

**CHANGWORKS
RESOURCES FOR LIFE
(A company limited by guarantee)
Report and Financial Statements
Year ended 31 March 2017**

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

CHANGeworks RESOURCES FOR LIFE
Contents of the Financial Statements
For the year ended 31 March 2017

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CHANGeworks RESOURCES FOR LIFE

Report of the Directors

For the year ended 31 March 2017

The directors present their report and the audited financial statements for the year ended 31 March 2017.

Reference and administrative details

Charity Number: SC015144

Company Number: SC103904

Directors

Councillor Ian Perry

Councillor Eleanor Bird (appointed 24 July 2017)

Councillor Steve Burgess

Mary Church

Nigel Douglas (appointed 26 April 2017)

Robert Farrelly

Ann Loughrey (appointed 26 April 2017; resigned 26 September 2017)

Councillor Adam McVey (resigned 11 July 2017)

Fay Purves

Derek Redvers (appointed 26 April 2017)

Dr Margaret Somerville

Philip Wright

Secretary

Teresa Bray

Senior Management Team

Teresa Bray, Chief Executive

Graeme Farmer, Finance & Resources Director

Jill Fenton, Centre Manager, South East Scotland Home Energy Scotland Advice Centre

Bob Grant, Centre Manager, Highlands & Islands Home Energy Scotland Advice Centre

Ken McLean, General Manager, Changeworks Recycling (until 28 July 2017)

Sam Mills, Head of Projects

Chris Morris, Local Energy Scotland Project Manager (until 31 August 2017)

Liz Partington, Deputy Chief Executive

Ian Smith, Head of Consultancy

Paul Thom, Programme Manager

Auditor

Scott- Moncrieff, Chartered Accountants & Statutory Auditor, Exchange Place 3, Semple 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 3IT

CHANGeworks RESOURCES FOR LIFE

Report of the Directors

For the year ended 31 March 2017

Reference and administrative details- continued

Solicitors

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

Registered Office and operation address

36 Newhaven Road, Edinburgh, EH6 5PY

Objectives and activities

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

Vision

Our vision is that everyone we work with is able and inspired to take action that benefits people and the environment.

Mission

Changeworks is working with people, communities and organisations to:

- Inspire and enable action to reduce CO₂e, waste and fuel poverty
- Build confidence and skills to make sustainable choices
- Share our knowledge and learn from others to maximise our impact
- Deliver the best possible service creatively and professionally

The external environment in which we operate is continually changing requiring flexibility and innovation.

Changeworks has been delivering environmental services in Scotland for 30 years. We have developed and delivered a range of services many of which have now become mainstream to our operations.

Changeworks has a key role in identifying barriers to taking action, delivering service to support action, influencing our operating environment and disseminating our experience. We will also ensure that our services which promote social inclusion are an important element of our work. Throughout our delivery, it is vital that we are exemplars in our own operations; developing our staff and reducing our carbon footprint.

We aim to be the leaders in the delivery of low carbon living and affordable warmth services in Scotland. We will be a centre of excellence for supporting the Scottish Government, local authorities, organisations and communities.

CHANGeworks RESOURCES FOR LIFE

Report of the Directors

For the year ended 31 March 2017

The focus of the services we deliver is:

- **Consultancy:** to carry out research and give technical advice both internally and externally to support the delivery of energy efficiency, renewables, behaviour change, climate change adaptation, and other areas in the low carbon agenda.
- **Projects:** to deliver projects supported by a range of funders tackling fuel poverty, waste prevention, and energy reduction. For most of the projects we seek to design the activity and seek funding to deliver the project.
- **Delivery:** to deliver larger scale programmes supported by the Scottish Government and other major funders. We do seek to shape the delivery of the service but many of the services are under contract within a prescribed framework.
 - **Home Energy Scotland:** giving advice to householders and business on energy efficiency, micro-renewables, and transport
 - **Programme Management:** managing insulation programmes on behalf of local authorities and other housing providers
 - **Local Energy Scotland:** supporting communities to deliver community owned renewable energy generation and maximise the community benefit from commercial renewables
- **Trading activities – Changeworks Recycling:** business recycling services focusing on small to medium sized enterprises (SMEs) across Central Scotland run on a commercial basis as a social enterprise.

Through the delivery of services we gain significant knowledge of the practical implications of policies and approaches. To improve future service delivery we are actively seeking to influence both policy and the design of future services. This is achieved through involvement in forums such as the Existing Homes Alliance, Stop Climate Chaos Scotland, Healthy Homes for Highlands, and the Edinburgh Sustainable Development Partnership.

We continue to invest in the development of new services and increasing our understanding of how people and organisations can be supported to reduce their impact on the environment.

The delivery of all our services is dependent on having an empowered, skilled and enthusiastic work force. We place great emphasis on staff development and in addition to structured training and conference attendance we hold regular lunchtime seminars to share our knowledge internally.

We fully support the current Scottish targets for the reduction of carbon emissions of 42% by 2020 and 80% by 2050 and will support the proposed increase in targets. With a clear operating environment focus on 2020, our Strategic Plan has been revised to cover the period from 2014-2020.

Progress against strategic objectives is measured annually, and reported on page 5.

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Report of the Directors

For the year ended 31 March 2017

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 2016-17 our services were focused on:

Householders	<ul style="list-style-type: none"> • advising and helping people to improve their homes' energy efficiency and fit micro-renewables • working with people to change their behaviour in how they use energy in the home, travel and resources • providing advice and in-depth outreach support to people in or at risk of fuel poverty • providing specific services targeted at socially excluded groups to ensure that they are able to adopt a lifestyle that benefits people and the environment
Communities	<ul style="list-style-type: none"> • supporting communities to install community owned renewables and to maximise the community benefit from developer led renewables • supporting communities to advise and assist people in improving the energy efficiency of their homes and fitting micro-renewables • supporting communities to work with people to change how they use energy in the home, transport and resources • supporting community groups to share their expertise and co-ordinate their action • working with communities to develop district wide practical solutions to save energy and prevent waste
Businesses	<ul style="list-style-type: none"> • delivering a business recycling service to help businesses work towards zero waste through Changeworks Recycling • advising and helping businesses to improve their energy efficiency • working with business employees to change how they use energy, transport and resources both at work and home providing specialist support to help organisations reduce their CO₂ emissions in their field of operation • supporting the development of policy and practice that makes sustainability straightforward for businesses and organisation
Organisations	<ul style="list-style-type: none"> • providing specialist support to local authorities to deliver area-based insulation programmes • providing support and networking opportunities for housing associations to improve the energy efficiency of their housing stock, install renewables and support their tenants • providing specialist support to help organisations reduce CO₂ emissions in their field of operation

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Report of the Directors

For the year ended 31 March 2017

Changeworks achievements in 2016/17

We consider it important for the impact of our work to be evaluated and have developed a methodology which seeks to do this. For 2016/17 our achievements (charity only) were:

	Outcome	Indicator	2016/17	2015/16
1	People, communities, organisations and businesses reduce their CO ₂ e emissions	Tonnes of CO ₂ e lifetime saved through Changeworks' work	219,065	243,973
2	People, communities, organisations and businesses adopt practical solutions to live sustainably	Number of people adopting practical solutions	49,095	53,278
		Number of organisations adopting practical solutions	376	577
3	People, communities, organisations and businesses have increased wellbeing	Number of clients have positive improvements in their own home (heating, affordability, comfort etc)	1,808	2,104
		Number of clients who say they have increased ability/confidence to deal with suppliers, agencies etc	1,022	1,375
		£ saved for vulnerable households	13,572,668	21,123,201
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	2,151	1,636
5	People, communities, organisations and businesses increase resource efficiency through waste prevention and recycling	Tonnage of material recycled	-	-
		Tonnage of material reduced or reused	187	238

The above figures do not include the achievements of our trading subsidiary. Previous year's figures have been revised where relevant.

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.

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For the year ended 31 March 2017

Our activities in 2016/17 saved an estimated 219,065 tonnes CO₂e lifetime. We are proud of this achievement and our contribution to Scotland's carbon reduction targets. However, we are aware of the need to continually improve and enhance our services, as this does represent a 10% reduction from the previous year's figure of 243,973.

Our fuel poverty work has saved an estimated £13.6m lifetime for vulnerable households. This is a 36% drop from 2015/16, though almost double that of the previous year. Again, we are proud of our achievements in this area, assisting some of the most vulnerable people in Scotland, but aware of the need to continually enhance and improve our services to meet changing needs and take advantage of emerging technologies.

To enable consistency and comparability, we evaluate our activities on the same criteria each year. However, in order to better measure our performance in the context of our ever-changing business environment, in addition we set annual operational targets for each department (some of which are also included in the annual evaluation above) and are reported internally to the Board.

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 88% of staff are positive in their work, and 80% of volunteers are positive about being involved with Changeworks.

We have calculated our carbon footprint for 2016/17 to be 1.44 tonnes CO₂e per FTE, compared to 1.43 (revised) the previous year – a small increase of 1% due mainly to the impact of staff commuting to work. We have an active Green Team that seeks to improve the sustainability and reduce the carbon impact of the charity which, in response to the findings of this footprint calculation, will attempt to influence future commuting behaviour among staff.

The number of tonnes of carbon saved for each tonne expended was 1,389 compared to 1,563 the previous year.

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)
- Since April 2015, Changeworks Resources for Life has been an accredited 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 a 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 2016/17 the scheme

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Report of the Directors

For the year ended 31 March 2017

helped 5,334 households installing 14,835 heating and insulation measures, saving on average £401 per household.

Financial Review

We have seen a further strengthening of our financial position during 2016/17.

During the year, there was a further 4% increase in income from £5.7m to £5.9m which, combined with a 6% decrease in expenditure, resulted in an annual surplus of £851k (2016: £285k) and total funds growing from £3.2m to £4m of which £1.4m (2016: £0.9m) is unrestricted and available for charitable purposes.

Investment income totalled £847k (2016: £223k) which is an increase of 280% on the previous year and is mainly due to management charges and profit distribution of £625k from Warmworks LLP (2016: £nil).

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

- **Dilapidations Reserve:** £110,331 to cover dilapidation commitments of our various office leases.
- **Fixed Asset Reserve:** £640,460 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.
- **Business Investment Reserve:** £943,000 to provide for future growth and development of new projects and services in line with strategic objectives and planned diversification away from grant funding. £500,000 of this fund has been made available for use in financial year 2017/18.
- **Investments:** £5,101 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.
- **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 £752k (2016: £687k) are required to cover estimated operational risk.

The level of unrestricted reserves is monitored by the Board on a quarterly basis.

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As at 31 March 2017, total unrestricted funds were £3.9m (2016: £3.1m). After removing the above designated funds, the General Fund stood at £1.4m (2016: £857k) which is £674k (2016: £170k) in excess of the level required as per our calculation of operational risk. The directors recognise that our reserves are in excess of the required level and have agreed plans to self-fund charitable activities and strategic business development.

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.

Material business risks include our Disaster Recovery / Business Continuity procedure being unfit for purpose, negative impact on the Changeworks brand of the sale of 50% of Changeworks Recycling and ensuring effective use of the increased Business Investment Fund. Mitigation strategies / controls are in place for these.

Plans for future periods

In 2017/18 we are celebrating our 30th anniversary which will provide the opportunity to engage with stakeholders and former staff to promote our current work and to celebrate our past successes.

We regularly review our services, make changes and develop new services to fit the needs of the changing operating environment and the opportunities presented. Our services will continue to be centred on our objectives.

We are confident in our current delivery but we need to ensure that our delivery develops and evolves to maximise new opportunities as they occur and as challenges are identified. There continue to be opportunities in the areas where we are currently active. We are actively seeking to expand many of our research and pilot activities in to more mainstream delivery. There are also a range of more intractable issues that need to be addressed. The following highlight some of the areas to be covered but are not an exhaustible list:

- energy demand reduction
- energy masterplanning

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For the year ended 31 March 2017

- renewable heat
- district heating
- grid connectivity
- installing more challenging insulation measures
- realising the theoretical savings from physical measures
- tackling fuel poverty and the installation of energy efficiency measures and renewables in rural areas
- developing a well-rounded approach to supporting individuals
- moving from recycling to waste prevention
- developing the circular economy
- improving the delivery of our services through the use of ICT, data analysis and digital methods

In addition to the delivery of wide ranging innovative and professional services we will:

- Establish Changeworks as a knowledge based organisation
- Seek to influence institutions to create policies and services that allow people to live sustainably
- Disseminate our work and expertise to create opportunities
- Build a strong, sustainable organisation to be able to deliver our objectives

On 28 July 2017, we entered in to a new partnership with Changeworks – Resources for Life selling 50% of its shares in Changeworks Recycling to Forbes Connor. Forbes has many years' experience of the recycling business and will work as managing Director of Changeworks Recycling.

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 trading subsidiary, 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.

The Company sold 50% of its shareholding in Changeworks Recycling on 28 July 2017.

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Report of the Directors

For the year ended 31 March 2017

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 he/she is willing to act.

We have recently strengthened our Board through the recruitment of three new directors. An open approach to recruitment was adopted with the posts being advertised widely.

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 and the Finance and Resources Director, and the Senior Management Team comprising the Centre Managers for Home Energy Scotland in South East Scotland and the Highlands and Islands, the Head of Projects, the Local Energy Scotland Project Manager, the Programme Manager and the Head of Consultancy.

The organisational structure has been designed to maximise our performance and ensure we are best placed to achieve our goals. 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 the SJC scale points, 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 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 the living wage, though to date none have reached this level.

Related parties

Related party information is disclosed in note 24 to the accounts.

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Report of the Directors

For the year ended 31 March 2017

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;
- 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

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Report of the Directors

For the year ended 31 March 2017

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 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 25 October 2017 and signed on its behalf by:

Director _____

CHANGeworks RESOURCES FOR LIFE
Independent Auditor's Report to the Members and Directors
For the year ended 31 March 2017

We have audited the financial statements of Changeworks Resources for Life for the year ended 31 March 2017 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows and related notes. 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'.

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 section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the members and the charitable company's directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members and directors as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the statement of directors' responsibilities set out on page 11, the directors (who are also the trustees of the charitable company for the purposes of charity law) are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that they give a true and fair view.

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 regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (United Kingdom and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditsscopeukprivate.

CHANGeworks RESOURCES FOR LIFE
Independent Auditor's Report to the Members and Directors
For the year ended 31 March 2017

Opinion on financial statements

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 2017 and of the charitable company's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matter 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' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements and have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

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

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

Michael Harkness
Senior Statutory Auditor
For and on behalf of Scott-Moncrieff, Statutory Auditor
Chartered Accountants
Eligible to act as an auditor in terms of section 1212 of the Companies Act 2006
Exchange Place 3
Seemple Street
Edinburgh
EH3 8BL
25 October 2017

CHANGeworks RESOURCES FOR LIFE
Statement of Financial Activities (incorporating Income and Expenditure account)
As at 31 March 2017

	Notes	Unrestricted funds £	Total restricted funds £	Total funds 2017 £	Total funds 2016 £
Income and endowments from:					
Charitable activities	4	3,985,755	1,087,475	5,073,230	5,300,751
Donations and legacies	5	-	-	-	128,250
Investment Income	6	846,911	-	846,911	223,127
Total		<u>4,832,666</u>	<u>1,087,475</u>	<u>5,920,141</u>	<u>5,652,128</u>
Expenditure on:					
Charitable activities:	7	4,026,370	1,043,258	5,069,628	5,366,701
Total		<u>4,026,370</u>	<u>1,043,258</u>	<u>5,069,628</u>	<u>5,366,701</u>
Net income and movement in funds		<u>806,296</u>	<u>44,217</u>	<u>850,513</u>	<u>285,427</u>
Reconciliation of funds:					
Total funds at 31 March 2016	23	<u>3,068,322</u>	<u>129,282</u>	<u>3,197,604</u>	<u>2,912,177</u>
Total funds at 31 March 2017	23	<u>3,874,618</u>	<u>173,499</u>	<u>4,048,117</u>	<u>3,197,604</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 36 form part of the financial statements.

CHANGeworks RESOURCES FOR LIFE

Balance Sheet

As at 31 March 2017

	Notes	2017 £	2016 £
Fixed assets:			
Tangible assets	12	640,460	595,787
Investments	13	5,101	5,101
Total fixed assets		645,561	600,888
Current assets			
Debtors	14	1,606,073	1,765,816
Cash at bank and in hand		2,524,383	1,876,206
Total current assets		4,130,456	3,642,022
Liabilities:			
Creditors: amounts falling due within one year	15	(676,718)	(1,045,306)
Net current assets		3,453,738	2,596,716
Total assets less current liabilities		4,099,299	3,197,604
Provisions for liabilities	16	(51,182)	-
Total net assets		4,048,117	3,197,604
The funds of the charity:			
Unrestricted funds	23	1,425,726	856,801
Restricted funds		173,499	129,282
Designated funds		2,448,892	2,211,521
Total funds		4,048,117	3,197,604

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 25 October 2017 and are signed on its behalf by:

I Perry
Director

Company Registration Number SC103904

T Bray
Company Secretary

The notes on pages 18 to 36 form part of the financial statements.

CHANGeworks Resources for Life

Statement of Cash Flows

As at 31 March 2017

	Notes	2017 £	2016 £
Cash flows from operating activities:			
Net cash used in operating activities	25	(26,277)	(442,031)
Cash flows from investing activities:			
Dividends, interest and rents from investments		846,911	223,127
Purchase of property, plant and equipment		(172,457)	(139,814)
Purchase of investments		-	(5,001)
Net cash provided by investing activities		674,454	78,312
Change in cash and cash equivalents in the reporting period		648,177	(363,719)
Cash and cash equivalents at the beginning of the reporting period		1,876,206	2,239,925
Cash and cash equivalents at the end of the reporting period		2,524,383	1,876,206

The notes on pages 18 to 36 form part of the financial statements.

CHANGeworks RESOURCES FOR LIFE

Notes to the Financial Statements

For the year ended 31 March 2017

1. Accounting policies

(a) Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The company is registered in Scotland with registration number SC103904. The address of the registered office is 36 Newhaven Road, Edinburgh, EH6 5PY.

(b) Basis of preparation

The financial statements have been prepared in accordance with the Financial Reporting Standard 102, as issued by the Financial Reporting Council (September 2015), the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), 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)" and the Companies Act 2006. They are prepared on the historical cost basis.

Changeworks Resources For Life meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

These financial statements are presented in pounds sterling (GBP) as that is the currency in which the charitable company's transactions are denominated.

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 2.

The financial statements contain information about Changeworks Resources for Life as an individual company and do not contain consolidated financial information as the parent of a group. Separate consolidated financial statements are prepared and are available on request from the registered office.

The principal accounting policies adopted in the financial statements are set out below.

CHANGeworks RESOURCES FOR LIFE

Notes to the Financial Statements

For the year ended 31 March 2017

(c) 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.

(d) 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 includes 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 Programme 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.

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

(e) Volunteers and donated services and facilities

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

CHANGEWORKS RESOURCES FOR LIFE

Notes to the Financial Statements

For the year ended 31 March 2017

(f) 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 2017, recharges were set at £13k per full time employee (pro rata) with each project being charged according to how many salaried employees that project employed.

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

(g) 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.

(h) 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 from completion of building work

(i) Investments

Investments in the subsidiary companies, a joint venture entity and in a social investment are held at cost less accumulated impairment losses.

CHANGeworks RESOURCES FOR LIFE

Notes to the Financial Statements

For the year ended 31 March 2017

(j) 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.

(k) Cash and cash equivalents

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

(l) 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.

(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) 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.

(o) 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.

(p) 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.

CHANGeworks Resources for Life

Notes to the Financial Statements

For the year ended 31 March 2017

(q) 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 Warm & Well team.

2. 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 2017

3. Comparative SOFA

	Unrestricted funds £	Total restricted funds £	Total funds 2016 £
Income and endowments from:			
Charitable activities	4,024,322	1,276,429	5,300,751
Donations and legacies	28,250	100,000	128,250
Investment Income	223,127	-	223,127
	<hr/>	<hr/>	<hr/>
Total	4,275,699	1,376,429	5,652,128
	<hr/>	<hr/>	<hr/>
Expenditure on:			
Charitable activities:	3,910,263	1,456,438	5,366,701
	<hr/>	<hr/>	<hr/>
Total	3,910,263	1,456,438	5,366,701
	<hr/>	<hr/>	<hr/>
Net income/(expenditure) and movement in funds	365,436	(80,009)	285,427
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CHANGeworks RESOURCES FOR LIFE

Notes to the Financial Statements

For the year ended 31 March 2017

4. Income from charitable activities

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

	Unrestricted funds	Restricted funds	2017 Total	2016 Total
	£	£	£	£
Grants:				
Council grants	-	449,830	449,830	496,554
Other grants	(28,627)	627,710	599,083	773,045
	<hr/>	<hr/>	<hr/>	<hr/>
	(28,627)	1,077,540	1,048,913	1,269,599
Contract income	4,014,382	9,935	4,024,317	4,031,152
	<hr/>	<hr/>	<hr/>	<hr/>
Total	3,985,755	1,087,475	5,073,230	5,300,751
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

5. Donations and legacies

	2017 Total	2016 Total
	£	£
Contribution from landlord towards building works	-	128,250
	<hr/>	<hr/>
	-	128,250
	<hr/> <hr/>	<hr/> <hr/>

Contribution from landlord towards building works consisted cash sum of £100,000 and rent rebate of £28,250 in 2016.

6. Investment income

	2017 Total	2016 Total
	£	£
Bank interest receivable	3,382	7,106
Profit distribution and management charges - Warmworks	624,848	-
Loan interest - Warmworks	31,305	20,718
Gift Aid payment from subsidiary	187,376	195,303
	<hr/>	<hr/>
	846,911	223,127
	<hr/> <hr/>	<hr/> <hr/>

CHANGeworks RESOURCES FOR LIFE

Notes to the Financial Statements

For the year ended 31 March 2017

7. Charitable activities expenditure

	Staff costs £	Project Costs £	Support Costs £	2017 Total £	2016 Total £
Supply of Environmental Services	2,738,403	712,336	1,608,354	5,059,093	5,356,419
Governance costs (note 8)	-	-	10,535	10,535	10,282
Total	2,738,403	712,336	1,618,889	5,069,628	5,366,701

8. Support 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.

	Environmental Services £	Governance £	2017 Total £	2016 Total £
Salaries & temp staff	627,094	-	627,094	617,032
Accommodation	370,957	-	370,957	337,956
Office running costs	423,531	-	423,531	394,801
Insurance	59,334	-	59,334	60,834
Marketing	30,866	-	30,866	14,891
Staff training	46,772	-	46,772	32,061
Professional fees	47,854	9,700	57,554	62,736
Board & SMT	1,946	835	2,781	3,374
Total	1,608,354	10,535	1,618,889	1,523,685

CHANGeworks RESOURCES FOR LIFE

Notes to the Financial Statements

For the year ended 31 March 2017

9. Analysis of staff costs

	2017	2016
	£	£
Salaries and wages	2,961,341	2,985,483
Social security costs	250,995	250,573
Pension costs	232,470	229,979
Temporary staff	49,400	117,067
	<u>3,494,206</u>	<u>3,583,102</u>

One employee received emoluments of between £70,000 - £80,000 during the year (2016:1). Pension contributions made for this employee during the year were £6,391 (2016: £5,641).

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 director was reimbursed travel expenses during the year (2016: £103 to one director).

The key management personnel of the company comprise of the senior management team as noted on page 1 with the addition of the General Manger of Changeworks Recycling.

The employee benefits for key management totalled £533,604 (2016: £526,530) – note that employee benefits relating to the Changeworks Recycling General Manager, included in this figure, are not included elsewhere in the accounts of Changeworks Resources for Life, as he is a key member of management but is not on Changeworks Resources for Life payroll.

The average number of employees during the year on a head count basis was 122 (2016: 124). The average number of employees during the year, calculated on the basis of full time equivalents, was as follows:

	2017	2016
	No.	No.
Management and administration staff	13	12
Project staff	97	100
	<u>110</u>	<u>112</u>

CHANGeworks RESOURCES FOR LIFE

Notes to the Financial Statements

For the year ended 31 March 2017

10. Net income for the year

	2017	2016
	£	£
This is stated after charging		
Depreciation	127,784	105,842
Auditor's remuneration: audit fee	9,700	9,700

11. Taxation

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

12. Tangible fixed assets

	Equipment	Fixtures & fittings	Motor vehicles	Office alterations	Total
	£	£	£	£	£
Cost					
At 1 April 2016	525,345	47,549	69,265	560,666	1,202,825
Additions in year	66,482	12,430	-	93,545	172,457
Disposals in year	<u>(185,070)</u>	<u>(24,940)</u>	<u>(69,265)</u>	-	<u>(279,275)</u>
At 31 March 2017	406,757	35,039	-	654,211	1,096,007
	-----	-----	-----	-----	-----
Depreciation					
At 1 April 2016	396,292	27,930	69,265	113,551	607,038
Charge for the year	49,215	4,192	-	74,377	127,784
Disposals in year	<u>(185,070)</u>	<u>(24,940)</u>	<u>(69,265)</u>	-	<u>(279,275)</u>
At 31 March 2017	260,437	7,182	-	187,928	455,547
	-----	-----	-----	-----	-----
Net book value					
At 31 March 2017	146,320	27,857	-	466,283	640,460
	-----	-----	-----	-----	-----
At 31 March 2016	129,053	19,619	-	447,115	595,787
	=====	=====	=====	=====	=====

CHANGeworks RESOURCES FOR LIFE

Notes to the Financial Statements

For the year ended 31 March 2017

13. Investments

	2017	2016
	£	£
Subsidiary undertakings	100	100
Social investments	5,000	5,000
Joint ventures	1	1
	5,101	5,101
	5,101	5,101

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 Recycling Ltd SC244949	Waste recycling	100	UK	100%
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 2017 (2016: £nil). The aggregate capital and reserves of Changeworks Trading Ltd as at 31 March 2017 was £nil (2016: £nil).

Changeworks Recycling Ltd made a profit of £178,819 for the year ended 31 March 2017 (2016: £247,032), with a donation under gift aid of £187,376 (2016: £195,303) being made to Changeworks Resources for Life. The aggregate capital and reserves of Changeworks Recycling Ltd as at 31 March 2017 was £99,738 (2016: £108,295). A summary of the trading results is shown below:

	2017	2016
	£	£
Turnover	3,531,799	2,544,944
Cost of sales	<u>(2,510,608)</u>	<u>(1,663,723)</u>
Gross profit	1,021,191	881,221
Administrative expenses	<u>(850,262)</u>	<u>(685,499)</u>
Operating profit	170,929	195,722
Interest receivable	137	246
Interest payable	(2,866)	(8,571)
Grant income	<u>10,619</u>	<u>59,635</u>
Profit for the financial year	178,819	247,032

CHANGeworks RESOURCES FOR LIFE

Notes to the Financial Statements

For the year ended 31 March 2017

13. Investments (continued):

Joint venture On 10th June 2015 Warmworks Scotland LLP, a joint venture owned equally by Changeworks Resources for Life, Energy Saving 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.

The result of the LLP was a net profit of £1,536,375 (2016: £273,389). Changeworks Resources for Life's share of this profit amounted to £512,125 (2016: £91,130).

Changeworks Resources for Life's share of Warmworks Scotland LLP's results are as follows:

	2017	2016
	£	£
Income	9,646,707	2,645,775
Expenditure	(9,134,582)	(2,554,645)
	<hr/>	<hr/>
Profit	512,125	91,130
	<hr/> <hr/>	<hr/> <hr/>
Fixed assets	70,907	84,749
Current assets	2,445,211	1,236,583
Creditors: amounts falling due within one year	(2,037,711)	(730,203)
	<hr/>	<hr/>
Net assets	478,407	591,129
	<hr/> <hr/>	<hr/> <hr/>

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.

CHANGeworks RESOURCES FOR LIFE

Notes to the Financial Statements

For the year ended 31 March 2017

14. Debtors

	2017	2016
	£	£
Trade debtors	846,337	656,118
Prepayments	40,803	64,615
Amounts owing from group companies	190,614	237,044
Other debtors	3,600	1,192
Accrued income	524,719	306,848
Warmworks loan	-	499,999
	<u>1,606,073</u>	<u>1,765,816</u>

The 'amounts owing from group companies' includes £187,376 (2016: £195,303) gift aid donation from Changeworks Recycling.

15. Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	124,285	192,911
VAT	128,697	195,364
Pension contributions	44,880	37,317
PAYE & NIC	69,257	66,412
Other creditors and accruals	309,599	553,302
	<u>676,718</u>	<u>1,045,306</u>

16. Provisions for liabilities

	2017	2016
	£	£
Dilapidations provision	51,182	-
	<u>51,182</u>	<u>-</u>

CHANGeworks RESOURCES FOR LIFE

Notes to the Financial Statements

For the year ended 31 March 2017

17. Financial assets and liabilities

	2017	2016
	£	£
Financial assets at amortised cost	4,089,653	3,577,407
Financial liabilities at amortised cost	213,801	496,931

Financial assets at amortised cost comprise cash at bank and in hand, trade debtors, amounts owed by group companies, accrued income and other debtors.

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

18. 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 £232,470 (2016: £229,979).

19. Commitments under operating leases

At 31 March 2017, the charity had commitments under non-cancellable operating leases as set out below:

	2017 Land & buildings £	2017 Other £	2016 Land & buildings £	2016 Other £
Operating leases which expire:				
Within one year	63,482	10,379	65,732	10,105
Within 2 to 5 years	98,220	24,604	147,373	33,684
Totals	<u>161,702</u>	<u>34,983</u>	<u>213,105</u>	<u>43,789</u>

20. Contingent liabilities

There are no contingent liabilities.

CHANGeworks RESOURCES FOR LIFE

Notes to the Financial Statements

For the year ended 31 March 2017

21. Analysis of net assets between funds

	General funds £	Designated funds £	Restricted funds £	Total funds £
Tangible fixed assets	-	640,460	-	640,460
Fixed asset investments	-	5,101	-	5,101
Current assets	1,664,063	2,263,891	202,503	4,130,456
Current liabilities	(238,337)	(409,378)	(29,004)	(676,718)
Provisions	-	(51,182)	-	(51,182)
Net assets at 31 March 2017	<u>1,425,726</u>	<u>2,448,892</u>	<u>173,499</u>	<u>4,048,117</u>

22. Capital Commitments

At 31 March 2017 Changeworks Resources for Life had no capital commitments.

CHANGeworks RESOURCES FOR LIFE

Notes to the Financial Statements

For the year ended 31 March 2017

23. Movements in funds

	At 1 April 2016	Incoming resources	Outgoing resources	Transfers	At 31 March 2017
	£	£	£	£	£
Restricted funds					
Waste Education & Information & Prevention	48,226	196,535	(174,910)	-	69,851
Affordable Warmth Team	3,579	52,777	(53,242)	-	3,114
Energy Services	5,621	132,773	(130,707)	-	7,687
SE Projects Team	62,030	676,852	(648,762)	-	90,120
HI Projects Team	5,234	45,713	(47,894)	-	3,053
Consultancy Team	(40)	(17,175)	16,299	-	(916)
SE Advice Team	4,632	-	(4,042)	-	590
Total restricted funds	129,282	1,087,475	(1,043,258)	-	173,499
Unrestricted funds:					
Designated funds					
Dilapidations reserve	160,734	-	-	(50,403)	110,331
Fixed asset reserve	595,787	-	-	44,673	640,460
Investments	505,000	-	-	(499,899)	5,101
Warmworks parent company guarantee	750,000	-	-	-	750,000
Business Investment Fund	200,000	-	(131,477)	874,477	943,000
Total designated funds	2,211,521	-	(131,477)	368,848	2,448,892
General fund	856,801	4,832,666	(3,894,893)	(368,848)	1,425,726
Total unrestricted funds	3,068,322	4,832,666	(4,026,370)	-	3,874,618
Total funds	3,197,604	5,920,141	(5,069,628)	-	4,048,117

Of the £200,000 allocated to the Business Investment Fund in 2016/17, £131,477 was utilised during the year. The fund was topped up to £943,000 at the year end, with the agreement of the Board. Of the £943,000, £500,000 is designated for use during 2017/18 and the remainder in future years.

CHANGeworks RESOURCES FOR LIFE

Notes to the Financial Statements

For the year ended 31 March 2017

23. Movements in funds (continued)

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. There is no single restricted fund that is granted to Changeworks that has a balance at the end of the year that is greater than £35K. The total grant income of Changeworks was £1,087,475 split over the different charitable deliverables that the Charity engage in, namely energy services, waste or volunteer programmes and research. There were 27 projects in the year delivering these grant funded services.

Three grants that were awarded were individually in excess of 7% of this total; namely the Big Lottery Canny Tenants project (£98K), the City of Edinburgh Council waste prevention programme (£86K) and the City of Edinburgh energy services to promote our affordable warmth strategy (£94K).

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.

Business Investment Fund: The fund designated by the Board to provide for future growth and development of new projects and services in line with strategic objectives.

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

CHANGeworks RESOURCES FOR LIFE

Notes to the Financial Statements

For the year ended 31 March 2017

24. Related parties Exemption has been taken under FRS 102 section 33: 'Related Party Disclosures' paragraph 33.1A from disclosing group related transactions as the entire share capital and voting rights of all subsidiaries are held within the group.

Related party transactions (other than those covered by the statement above) and year-end balances are disclosed in the tables below:

Related Party	Nature of interest	Transactions during the year	
		To Changeworks	From Changeworks
Scottish Charity Finance Group	Finance and Resources Director, Graeme Farmer, is a trustee	-	190
Warmworks LLP	Joint venture - one third owned by Changeworks	1,203,739	-
Quality Scotland	Changeworks director Robert Farrelly was Account Director of Quality Scotland	-	9,559

Related Party	Nature of interest	Year end balances	
		owed to Changeworks	owed by Changeworks
Changeworks Recycling Ltd	100% subsidiary	190,614	-
Warmworks LLP	Joint venture - one third owned by Changeworks	519,000	-

25. Reconciliation of net income to net cashflow from operating activities

	2017	2016
	£	£
Net income for the year	850,513	285,427
Adjustment for:		
Depreciation charges	127,784	105,842
Dividends, interest and rents from investments	(846,911)	(223,127)
Increase/(decrease) in debtors	159,743	(839,637)
(Increase)/decrease in creditors	(368,588)	229,464
Increase in provisions	51,182	-
	<hr/>	<hr/>
Net cash used in operating activities	(26,277)	(442,031)
	<hr/> <hr/>	<hr/> <hr/>

CHANGeworks RESOURCES FOR LIFE

Notes to the Financial Statements

For the year ended 31 March 2017

26. Post Balance Sheet Events

The charity sold 50% of its shareholding in Changeworks Recycling on 28 July 2017.

The charity assigned its leases in three office suites at Carmichael Place Edinburgh to Warmworks, effective 28 August 2017, though a guarantee remains in place until the leases end.

27. Big Lottery Fund Grants

During 2016/17 the charity was in receipt of one Big Lottery Fund grant, as follows:

Reference	ID 10248975
Project name	Canny Tenants
Income	£98,618
Expenditure	£82,084
Balance	£16,534