23.

**Strategic fund:** The fund designated by the Board to cover additional costs of implementing the first three years of our new strategic plan. This includes expenditure on charitable activities not covered by external funding.

# CHANGeworks RESOURCES FOR LIFE

## Notes to the Financial Statements

For the year ended 31 March 2019

### 22. Movements in funds (continued)

Warmworks Parent Company Guarantee: The fund designated by the Board to cover our maximum potential exposure under the Scottish Government HEEPS 2 contract (delivered by Warmworks).

### 23. Related parties

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

Related Party	Nature of relationship	Sales	Purchases	Debtor Balance	Creditor Balance
		£	£	£	£
Changeworks Recycling Limited	50% owned by Changeworks Resources for Life	279,912	(121,007)	80,213	(1,014)
Warmworks Scotland LLP	Joint venture - one third owned by Changeworks	900,944	(898)	600,301	-
Stop Climate Chaos Scotland	Chief Executive, Teresa Bray, was a director until 5/6/18. Common director Mary Church from 5/6/18.	-	(2,600)	-	-
Scottish Charity Finance Group	Finance and Resources Director, Graeme Farmer, is a trustee	-	(120)	-	-

The company has loaned £175,000 to Changeworks Recycling Limited. The loan has a four-year term and accrues interest at 4% above Bank of England base rate. Interest totalling £nil (2018: £1,359) was outstanding at year-end.

The company also has a further £125,000 loan available (but not yet drawn down) to Changeworks Recycling Limited. This loan has a three-year term and accrues interest at 4% above Bank of England base rate.

Changeworks Resources for Life holds a floating charge over the assets of Changeworks Recycling in respect of the above loans.



# CHANGeworks RESOURCES FOR LIFE

## Notes to the Financial Statements

For the year ended 31 March 2019

### 24. Reconciliation of net income to net cashflow from operating activities

	2019	Restated 2018
	£	£
<b>Net income for the year</b>	637,706	1,603,729
<b>Adjustment for:</b>		
Depreciation charges	201,143	165,831
Gain/(loss) on disposal of investments	9,795	(299,950)
Dividends, interest and rents from investments	(128,793)	(195,320)
(Increase)/decrease in debtors	(43,114)	(971,834)
Increase/(decrease) in creditors	63,117	323,744
Increase in provisions	12,533	12,535
<b>Net cash used in operating activities</b>	<u>752,387</u>	<u>638,735</u>

The comparative Cash Flow Statement has been restated to reflect the re-categorisation of income from Warmworks LLP as income from charitable activities rather than investment income.

### 25. Post Balance Sheet Events

There are no material post balance sheet events that require disclosure.

### 26. Big Lottery Fund Grants

During 2018/19 the charity was in receipt of one Big Lottery Fund grant, as follows:

Reference	ID 10248975
Project name	Canny Tenants
Income	£100,950
Expenditure	£97,632
Balance	£3,318

### 27. Other non-audit services

In common with many other businesses of our size and nature we use our auditor to prepare and submit returns to tax authorities, and for provision of advice on taxation and other matters.