CHANGEWORKS.

# REPORT AND FINANCIAL STATEMENTS

**Changeworks Resources for Life**
**(A Company Limited by Guarantee)**
**Year ended 31 March 2026**

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

# CONTENT

# REPORT OF THE DIRECTORS (INCLUDING STRATEGIC REPORT)

**The directors present their report and the audited financial statements for the year ended 31 March 2026.**

**Reference and administrative details**

Charity Number: SC015144

Company Number: SC103904

**Directors**

Derek Redvers, Chair (Retiring 28 August 2026)

Nicola Walters, (Appointed Chair 28 August 2026)

Joanne O'Hara, Vice Chair

Eleanor Bird (Retiring 28 August 2026)

Michael Covington (Appointed 1 June 2025)

Nigel Douglas (Resigned 14 November 2025)

Angus Flett (Appointed 28 August 2026)

Abi Gardner

Alex Kantor (Appointed 22 May 2026)

Claire Rampen (Appointed 22 May 2026)

Steven Russell (Resigned 21 November 2025)

Selina Sagayam (Appointed 1 June 2025)

Lindsay Scott

Craig Stirrat (Appointed 28 August 2026)

**Company secretary**

Josiah Lockhart

# REPORT OF THE DIRECTORS (INCLUDING STRATEGIC REPORT)

### Executive team

Josiah Lockhart, Chief Executive

Liz Partington, Deputy Chief Executive

Laura Webb, Chief Delivery Officer (Left 31 October 2025)

George Drennan-Lang, Development Director

Graeme Farmer, Finance and ICT Director (Left 7 January 2026)

Alan Earsman, Chief Financial Officer (Appointed 2 April 2026)

### Auditor

Henderson Loggie LLP, The Stamp Office, Level 5, 10-14 Waterloo Pl, Edinburgh EH1 3EG

### Bankers

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

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

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

### Solicitors

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

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

### Registered office and operational address

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

# YEAR REVIEW FROM CHIEF EXECUTIVE

**Josiah Lockhart**
Chief Executive, Changeworks

**The past year marked the** start of Changeworks' 2025–30 strategic plan, a year defined by change, challenge and adaptation. Our ambition remains to support the decarbonisation of homes.

While the external environment has become more complex, the need for our work has never been more evident.

**Scotland and the rest of the UK continue to have unacceptably high levels of fuel poverty,** with energy costs and poor housing conditions placing sustained pressure on households.

Alongside this, despite the impacts of climate change increasingly being experienced across the globe, there has been a trend in geopolitical narratives to dial down the urgency of climate action.

**Yet public support remains high.** Research commissioned by Changeworks shows that 70% of householders in Scotland support sustainable home energy. Over 1 in 3 people (37%) are very concerned about energy bills this coming winter, and



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# YEAR REVIEW FROM CHIEF EXECUTIVE

20% of clients have returned to our Affordable Warmth Services in recent years. The case for retrofitting homes to lower energy bills and transition to sustainable, more secure energy has never been stronger.

**Retrofit delivers far more than carbon savings alone.** It brings social and economic benefits through job creation and supply chain growth, improves health outcomes, reduces pressure on the NHS, and delivers improvements in comfort, wellbeing and lower energy bills. These benefits sit at the heart of our work, underpinning our focus and delivery. Throughout the energy crisis and with almost one in three (29%) of Scotland in fuel poverty, our services continue to provide invaluable support.

**Demonstrating the strong need, our delivery exceeded targets.** More than 61,000 householders received energy advice and support (9% above target), and over 1,500 in fuel poverty received in-depth support (+3%). Over 12,000 homes were enabled to install energy efficiency measures (+28%), saving nearly 36,500 tonnes of carbon (+30%).

**We delivered a greater than planned surplus in 2025-26** after four years of a planned operational deficit, where we invested our reserves in organisational growth and development.



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# YEAR REVIEW FROM CHIEF EXECUTIVE

This reflects our robust financial management, with investment in business development, service design and delivery capabilities strengthening the organisation and positioning us well to scale our impact.

**We have also strengthened our digital resilience** by taking a strategic approach to AI adoption, establishing the governance, policies and support needed to ensure new technologies are used responsibly and proportionally to strengthen decision-making and build organisational capability.

Our focus is on increasing efficiency and reach, without compromising
our mission, values or the trust placed in us by householders and partners.

**Looking ahead, we will continue to build partnerships** across social housing and energy sectors and are ready to respond to opportunities from the UK Warm Homes Plan.

We are also pursuing new investment opportunities via our trading subsidiary Changeworks Enterprises.


**We look forward to working with partners across the UK** to scale our impact and make a lasting difference for households and communities.

# ABOUT US

## Our vision

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

## Our mission

To make low carbon life a positive reality for everyone.

## Our values

Passion, integrity, innovation, empowerment, collaboration.

# ABOUT US

## Changeworks is leading the way in delivering affordably warm, healthy and energy efficient homes and supporting households in fuel poverty.

A trusted partner for almost 40 years, we are driving the transition to a sustainable, just future.

### Key objectives

Changeworks was set up to:

- Advance citizenship and community development through education, engagement and community ownership, enabling sustainable low carbon living
- Develop and deliver high impact solutions that make low carbon living accessible - including improving energy efficiency, adopting low carbon technologies and travel, and promoting the circular economy and behaviour change
- Prevent and relieve poverty, reduce inequalities, and improve health, with a focus on fuel poverty
- Advance environmental protection by supporting sustainable, low carbon living

The directors, who are also the charity trustees for the purposes of charity law, have considered OSCR's guidance on public benefit and are satisfied that the activities carried out by Changeworks Resources for Life further its charitable purposes and provide public benefit.

# OUR SET UP

### Changeworks Resources for Life

As a social enterprise, we continually re-invest to further our impact.

### Changeworks Enterprises Limited

Our trading subsidiary is set up to deliver commercial services aligned to our mission.

### Warmworks Scotland LLP

Warmworks is our joint venture partnership with Sureserve and Energy Saving Trust. Warmworks delivers Warmer Homes Scotland - the Scottish Government's national fuel poverty scheme - alongside a range of other fuel poverty and decarbonisation projects across the UK.

### Connected Response

Wholly owned by Warmworks, Connected Response was founded to realise the potential of electric storage heating, optimising existing systems to provide affordable, convenient and low carbon heat including through their innovative HeatSage technology.

# WHY OUR MISSION MATTERS

**UK homes remain among the least energy efficient in Europe.**

Residential buildings account for around 20% of UK greenhouse gas emissions and remain one of Scotland's highest emitting sectors.

At the same time, fuel poverty has reached crisis levels, with almost one in three households in Scotland affected – and particularly acute impacts in the Highlands and Islands and the social rented sector.

Climate change continues to accelerate costs and instability for householders through extreme weather events, impacts on infrastructure, and growing pressure on health and public services.

Our work demonstrates that retrofit is not only climate action, but a driver of social value:


- lowering energy bills;
- delivering healthier, affordably warm, sustainable homes;
- stimulating local economic growth through the supply chain;
- and improving health outcomes by tackling cold, damp and mould, and reducing the risk of overheating, thereby easing pressure on services like the NHS.

# OUR STRATEGIC PLAN

## Changeworks' strategic focus for 2025-2030 is to deliver

affordably warm, healthy and energy efficient homes, support households in fuel poverty and contribute to a sustainable, just future.

Our strategy will be delivered through:

## Growing the impact of our services

We will continue to develop innovative, scalable solutions and invest in the tools and resources needed to maximise our impact.

## Accelerating home decarbonisation through UK-wide collaboration

We will work with partners and governments across the UK, sharing our retrofit expertise, and building collaboration that accelerates decarbonisation.

## Increasing our work with public and private sectors

We will continue our work with the public sector and deepen partnerships with the private sector to diversify income and unlock new forms of private finance for decarbonisation.

## Driving agile, diverse decarbonisation solutions

We will adopt more low-carbon technologies and methodologies, keeping quality at the core to deliver faster, more agile solutions.

# OUR SERVICES

**We work across a range of sectors to deliver high-quality**

services and secure positive outcomes for householders. We provide a holistic service offer, supporting organisations and householders throughout their energy efficiency journeys.

Our expertise includes:

- energy advice and support
- retrofit delivery and management
- developing innovative retrofit solutions
- independent consultancy services

Changeworks also:

- delivers **Home Energy Scotland** in the Southeast and Highlands and Islands on behalf of the Scottish Government and Energy Saving Trust, providing impartial energy-related advice and support.

- is part of the consortium that makes up **Local Energy Scotland**, which administers and manages the Scottish Government's Community and Renewable Energy Scheme (CARES).

# AT A GLANCE: OUR IMPACT* 2025-26

**12,145 homes received support to install energy efficiency measures** through Changeworks' services, including Home Energy Scotland** delivery and Warmworks (28% above target)

**61,385 received advice** from Changeworks' services, including Home Energy Scotland (9% above target)

**1,524 received in-depth** support via Changeworks' services, including Home Energy Scotland (3% above target)

**36,435 tonnes*** of carbon saved** across Changeworks, Home Energy Scotland and Warmworks (30% above target)

*Following a review of our data, we identified an undercount in previously reported "support to install" figures in earlier years. Our cumulative total above reflects this correction, ensuring a more accurate picture of the scale of delivery achieved to date.

**Changeworks' delivery of Home Energy Scotland in the Southeast and Highlands and Islands.

***Annual carbon savings across Changeworks, Home Energy Scotland and Warmworks.



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# OUR IMPACT 2025-26

**This year saw a strong start to our 2025-30 strategic plan**, in the context of ongoing energy insecurity, high levels of fuel poverty, reductions in public funding for net zero, and an uncertain policy landscape. Against this backdrop, we supported households with advice and advocacy through to installation and long-term behaviour change and exceeded all our in-year delivery targets.

**Since 2022, we have supported 59,730 households to decarbonise** - a third of the way towards our ambition of supporting 180,000 households by 2030.

While this represents strong progress, achieving this ambition will require us to continue increasing our reach in a challenging environment characterised by ongoing fuel poverty, funding pressures and an evolving policy landscape.

We are strengthening our service design, business development and partnership capabilities to help us scale our impact sustainably.

We have enhanced our digital capability, putting foundations and governance in place to ensure AI tools are used in line with our mission and values, to help prepare for responsible adoption to help scale our impact.

We've delivered projects across Scotland as well as UK-wide. At a time when support is needed more than ever, Changeworks is leading the way in delivering affordably warm, healthy and energy efficient homes, supporting households in fuel poverty and driving a just transition to a sustainable future.

# STRATEGIC DELIVERY: GROWING OUR IMPACT

## Growing the impact of our services

As a charity we adopt a social enterprise model, reinvesting our surpluses to maximise our impact.

Over the last year, we have expanded our fuel poverty services and trialled a range of new approaches to reach even more householders.

## Case study: Lowering barriers to retrofit

The Click to Retrofit pilot, delivered through our home retrofit service EcoCosi and funded by Centre for Sustainable Excellence through the Energy Industry Voluntary Redress Scheme, provides affordable, high-quality online retrofit guidance via specialist surveying software and a video call with an expert retrofit coordinator. The aim is to demonstrate a scalable model for engaging the able-to-pay market and building confidence in retrofit delivery.

EcoCosi from CHANGEWORKS.

Chris's Edinburgh home was originally built in 1890. It was then converted into student housing during the 1960s but kept its designation as a Category B listed building. When Chris decided he wanted to reduce his home's emissions, he called on EcoCosi to help him.

***"It's been really great working with the team. They're very responsive, very knowledgeable."*** **Chris**

# STRATEGIC DELIVERY: GROWING OUR IMPACT

## Case study: Supporting householders in energy debt

Our Affordable Warmth Services provide support to householders across Scotland struggling with rising energy costs.

Research commissioned by Changeworks shows that, in the past year, 20% of people in Scotland have been unable to pay their energy bills or have fallen behind on payments.

Over the last five years, 20% of clients have accessed our services on more than one occasion, highlighting ongoing need.

Our support makes a real difference: clients report feeling warmer at home, more confident managing their energy, and improvements in their health and wellbeing.

In 2025–26, the service secured **over £1 million in financial savings** for clients through billing advocacy, general energy efficiency advice and applications to grants for energy saving measures and financial support.

## Outcomes after support

**Felt warm in their home**

Before **28%**
After **73%**

**Cold at home negatively impacted health**

Before **78%**
After **35%**

# STRATEGIC DELIVERY: GROWING OUR IMPACT

**£82,000 of this went towards reducing arrears for 1,200 households** supported with fuel debt advice.

By helping people better understand and manage their energy use, we build confidence to engage with future energy efficiency improvements.

**95% of clients were satisfied or very satisfied** with the support received

**99% of clients** found the service provided **approachable and friendly**

**98% of clients** said that the advisor explained the information in a way that was **clear and easy to understand**

**98% of clients** said that their **advisor was knowledgeable** about how best to help them

***"Thank you for your help on this - it's taken a massive weight off my shoulders in getting all this finally resolved."*** **Client**

# STRATEGIC DELIVERY: UK-WIDE COLLABORATION

## Accelerating home decarbonisation through UK-wide collaboration

Alongside providing services and working in partnership across Scotland, our joint venture Warmworks delivers energy efficiency improvement services in Northeast England.

Through our Low Carbon Living sessions, we also support organisations and community groups in Southern and Central Scotland, Merseyside, Cheshire, North Shropshire and North Wales.

## Case study: Sharing retrofit delivery expertise

Changeworks is part of the People Powered Retrofit Community of Practice. The Community of Practice brings together local authorities, community groups and sector partners to share learning, build capacity and develop approaches to home retrofit.

It supports collaboration, strengthens delivery models and helps scale effective, community-led retrofit solutions by sharing practical experience, insights and best practice across regions.

PEOPLE POWERED RETROFIT

# STRATEGIC DELIVERY: UK-WIDE COLLABORATION

## Case study: Supporting organisations' sustainability strategies

Delivered on behalf of SP Energy Networks, our Low Carbon Living sessions provide free, accessible support to help community groups and organisations across the SP Energy Networks area to reduce energy use, cut carbon and make more sustainable choices.

These sessions build understanding of low carbon technologies, helping participants save money, improve home efficiency and live more sustainably, while also supporting organisational sustainability strategies and enhancing employee benefits. Over the last year, we **supported 43 organisations**.

*"The session was highly engaging and offered practical, easy-to-implement advice… We would happily recommend it to other organisations."* **Edinburgh International Conference Centre**

*"The fact the sessions are only 30 minutes was really appealing to staff – a lot was packed into the session! The sessions were very easy to arrange."* **Crisis**

LOW CARBON LIVING FROM CHANGEWORKS.

# STRATEGIC DELIVERY: PUBLIC AND PRIVATE SECTORS

## Increasing our work with public and private sectors

Alongside our continued work with housing associations and local authorities, we are increasing our work with the energy sector, supporting energy suppliers to help reach vulnerable customers. We are also working with the private sector for innovations to scale our support and impact.

## Case study: Technology-led private sector innovation

Owned by Changeworks' joint venture Warmworks, Connected Response realises the potential of electric storage heating and optimises existing systems to provide affordable, convenient and low carbon heat.

Through their innovative HeatSage smart controls technology, Connected Response **supports over 15,000 households** across Great Britain.

WARMWORKS

connectedresponse

# STRATEGIC DELIVERY: PUBLIC AND PRIVATE SECTORS

## Case study: Making a difference for social tenants

Our Consultancy team evaluated Fife Council's Area Based Scheme, where energy efficiency measures were installed in 318 homes to tackle fuel poverty and reduce emissions.

The evaluation demonstrated improved EPC ratings from band D to C, average energy bill savings of £480 per year, and reduced financial stress from a third to zero, highlighting the programme's positive impact on affordability, comfort and wellbeing.

## Energy efficiency reducing bills and worry

**£480** per year

average annual reduction in energy bills after installation

### Energy bill stress reduced

Before **1 in 3** After **0**

households felt stressed or worried about energy bills

## Home energy efficiency ratings increased

Average EPC band

**D** → **C** following works

**41%** now Band B or higher

**+11** SAP points average rating increase

*"One room was always very cold, [even] with the heating on. Now we can use this room as it stays lovely and warm."* **Householder supported**

# STRATEGIC DELIVERY: AGILE, DIVERSE SOLUTIONS

## Driving agile, diverse decarbonisation solutions

Adaptation has been key to align with the changing funding and policy landscape, alongside disseminating our expertise and working with others in the sector to enable agile retrofit solutions.

## Case study: ‘Retrofit Realities’ webinar series

In a ‘Retrofit Realities’-themed webinar series, our Consultancy team shared practical insights for social landlords to increase collaboration and increase the pace and scale of retrofit across the UK.

The series focussed on assessing clean heating options for social landlords’ housing stock, the challenges of upgrading non-traditional housing types, as well as how to design a long-term retrofit strategy and delivery plan.


The webinars were attended **by over 130 people from organisations across the UK**, representing housing, retrofit and sustainability sectors.

# STRATEGIC DELIVERY: AGILE, DIVERSE SOLUTIONS

## Case study: Highland communities delivering change

The Highland Energy Community Partnership brings together local organisations, communities and national partners to tackle fuel poverty and barriers to home retrofit across the Scottish Highlands.

The partnership is delivered through community-based support, coordinated by Changeworks and funded by the National Lottery Community Fund.

The partnership empowers residents with advice, access to funding and local expertise, strengthening partnerships and enabling a scalable, place-based approach to decarbonisation.

## Case study: Locally embedded partnership retrofit

Working with South Lanarkshire Council, we delivered the South Lanarkshire Energy & Retrofit One Stop Shop pilot.

This was a coordinated, multi-channel service providing advice, personalised retrofit plans and support to access funding. Delivered through a combination of helpline support, local outreach, digital engagement and tailored retrofit plans, it guided households from initial advice through to potential installation.

The pilot achieved estimated outcomes including **nearly £20,000 in fuel bill savings for residents, over 260,000 kWh of energy savings, and around 69 tonnes of carbon savings.**

# FINANCIAL REVIEW

## Income

Total income for the year was £12.2m (2024/25: £11.5m).

The year continued to present significant challenges across the sectors in which Changeworks operates.

Public sector budgets remained under pressure, government funding for net zero activity reduced in several areas, and procurement activity remained uncertain throughout the year.

Despite these challenges, income increased by 6% and the charity maintained strong levels of delivery across its programmes and services.

## Operational Surplus

The charity reported a statutory surplus of £1.4m (2024/25: £0.9m).

This includes gains on investments of £1.2m (2024/25: £1.4m), primarily reflecting the increased valuation of the charity's investment in Warmworks Scotland LLP.

Whilst these gains strengthen the balance sheet, they do not reflect the underlying operational performance of the charity.

The Board therefore also reviews an operational surplus measure to assess the underlying financial performance of the charity. This measure excludes investment gains and surpluses arising on restricted grants that are committed to future programme delivery.



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# FINANCIAL REVIEW

The operational surplus is calculated as follows:

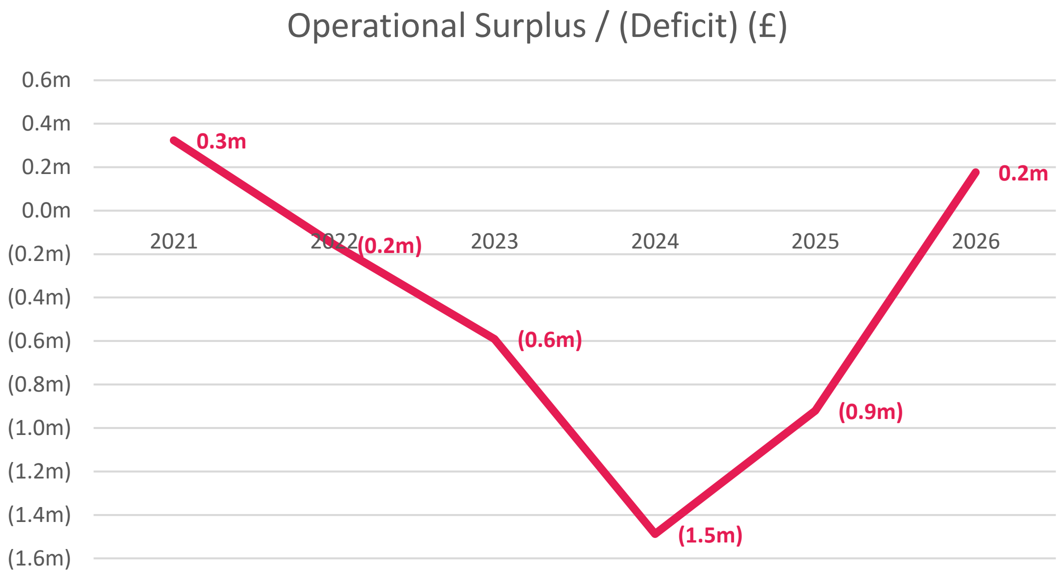
| SURPLUS / (DEFICIT) | £ | £ |
|---|---|---|
| **ACTUAL:** | | |
| SURPLUS / (DEFICIT) | 1,369,881 | |
| LESS: GAIN ON INVESTMENTS | (1,161,751) | |
| LESS: SURPLUS ON RESTRICTED GRANTS | (31,998) | |
| **OPERATIONAL SURPLUS / (DEFICIT)** | | **176,132** |

On this basis, the charity delivered an operational surplus of £176k. This operational surplus provides a stronger financial platform as the charity continues to deliver its 2025-30 strategic plan.

# FINANCIAL REVIEW

The graph to the right shows the operational surplus/(deficit) position over the last six financial years.

Following a period of planned internal investment and subsequent operational deficits, 2025-26 marks a return to an operational surplus position. This was achieved through careful cost control and a disciplined approach to financial management. Given the challenging external environment, this represents a positive outcome and an encouraging step towards the charity's long-term financial sustainability.



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# FINANCIAL REVIEW

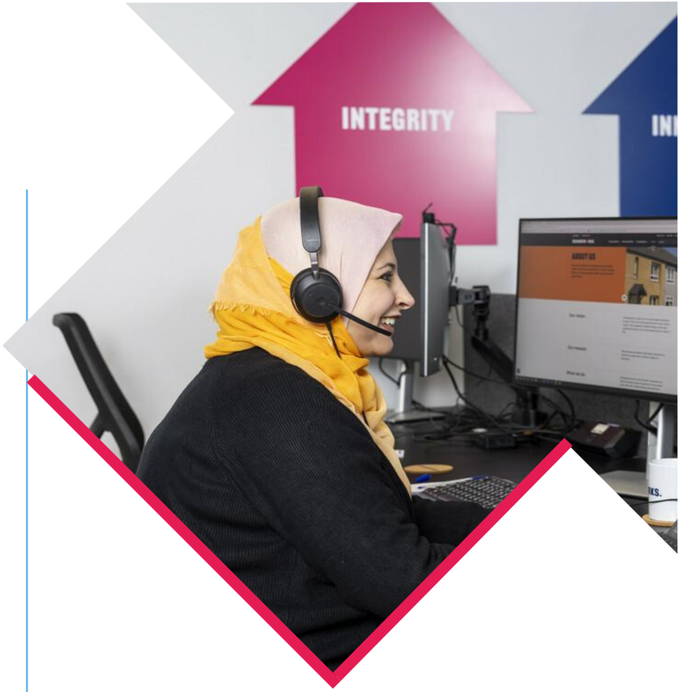
## Reserves Policy

The Board reviews the reserves policy annually. The minimum General Fund requirement is calculated by identifying the principal risks facing the charity and estimating their potential financial impact using a risk-weighted methodology.

The Board estimates that, after removing designated funds, unrestricted reserves of £1.4m (2025: £1.5m) are required to manage operational risk and provide sufficient resilience against unforeseen events.

The level of unrestricted reserves is reviewed quarterly by the Board and monitored by the Executive Team throughout the year.

At 31 March 2026, total unrestricted funds were £9.3m (2025: £8.0m). After removing designated funds, the General Fund stood at £1.7m (2025: £1.2m), an increase of £0.5m during the year. The General Fund is therefore above the minimum reserve requirement established by the Board, strengthening the charity's financial resilience.



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# FINANCIAL REVIEW

## Designated Funds

Following annual review, the Board has designated £7.7m of charitable funds for specific purposes:

- Fixed Asset Reserve (£1.1m) - representing funds invested in fixed assets and therefore not available for general expenditure.
- Investment Reserve (£4.9m) - representing funds invested in long-term investments, including Warmworks Scotland LLP and Edinburgh Community Solar Co-operative, which are not readily available to support routine operational expenditure.
- Investment Fund (£889k) - ring-fenced to support future investment opportunities and strategic development.
- Warmworks Member's Security (£750k) designated in recognition of the charity's potential obligations under the Warmworks member security arrangements.
- Dilapidations Reserve (£5k) - designated to meet potential dilapidation obligations relating to leased office accommodation where these are not otherwise provided for in the financial statements.

# FINANCIAL REVIEW

## Risk Management

Strategic risks are overseen by the board's Audit, Risk and Assurance committee (ARAC), which meets three times per year, and reviewed by the Executive team monthly. ARAC is chaired by the board's Vice Chair.

The strategic risk register is a live document and a standing item at each board meeting and captures both high-level risks to the organisation as well as emerging risks.

Overall, the organisation's risk profile remains classified as Moderate.

The Board has identified three risks currently assessed as Major, which are subject to ongoing monitoring and management:

### 1. Failure to secure sufficient income to deliver the charity's mission

Changeworks operates in a competitive funding environment and remains dependent on securing contracts, grants and commercial opportunities.

**Mitigation:**

This risk is mitigated through regular financial forecasting, active business development and oversight by the Business Development Board, which monitors opportunities within existing markets and supports the conversion of opportunities into sustainable income.

### 2. Insufficient diversification of income sources

Changes in government policy, funding priorities or market conditions could adversely affect income streams.

# FINANCIAL REVIEW

**Mitigation:**

Changeworks seeks to mitigate this risk by maintaining a diverse portfolio of activities across public, private and commercial markets.

Changeworks has made strong progress in diversifying its income, with government-originated income decreasing from 79% to 61% over the past two years as other income streams have expanded.

The Development Board supports the identification and development of new products, services and markets to reduce reliance on any single income source and support long-term sustainability.

### 3. Failure to adapt to technological and digital change

The pace of technological change presents both opportunities and risks. Failure to adopt appropriate digital tools and ways of working could reduce efficiency and competitiveness.

**Mitigation:**

This risk is mitigated through oversight by the Digital Board, delivery of the organisation's Digital Roadmap alongside the AI Working Group, which supports the responsible adoption of emerging technologies.

This is further strengthened by the appointment of new trustees bringing extensive experience in technology, digital delivery, compliance and governance in regulated sectors.

# ACCREDITATIONS AND CERTIFICATIONS

## Changeworks is proud to

hold the following accreditations and certifications, a testament to our organisational capability, skills and commitment to being an exemplar workplace:

- Carbon Footprint Standard - Carbon Neutral Organisation
- People and Planet First Verified
- Cyber Essentials Plus
- Cycle Friendly Employer Award
- Disability Confident Employer
- Investors in Diversity - Silver
- Investors in People - Platinum
- Investing in Volunteers
- ISO 9001 (Quality Management Systems)
- ISO 14001 (Environmental Management Systems)
- ISO 45001 (Occupational Health & Safety)
- Living Wage Employer
- Scottish National Standards for Information and Advice Providers' (SNSIAP) - Type 1 Money/Debt

# OUR VOLUNTEERS

**We have held the Investing in Volunteers accreditation** since 2009, recognising our long-standing commitment to supporting and valuing our volunteers.

Our volunteers play a vital role in helping us achieve our mission, contributing their time and expertise.

We are dedicated to ensuring that volunteering with Changeworks is a rewarding and enriching experience.

Over the past year, **103 volunteers contributed 2,320 hours**, supporting the delivery of 12 projects.

Volunteering also provides a pathway into employment, **including three volunteers securing roles within Changeworks**, with others progressing into related organisations, including our partner Council of Ethnic Minority Voluntary Organisations (CEMVO).

***"It's great to see the help and advice provided to people, especially in rural areas or with different minority backgrounds."*** **Volunteer**


***"I gained knowledge and practical exposure to the field. Participating in workshops and supporting people had a strong impact on me, helping me understand how much support individuals in the community truly need."*** **Volunteer**

# OUR CARBON FOOTPRINT

**In 2025-26, our carbon**

footprint was 180 tonnes CO2e, an increase of 10 tonnes CO2e (6%) from the revised 2024-25 figure (170 tonnes CO2e). Further information on our carbon reporting methodology is provided on page 96.

This equates to 0.91 tonnes CO2e per Full-Time Equivalent employee, a 10% increase from the 2024-25 figure of 0.83 tonnes CO2e.

There are minor variations in emissions compared to the previous year, reflecting changes in activity data such as fuel use, electricity consumption (kWh), and distance travelled. A slight reduction in staffing levels has contributed to a higher footprint per FTE.

The average footprint over the previous three years is 196 tonnes CO2e, so this year's figure of 180 tonnes is consistent with the average.

We remain committed to reducing our environmental impact, continually identifying opportunities to lower emissions across our operations.

# LOOKING AHEAD

**Over the next year, the external environment** is likely to remain complex, with a tightening funding landscape in Scotland.

At the same time, the Warm Homes Plan presents opportunities to build on our growing work across the wider UK.

Evolving UK geopolitical priorities may shift focus from the climate emergency to issues felt most keenly by householders day-to-day, such as high cost of living and energy bills.

Ongoing pressures linked to energy security and global instability will sustain high costs and uncertainty, exacerbating fuel poverty.

Progress towards net zero targets across Scotland and the wider UK continues, but requires sustained, coordinated action and increased pace.

Against this backdrop, we are confident in our ability to adapt and respond, continuing to deliver our strategy while remaining agile in a changing landscape.

Over 2025-26, we have navigated a period of change successfully and are in a financially sustainable position, providing a strong platform for growth.



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# LOOKING AHEAD

We will continue to build partnerships across the social housing and energy sectors, including with distribution network operators, community energy organisations, and UK-wide collaborators.

We are well positioned to respond to emerging opportunities and are exploring new routes to investment, including commercial opportunities via our trading subsidiary, Changeworks Changeworks Enterprises.

With almost 40 years' experience, strong regional expertise across Scotland, and a growing UK-wide presence, Changeworks remains a trusted long-term delivery partner, recognised for quality, fairness, and expertise.

**We look forward to working with partners - current and new - to scale our impact,** and contribute to a sustainable, just future.



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# STRUCTURE, GOVERNANCE AND MANAGEMENT

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

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

Changeworks Resources for Life is governed by a Board of Directors appointed in accordance with the Articles of Association. The Board is responsible for the overall governance and strategic direction of the charity, while day-to-day management is delegated to the Chief Executive.

The Board is supported by three sub-committees - the Audit and Risk Assurance Committee, Nominations Committee, and Strategy Sub-Committee (SSC) - with delegated authority in the areas of strategy, nominations and risk.

## Group Structure

Changeworks Resources for Life has one dormant trading subsidiary, Changeworks Enterprises Limited, and holds a one-third interest in Warmworks Scotland LLP, which was established in June 2015. Warmworks Scotland LLP wholly owns Connected Response Ltd.

# STRUCTURE, GOVERNANCE AND MANAGEMENT

## Appointment of Directors

The Board comprises a maximum of ten directors and a minimum of six. Directors may serve a maximum of three consecutive three-year terms.

## Directors' Induction and Training

New directors receive an induction covering their legal responsibilities under charity and company law, the governance and decision-making arrangements of the charity, its strategic objectives and recent financial performance.

Directors have opportunities to meet key employees, attend strategy events and undertake relevant external training where appropriate.

Relevant training opportunities are also made available to existing directors throughout their term of office.

## Organisational Structure

The Board meets at least quarterly. The Chief Executive has delegated authority for the operational management of the charity and is supported by the Executive team, as listed on page 3.

## Key Management Remuneration

Remuneration of all employees, including key management personnel, is governed by the charity's Pay Policy, approved by the Board.

Changeworks operates a job evaluation framework under which roles are assessed according to their level of responsibility and allocated to salary grades. This helps promote consistency and fairness across the organisation.

# STRUCTURE, GOVERNANCE AND MANAGEMENT

For roles up to middle management level, evaluations are undertaken by a panel of employees.

More senior roles are assessed by a sub-group of the Board and the Chief Executive, with the Head of People acting as adviser to both panels.

Remuneration for the Executive team is determined by the Board.

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

## Related Parties

Information relating to related party transactions is disclosed in note 23 to the financial statements.

# 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) (second edition – Oct 2019);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue on that basis.

# STATEMENT OF DIRECTORS' RESPONSIBILITIES

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.

# STATEMENT OF DIRECTORS' RESPONSIBILITIES

## Directors

Members of the Board of Directors, who are directors for the purpose of company law and trustees for the purpose of charity law, who served during the year and up to the date of this report are set out on page 3.

Members of the charitable company guarantee to contribute an amount not exceeding £1 to the assets of the charitable company in the event of winding up.

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

The Directors' Report and Strategic Report are approved by the Board of Directors on 28 August 2026 and signed on its behalf by:

Derek Redvers

Chair of the Board

# INDEPENDENT AUDITORS' REPORT

## Opinion

We have audited the financial statements of Changeworks Resources for Life (the charitable company) for the year ended 31 March 2026 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 2026 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

# INDEPENDENT AUDITORS' REPORT

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

# INDEPENDENT AUDITORS' REPORT

## Other information

The other information comprises the information included in the Report of the Directors, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# INDEPENDENT AUDITORS' REPORT

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

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

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

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

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

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

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

# INDEPENDENT AUDITORS' REPORT

## Responsibilities of the directors

As explained more fully in the directors' responsibilities statement set out on page 40, the directors (who are also the trustees of the charity for the purposes of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

# INDEPENDENT AUDITORS' REPORT

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

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

- We enquired of management about the systems and controls the charitable company has in place, the areas of the financial statements that are most susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud. Management informed us that there were no instances of known, suspected or alleged fraud;
- We obtained an understanding of the legal and regulatory frameworks applicable to the charitable company. We determined that the following areas were most likely to have a material impact on the financial statements: Health and Safety; Environmental Regulations; GDPR; Charity Law; Employment Law; VAT Law and compliance with the UK Companies Act;

# INDEPENDENT AUDITORS' REPORT

- We considered the incentives and opportunities that exist in the charitable company, including the extent of management bias, which present a potential for irregularities and fraud to be perpetrated, and tailored our risk assessment accordingly; and

- Using our knowledge of the charitable company, together with the discussions held with management at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

- Inquiry of management about any known or suspected instances of non-compliance with laws and regulations and fraud;

- Reviewing minutes of board meetings;

# INDEPENDENT AUDITORS' REPORT

- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular recognition of income from long-term contracts and grants including an assessment of stage of completion and performance conditions; determination of fair value of investments including the valuation of joint venture investments; assessment of provisions and obligations; and
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation.

This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

# INDEPENDENT AUDITORS' 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.

Keith Macpherson

Keith Macpherson (Sep 3, 2026 17:28:50 GMT+1)

Keith Macpherson (Senior Statutory Auditor) for and on behalf of
Henderson Loggie LLP
The Stamp Office,
Level 5, 10-14 Waterloo Place,
Edinburgh,
EH1 3EG

**Date**:

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

# STATEMENT OF FINANCIAL ACTIVITIES

| STATEMENT OF FINANCIAL ACTIVITIES | NOTES | UNRESTRICTED FUNDS | RESTRICTED FUNDS | TOTAL FUNDS 2025-26 | TOTAL FUNDS RESTATED 2024-25 |
|---|---|---|---|---|---|
| **INCOME AND ENDOWMENTS FROM:** | | £ | £ | £ | £ |
| CHARITABLE ACTIVITIES | 5 | 8,811,815 | 2,248,749 | 11,060,564 | 10,578,705 |
| INVESTMENT INCOME | 6 | 1,142,331 | - | 1,142,331 | 891,700 |
| **TOTAL INCOME** | | **9,954,146** | **2,248,749** | **12,202,895** | **11,470,405** |
| **EXPENDITURE ON:** | | | | | |
| CHARITABLE ACTIVITIES | 7 | 9,778,014 | 2,216,751 | 11,994,765 | 12,021,418 |
| **TOTAL EXPENDITURE** | | **9,778,014** | **2,216,751** | **11,994,765** | **12,021,418** |
| NET GAIN / (LOSS) ON INVESTMENTS | 13 | 1,161,751 | - | 1,161,751 | 1,440,530 |
| **NET INCOME / (EXPENDITURE)** | | **1,337,883** | **31,998** | **1,369,881** | **889,517** |
| TRANSFER RESTRICTED TO UNRESTRICTED | | - | - | - | - |
| **NET INCOME / (EXPENDITURE) AND MOVEMENT IN FUNDS** | | **1,337,883** | **31,998** | **1,369,881** | **889,517** |
| **RECONCILIATION OF FUNDS:** | | £ | £ | £ | £ |
| TOTAL FUNDS BROUGHT FORWARD | | 8,000,477 | 87,149 | 8,087,626 | 7,198,109 |
| **TOTAL FUNDS CARRIED FORWARD** | 22 | **9,338,360** | **119,147** | **9,457,507** | **8,087,626** |

The charitable company has no recognised gains or losses other than the results for the year as set out on this page. All the activities of the charitable company are classed as continuing. The notes on pages 55 to 94 form part of the financial statements.

# BALANCE SHEET

| BALANCE SHEET | NOTES | 31 MARCH 2026 | 31 MARCH 2025 |
|---|---|---|---|
| **FIXED ASSETS:** | | **£** | **£** |
| TANGIBLE ASSETS | 12 | 1,089,422 | 1,354,937 |
| INVESTMENT ASSETS | 13 | 4,922,115 | 3,760,898 |
| **TOTAL FIXED ASSETS** | | **6,020,537** | **5,115,835** |
| **CURRENT ASSETS:** | | | |
| DEBTORS | 14 | 2,196,954 | 2,795,922 |
| CASH AT BANK AND IN HAND | | 3,535,974 | 2,852,282 |
| **TOTAL CURRENT ASSETS** | | **5,732,928** | **5,648,204** |
| **LIABILITIES:** | | | |
| CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | 15 | (2,221,291) | (2,633,746) |
| **NET CURRENT ASSETS** | | **3,511,637** | **3,014,458** |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **9,532,174** | **8,130,293** |
| PROVISIONS FOR LIABILITIES | 17 | (74,667) | (42,667) |
| **TOTAL NET ASSETS** | | **9,457,507** | **8,087,626** |
| **THE FUNDS OF THE CHARITY:** | **22** | | |
| UNRESTRICTED FUNDS | | 9,338,360 | 8,000,477 |
| RESTRICTED FUNDS | | 119,147 | 87,149 |
| **TOTAL FUNDS** | | **9,457,507** | **8,087,626** |

These financial statements were authorised for issue by the directors on 28 August 2026 and are signed on its behalf by:

Derek Redvers
Director

Josiah Lockhart
Company Secretary

Company Registration Number SC103904

The notes on pages 55 to 94 form part of the financial statements.

# STATEMENT OF CASH FLOWS

| STATEMENT OF CASH FLOWS | NOTES | 2025-26 | 2024-25 RESTATED |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | £ | £ |
| **NET CASH FROM / (USED IN) OPERATING ACTIVITIES** | 24 | **(416,714)** | **(671,471)** |
| **CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES:** | | | |
| INVESTMENT INCOME RECEIVED | | 1,142,331 | 891,700 |
| PURCHASE OF PROPERTY, PLANT AND EQUIPMENT | | (46,509) | (111,973) |
| PROCEEDS OF SALE OF PROPERTY, PLANT AND EQUIPMENT | | 4,050 | - |
| SALE OF INVESTMENTS | | 532 | 880 |
| PURCHASE OF INVESTMENTS | | - | - |
| **NET CASH PROVIDED BY/(USED FOR) INVESTING ACTIVITIES** | | **1,100,404** | **780,607** |
| CHANGE IN CASH AND CASH EQUIVALENTS IN THE REPORTING PERIOD | | 683,690 | 109,136 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE REPORTING PERIOD | | 2,852,284 | 2,743,148 |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD** | | **3,535,974** | **2,852,284** |

| ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS | 1 April 2025 | CASH FLOWS | FX MOVEMENT | OTHER NON-CASH | 31 March 2026 |
|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ |
| CASH | 2,852,282 | 683,722 | (30) | - | 3,535,974 |
| **TOTAL** | **2,852,282** | **683,722** | **(30)** | **-** | **3,535,974** |

The notes on pages 55 to 94 form part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. General information

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

Changeworks Resources for Life is a charitable company limited by guarantee, incorporated in the United Kingdom and registered in Scotland. It is registered with the Office of the Scottish Charity Regulator (OSCR) under charity number SC015144. The charitable company's registered office and company number are shown on page 3 of these financial statements.

The principal activity of Changeworks Resources for Life is to develop and deliver high-impact solutions that make low carbon living a positive reality for everyone.

## 2. Principal accounting policies

### a) Basis of accounting

The financial statements have been prepared under the historical cost convention except as noted in note 30 and in accordance with

- United Kingdom Accounting Standards, including Financial Reporting Standard 102 (FRS 102);
- The Charities SORP (FRS 102) (second edition – October 2019);
- The Companies Act 2006;
- The Charities and Trustee Investment (Scotland) Act 2005; and



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# NOTES TO THE FINANCIAL STATEMENTS

- 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. The preparation of financial statements requires the use of estimates and judgements based on the information available at the reporting date. Actual outcomes in the future could differ from such estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3 where relevant.

The principal accounting policies applied in 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**

The directors have assessed the charity's current financial position, including key funding relationships, reserves, and forward planning. They



CHANGEWORKS.

# NOTES TO THE FINANCIAL STATEMENTS CNTD.

are satisfied that the charity has adequate resources to continue to meet its obligations as they fall due for the foreseeable future. Accordingly, the financial statements have been prepared on the going concern basis.

**c) Recognition and allocation of income**

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

- **Donations and legacies** include gifts, donations, legacies and core grants not subject to performance conditions.

- **Income from charitable activities** includes income received from contracts, grants and service delivery activities. 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 is 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 the agreed contract value by reference to the stage of completion, where the costs incurred and the costs to complete can be measured reliably. Where income is received in advance, the income is deferred until the service has been provided.

# NOTES TO THE FINANCIAL STATEMENTS CNTD.

- **Restricted grants** without performance conditions are recognised in full when entitlement, probability of receipt, and measurability are established. They are restricted in purpose but not conditional on outcomes.

- **Grant repayments** are recognised as liabilities when a condition allows the funder to recover unspent amounts and repayment becomes probable.

- **Restricted income** is income subject to specific terms that limit how it can be spent. It is recognised as restricted in the financial statements and matched against eligible expenditure.

- **Gift Aid** is recognised as part of the related donation unless the donor has specified otherwise, and is recognised when receivable.

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

Investment income includes distributions receivable from Warmworks Scotland LLP, bank interest receivable and dividends from social investments.

**d) Volunteers and donated services and facilities**

The contribution of volunteers is not recognised in the financial statements, in line with SORP guidance.

# NOTES TO THE FINANCIAL STATEMENTS CNTD.

**e) Recognition and allocation of expenditure**

Expenditure is recognised when a legal or constructive obligation arises. Costs are allocated to activities directly where possible, or apportioned where appropriate.

- **Charitable activity costs** include both direct and support costs.

- **Support costs** include finance, ICT, HR and premises. These are allocated using a full-time equivalent methodology.

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

**f) Fund accounting**

- **Restricted funds** may only be used for specific purposes as agreed with the donor. Expenditure which meets these criteria is charged to the fund, including 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 set aside by the directors for a particular purpose.

**g) Tangible fixed assets**

Fixed assets are recorded at cost, with assets capitalised where the

# NOTES TO THE FINANCIAL STATEMENTS CNTD.

cost of an individual asset or a group of related assets exceeds £1,000.

Depreciation is provided on all fixed assets at rates calculated to write off the cost of each asset, less its estimated residual value, over its expected useful life as follows:

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

### h) Investments

Investments in joint venture entities and in a social investment are held at cost less accumulated impairment losses, or at fair value where this can be reasonably calculated. Further detail is set out in notes 26 and 27.

### i) Debtors

Trade debtors are amounts due from customers for goods sold or services performed. Debtors are recognised at the transaction price, less any provision for doubtful debts.

### j) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances and short-term deposits with an original maturity of three months or less. These are measured at fair value.

### k) Creditors

Trade creditors are obligations to pay for goods or services that have been acquired. They are stated at the amount owed, typically the invoice value.

# NOTES TO THE FINANCIAL STATEMENTS CNTD.

**l) VAT**

VAT incurred on the charity's activities is partly irrecoverable. Where it relates directly to a specific activity, the irrecoverable amount is included in the cost of that activity.

For general overheads, input VAT is apportioned across activities, the irrecoverable portion is included within support costs (see note 8).

**m) Financial assets and liabilities**

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

All financial instruments held by the charity are classified as "basic" in accordance with FRS 102.

At each reporting date, basic financial instruments are measured at amortised cost using the effective interest rate method, unless stated otherwise in the relevant accounting policy.

**Financial assets** are derecognised when the contractual rights to the cash flows expire, or when the charity has transferred substantially all the risks and rewards of ownership.

**Financial liabilities** are derecognised when the obligation is discharged, cancelled, or otherwise extinguished.

**n) Operating leases**

Leases where substantially all the risks and rewards of ownership remain with the lessor are classified

# NOTES TO THE FINANCIAL STATEMENTS CNTD.

as operating leases. Rental costs under such leases are charged to the Statement of Financial Activities on a straight-line basis over the period of the lease.

**o) Pensions**

The charity operates a qualifying group personal pension scheme under The Occupational and Personal Pension Schemes (Automatic Enrolment) Regulations 2010. Employer contributions of 8% of gross salary are made for eligible staff who are members of the scheme. The charity's auto-enrolment staging date was 1 May 2014.

The scheme is a defined contribution arrangement, with no employer liability beyond the contributions made.

**p) Provisions**

Provisions are recognised when the charity has a present legal or constructive obligation arising from a past event, settlement is probable, and the amount can be estimated reliably. They are measured at the directors' best estimate of the expenditure required and, where obligations arise over an extended period, are built up over the related commitment and reviewed periodically.

**q) Foreign currency**

Foreign currency transactions are translated into pounds sterling at the exchange rate prevailing at the transaction date. Monetary assets and liabilities are translated at the balance sheet date, with exchange

# NOTES TO THE FINANCIAL STATEMENTS CNTD.

differences recognised in the Statement of Financial Activities.

### 3. Critical judgements and estimates

The preparation of financial statements requires the directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of income, expenditure, assets and liabilities. These estimates and assumptions are based on historical experience and other factors considered reasonable at the reporting date.

There are no assumptions or sources of estimation uncertainty at the reporting date that are considered likely to result in a material adjustment to the carrying value of assets or liabilities within the next financial year.

Significant areas of judgement applied in preparing these financial statements include:

- Recognition of income from long-term contracts and grants, including assessment of stage of completion and performance conditions.
- Determination of the fair value of investment assets, including the valuation of joint venture investments.
- Assessment of provisions where obligations exist and estimation is required.

# 4. PREVIOUS YEAR COMPARATIVE STATEMENT OF FINANCIAL ACTVITIES

| PREVIOUS YEAR STATEMENT OF FINANCIAL ACTIVITIES (RESTATED) | UNRESTRICTED FUNDS | RESTRICTED FUNDS | TOTAL FUNDS 2024-25 |
|---|---|---|---|
| **INCOME AND ENDOWMENTS FROM:** | **£** | **£** | **£** |
| CHARITABLE ACTIVITIES | 8,620,521 | 1,958,184 | 10,578,705 |
| INVESTMENT INCOME | 891,700 | - | 891,700 |
| **TOTAL** | **9,512,221** | **1,958,184** | **11,470,405** |
| **EXPENDITURE ON:** | **£** | **£** | **£** |
| CHARITABLE ACTIVITIES | 10,432,801 | 1,588,617 | 12,021,418 |
| **TOTAL** | **10,432,801** | **1,588,617** | **12,021,418** |
| NET GAIN / (LOSS) ON INVESTMENTS | 1,440,530 | - | 1,440,530 |
| TRANSFER RESTRICTED TO UNRESTRICTED | - | - | - |
| **NET INCOME/(EXPENDITURE) AND MOVEMENT IN FUNDS** | **519,950** | **369,567** | **889,517** |

The 2024-25 comparative Statement of Financial Activities has been restated following the reclassification of certain income received from Warmworks Scotland LLP. Further details are provided in note 30.

# 5. INCOME FROM CHARITABLE ACTIVITIES

| INCOME FROM CHARITABLE ACTIVITIES | UNRESTRICTED FUNDS | RESTRICTED FUNDS | 2025-26 TOTAL |
|---|---|---|---|
| **GRANTS:** | **£** | **£** | **£** |
| COUNCIL GRANTS | - | 44,480 | **44,480** |
| OTHER GRANTS | - | 2,204,269 | **2,204,269** |
| **TOTAL GRANTS** | **-** | **2,248,749** | **2,248,749** |
| CONTRACT INCOME | 8,811,815 | - | 8,811,815 |
| **TOTAL INCOME** | **8,811,815** | **2,248,749** | **11,060,564** |

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

| PREVIOUS YEAR COMPARATIVES RESTATED | UNRESTRICTED FUNDS | RESTRICTED FUNDS | 2024-25 TOTAL |
|---|---|---|---|
| **GRANTS:** | **£** | **£** | **£** |
| COUNCIL GRANTS | - | 68,609 | **68,609** |
| OTHER GRANTS | - | 1,889,575 | **1,889,575** |
| **TOTAL GRANTS** | **-** | **1,958,184** | **1,958,184** |
| CONTRACT INCOME | 8,620,521 | - | **8,620,521** |
| **TOTAL INCOME** | **8,620,521** | **1,958,184** | **10,578,705** |

# 6. INVESTMENT INCOME

| INVESTMENT INCOME | 2025-26 TOTAL | 2024-25 TOTAL RESTATED |
|---|---|---|
| | £ | £ |
| DISTRIBUTIONS FROM WARMWORKS SCOTLAND LLP (SEE **NOTE 13**) | 1,087,930 | 832,915 |
| BANK INTEREST RECEIVABLE | 53,975 | 58,319 |
| DIVIDENDS FROM SOCIAL INVESTMENTS (SEE **NOTE 13**) | 426 | 466 |
| **TOTAL** | **1,142,331** | **891,700** |

Distributions from Warmworks Scotland LLP represent Changeworks' share of distributed profits from its one-third interest in the joint venture.

# 7. CHARITABLE ACTIVITIES EXPENDITURE

| CHARITABLE ACTIVITIES EXPENDITURE | STAFF COSTS | PROJECT COSTS | SUPPORT COSTS (NOTE 8) | 2025-26 TOTAL |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| SUPPLY OF ENVIRONMENTAL SERVICES | 7,108,401 | 1,217,468 | 3,637,468 | 11,963,337 |
| GOVERNANCE COSTS (NOTE 8) | - | - | 31,428 | 31,428 |
| **TOTAL** | **7,108,401** | **1,217,468** | **3,668,896** | **11,994,765** |

Overall charitable activity expenditure remained broadly consistent with the prior year. Staff and project costs increased modestly, while support costs reduced reflecting continued focus on financial sustainability and cost control in a challenging operating environment. Governance costs increased following the appointment of new auditors during the year.

| PREVIOUS YEAR'S COMPARATIVES | STAFF COSTS | PROJECT COSTS | SUPPORT COSTS (NOTE 8) | 2024-25 TOTAL |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| SUPPLY OF ENVIRONMENTAL SERVICES | 6,693,750 | 1,128,938 | 4,177,313 | 12,000,001 |
| GOVERNANCE COSTS (NOTE 8) | - | - | 21,417 | 21,417 |
| **TOTAL** | **6,693,750** | **1,128,938** | **4,198,730** | **12,021,418** |

# 8. SUPPORT AND GOVERNANCE COSTS

Support costs comprise the central functions that enable the delivery of the charity's activities and are analysed below.

| SUPPORT AND GOVERNANCE COSTS | ENVIRONMENTAL SERVICE 2025-26 | GOVERNANCE 2025-26 | 2025-26 TOTAL | *ENVIRONMENTAL SERVICE 2024-25* | *GOVERNANCE 2024-25* | *2024-25 TOTAL* |
|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ |
| SALARIES & TEMP STAFF | 1,871,931 | - | **1,871,931** | *2,133,386* | - | ***2,133,386*** |
| ACCOMMODATION & TRAVEL | 382,594 | - | **382,594** | *420,796* | - | ***420,796*** |
| OFFICE RUNNING & PREMISES COSTS | 888,601 | - | **888,601** | *969,122* | - | ***969,122*** |
| INSURANCE | 75,276 | - | **75,276** | *93,896* | - | ***93,896*** |
| MARKETING | 59,413 | - | **59,413** | *128,600* | - | ***128,600*** |
| STAFF TRAINING | 72,025 | - | **72,025** | *123,932* | - | ***123,932*** |
| PROFESSIONAL FEES | 287,628 | 25,186 | **312,814** | *307,581* | *16,525* | ***324,106*** |
| BOARD EXPENSES | - | 6,242 | **6,242** | - | *4,892* | ***4,892*** |
| **TOTAL** | **3,637,468** | **31,428** | **3,668,896** | ***4,177,313*** | ***21,417*** | ***4,198,730*** |

Changeworks does not pay remuneration to its trustees/directors but reimburses reasonable expenses incurred in carrying out their duties.

# 9. ANALYSIS OF STAFF COSTS

| STAFF COSTS | 2025-26 | 2024-25 |
|---|---|---|
| | £ | £ |
| SALARIES AND WAGES | 7,206,831 | 7,367,024 |
| SOCIAL SECURITY COSTS | 895,179 | 684,003 |
| PENSION COSTS | 568,286 | 576,833 |
| REDUNDANCY AND RELATED COSTS | 73,079 | 22,976 |
| TEMPORARY STAFF | 58,681 | - |
| MOVEMENT IN ANNUAL LEAVE PAY ACCRUAL | (48,449) | (3,922) |
| OTHER STAFF RELATED COSTS | 226,725 | 180,222 |
| **TOTAL** | **8,980,332** | **8,827,136** |

Overall staff costs increased by 1.7% compared with the prior year. Salaries and wages reduced slightly, reflecting changes in staffing and contract activity during the year. Employer National Insurance costs increased following changes to contribution rates and thresholds from April 2025.

# 9. ANALYSIS OF STAFF COSTS CNTD.

Number of employees receiving total employee benefits (including benefits in kind) exceeding £60,000 during the year:

| EMPLOYEE EMOLUMENTS | 2025-26 | 2024-25 |
|---|---|---|
| BETWEEN £60,000 AND £70,000 | 5 | 0 |
| BETWEEN £70,000 AND £80,000 | 2 | 1 |
| BETWEEN £80,000 AND £90,000 | 0 | 2 |
| BETWEEN £90,000 AND £100,000 | 1 | 1 |
| BETWEEN £100,000 AND £110,000 | 1 | 1 |

No director received remuneration or benefits for services as a director from the charity or any related entity. Two directors were reimbursed expenses totalling £4,766 (2025: £3,487), relating to travel and other costs incurred in connection with Board duties and recruitment. The charity also incurred £689 (2025: £1,382) relating to Board training and meetings.

Key management personnel comprise the Executive Team, being those individuals with authority and responsibility for planning, directing and controlling the activities of the charity, as listed on page 3. The total employee benefits of key management personnel were £493,528 (2025: £525,521) including salary, employer National Insurance contributions, pension contributions and benefits in kind.

# 9. ANALYSIS OF STAFF COSTS CNTD.

The total employee benefits of key management personnel decreased year-on-year, reflecting changes in Executive Team composition together with the introduction of an electric vehicle salary sacrifice scheme. Amounts recognised include taxable benefits in kind in accordance with HMRC requirements..

The average number of employees during the year on a headcount basis was 213 (2025: 227). The average number of full-time equivalent employees during the year was as follows:

| EMPLOYEE NUMBERS | 2025-26 NO. | 2024-25 NO. |
|---|---|---|
| MANAGEMENT AND ADMINISTRATION STAFF | 28 | 25 |
| PROJECT STAFF | 170 | 181 |
| **TOTAL** | **198** | **206** |

# 10. NET INCOME FOR THE YEAR

| NET INCOME IS STATED AFTER CHARGING: | 2025-26 | 2024-25 |
|---|---|---|
| | £ | £ |
| DEPRECIATION | 303,024 | 342,017 |
| AUDITOR’S REMUNERATION: AUDIT FEE | 18,593 | 12,500 |
| LEASE CHARGES UNDER OPERATING LEASES | 393,827 | 429,612 |

# 11. TAXATION

The charitable company is exempt from corporation tax on income and gains falling within the exemptions available under Part 11 of the Corporation Tax Act 2010 to the extent that these are applied to its charitable purposes.

# 12. TANGIBLE FIXED ASSETS

| FIXED ASSETS | EQUIPMENT | OFFICE ALTERATIONS | TOTAL |
|---|---|---|---|
| | £ | £ | £ |
| **COST** | | | |
| AT 1 APRIL 2025 | 1,418,631 | 1,091,717 | 2,510,348 |
| ADDITIONS | 46,509 | - | 46,509 |
| DISPOSAL OF ASSETS | (104,177) | - | (104,177) |
| **AT 31 MARCH 2026** | **1,360,963** | **1,091,717** | **2,452,680** |
| **DEPRECIATION** | | | |
| AT 1 APRIL 2025 | 999,415 | 155,996 | 1,155,411 |
| CHARGE FOR YEAR | 186,140 | 116,884 | 303,024 |
| DISPOSAL OF ASSETS | (104,177) | - | (104,177) |
| **AT 31 MARCH 2026** | **1,081,378** | **272,880** | **1,354,258** |
| **NET BOOK VALUE** | | | |
| AT 31 MARCH 2025 | 419,216 | 935,721 | 1,354,937 |
| **AT 31 MARCH 2026** | **279,585** | **818,837** | **1,098,422** |

# 13. INVESTMENTS

| INVESTMENT | 2025-26 | 2024-25 |
|---|---|---|
| | £ | £ |
| SOCIAL INVESTMENTS | 7,286 | 7,920 |
| SUBSIDIARY UNDERTAKINGS | 100 | - |
| JOINT VENTURES | 4,914,729 | 3,752,978 |
| **TOTAL** | **4,922,115** | **3,760,898** |

## Subsidiary undertakings

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

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

Changeworks Enterprises Ltd was dormant throughout the year. The aggregate capital and reserves of Changeworks Enterprises Ltd as at 31 March 2026 was £nil (2025: £nil).

# 13. INVESTMENTS CNTD.

## Joint venture

Warmworks Scotland LLP (SO305326) is a joint venture between Changeworks Resources for Life, Energy Saving Trust Enterprises Limited and Sureserve Energy Services UK Limited (formerly Everwarm Ltd). Each partner invested £1, is entitled to one-third of profits and must unanimously consent to certain decisions. The LLP manages the installation of grant-funded domestic energy-saving measures. Its summarised financial information is set out below:

| WARMWORKS SCOTLAND LLP | 2025-26 | 2024-25 |
|---|---|---|
| | £ | £ |
| INCOME | 95,350,804 | 106,118,186 |
| EXPENDITURE | (88,553,287) | (99,025,373) |
| TAXATION | (48,473) | 27,522 |
| **PROFIT** | **6,749,044** | **7,120,335** |
| DISTRIBUTIONS TO PARTNERS | (3,263,792) | (2,798,745) |
| FIXED ASSETS | 689,788 | 403,869 |
| CURRENT ASSETS | 32,371,892 | 33,375,076 |
| CURRENT LIABILITIES | (18,317,493) | (22,518,241) |
| LONG TERM LIABILITIES | - | (1,769) |
| **NET ASSETS** | **14,744,187** | **11,258,935** |

# 13. INVESTMENTS CNTD.

## Joint venture

The joint venture is carried in the balance sheet at fair value, calculated as our one-third interest in its net assets of £14,744,187 = £4,914,729 (2025: £ 3,752,978).

If the investment in the joint venture had been accounted for under the equity method of accounting, under which the charity would report its share of Warmworks' profit in its Statement of Financial Activities, the effect would have been as follows:

| WARMWORKS SCOTLAND LLP INVESTMENT | 2025-26 | 2024-25 |
|---|---|---|
| | £ | £ |
| INCREASE IN CARRYING VALUE OF INVESTMENT | - | - |
| INCREASE IN INCOME FROM INVESTMENTS | 561,751 | 1,336,363 |
| DECREASE IN BALANCE OF FUNDS BROUGHT FORWARD | - | - |
| INCREASE IN NET CURRENT ASSETS | - | - |

All three Warmworks partners have signed a Parent Company Guarantee in respect of Warmworks' largest Scottish Government contract (Note 29).

# 13. INVESTMENTS CNTD.

## Social investments

In November 2015 Changeworks Resources for Life purchased 5,000 ordinary shares of £1 in the Edinburgh Community Solar Co-op at a cost of £5,000. The Co-op was established to deliver a large-scale solar PV project in Edinburgh and the charity invested to support the initiative in line with its charitable objectives rather than primarily for financial return.

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

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

In September 2024, the Edinburgh Community Solar Co-op returned 10% of share capital to all members = £880.

In September 2025, the Edinburgh Community Solar Co-op returned 8% of share capital to all members = £634.

Dividends of £426 (2025: £466) were received during the year.

# 14. DEBTORS

| DEBTORS | 2025-26 | 2024-25 |
|---|---|---|
| | £ | £ |
| **AMOUNTS FALLING DUE WITHIN ONE YEAR** | | |
| TRADE DEBTORS | 1,802,684 | 2,229,746 |
| PREPAYMENTS | 115,839 | 172,758 |
| OTHER DEBTORS | 4,612 | 6,819 |
| ACCRUED INCOME | 273,819 | 386,599 |
| **TOTAL** | **2,196,954** | **2,795,922** |

Trade debtors are amounts due from customers for goods sold or services performed. Trade debtors are recognised at the amount receivable, which is normally the invoice price. No allowance for doubtful debts was recognised at the year end.

# 15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| CREDITORS | 2025-26 | 2024-25 |
|---|---|---|
| | £ | £ |
| TRADE CREDITORS | 213,624 | 364,908 |
| VAT | 513,880 | 591,180 |
| PENSION CONTRIBUTIONS | 72,727 | 74,453 |
| PAYE & NIC | 185,056 | 172,480 |
| OTHER CREDITORS AND ACCRUALS | 594,595 | 782,466 |
| DEFERRED INCOME | 641,409 | 648,259 |
| **TOTAL** | **2,221,291** | **2,633,746** |

Trade creditors are obligations to pay for goods or services acquired and are recognised at the amount payable, which is normally the invoice value.

# 16. DEFERRED INCOME

| DEFERRED INCOME | 2025-26 | 2024-25 |
|---|---|---|
| | £ | £ |
| BALANCE BROUGHT FORWARD | 648,259 | 499,486 |
| DEFERRED IN YEAR | 5,414,083 | 5,074,260 |
| AMOUNTS RECOGNISED AS INCOME DURING THE YEAR | (5,420,933) | (4,925,487) |
| **TOTAL** | **641,409** | **648,259** |

Deferred income relates principally to funding received for Energy Efficient Scotland: Area Based Schemes (EES: ABS) and other contracts where income had been received by 31 March 2026 but the related work will be delivered in 2026-27.

# 17. PROVISIONS FOR LIABILITIES

| DILAPIDATIONS PROVISION | 2025-26 | 2024-25 |
|---|---|---|
| | **£** | **£** |
| BALANCE BROUGHT FORWARD | **42,667** | **11,867** |
| INCREASE IN PROVISION FOR THE YEAR | 32,000 | 32,000 |
| RELEASED IN YEAR | - | (1,200) |
| **TOTAL** | **74,667** | **42,667** |

The provision relates to Orchard Brae House dilapidations, which are expected to arise at the end of the lease term. The provision is recognised over the lease term based on management's current estimate of the costs that may be required to restore the property at lease expiry. The obligation is not expected to crystallise until 2033.

The £1,200 released in 2024-25 related to a provision previously recognised for the removal of an air conditioning unit at Newhaven Road.

# 18. FINANCIAL ASSETS AND LIABILITIES

| FINANCIAL ASSETS AND LIABILITIES | 2025-26 | 2024-25 |
|---|---|---|
| | £ | £ |
| FINANCIAL ASSETS AT AMORTISED COST | 5,617,089 | 5,475,446 |
| FINANCIAL LIABILITIES AT AMORTISED COST | 880,946 | 1,221,827 |

Financial assets at amortised cost comprise cash at bank and in hand, trade debtors, accrued income and other debtors.

Financial liabilities at amortised cost include trade creditors, sundry creditors, accruals and pension contributions.

# 19. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2026, the charity had commitments under non-cancellable operating leases as set out below:

| OPERATING LEASES | LAND & BUILDINGS 31 MARCH 2026 | OTHER 31 MARCH 2026 | *LAND & BUILDINGS 31 MARCH 2025* | *OTHER 31 MARCH 2025* |
|---|---|---|---|---|
| | **£** | **£** | **£** | **£** |
| **OPERATING LEASES WHICH EXPIRE:** | | | | |
| WITHIN ONE YEAR | 267,691 | 84,022 | *286,802* | *94,004* |
| WITHIN 2 TO 5 YEARS | 858,168 | 59,044 | *1,120,928* | *63,332* |
| OVER 5 YEARS | - | - | *10,938* | - |
| **TOTAL** | **1,125,859** | **143,066** | ***1,418,668*** | ***157,336*** |

# 20. PENSIONS

The charity operates a defined contribution scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. The pension cost charge represents employer contributions payable by the charity and amounted to £568,286 (2025: £576,833).

# 21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| NET ASSETS | GENERAL FUNDS | DESIGNATED FUNDS | RESTRICTED FUNDS | 2025-26 TOTAL FUNDS |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| TANGIBLE FIXED ASSETS | - | 1,098,422 | - | **1,098,422** |
| FIXED ASSET INVESTMENTS | - | 4,922,115 | - | **4,922,115** |
| CURRENT ASSETS | 2,854,828 | 2,683,586 | 194,514 | **5,732,928** |
| CURRENT LIABILITIES | (1,106,137) | (1,039,787) | (75,367) | **(2,221,291)** |
| PROVISIONS | (74,667) | - | - | **(74,667)** |
| **NET ASSETS AT 31 MARCH 2026** | **1,674,024** | **7,664,336** | **119,147** | **9,457,507** |

| PREVIOUS YEAR'S COMPARATIVES | GENERAL FUNDS | DESIGNATED FUNDS | RESTRICTED FUNDS | 2024-25 TOTAL FUNDS |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| TANGIBLE FIXED ASSETS | - | 1,354,937 | - | **1,354,937** |
| FIXED ASSET INVESTMENTS | - | 3,760,898 | - | **3,760,898** |
| CURRENT ASSETS | 2,358,075 | 3,126,837 | 163,292 | **5,648,204** |
| CURRENT LIABILITIES | (1,099,565) | (1,458,038) | (76,143) | **(2,633,746)** |
| PROVISIONS | (42,667) | - | - | **(42,667)** |
| **NET ASSETS AT 31 MARCH 2025** | **1,215,843** | **6,784,634** | **87,149** | **8,087,626** |

# 22. MOVEMENT IN FUNDS

| MOVEMENT IN FUNDS | AT 1 APRIL 2025 | INCOMING RESOURCES | OUTGOING RESOURCES | NET GAIN ON INVESTMENTS | TRANSFERS | AT 31 MARCH 2026 |
|---|---|---|---|---|---|---|
| **RESTRICTED FUNDS** | **£** | **£** | **£** | **£** | **£** | **£** |
| LOW CARBON COMMUNITIES | - | 450,565 | (441,619) | - | - | 8,946 |
| AFFORDABLE WARMTH TEAM | 23,200 | 1,200,000 | (1,214,905) | - | - | 8,295 |
| ECOCOSI | (2,443) | 118,048 | (116,328) | - | - | (723) |
| HIGHLAND ENERGY COMMUNITY PARTNERSHIP | - | 302,431 | (274,615) | - | - | 27,816 |
| CONSULTANCY PROJECTS | - | 56,475 | (56,385) | - | - | 90 |
| CERG | 69,323 | 116,357 | (107,826) | - | - | 77,854 |
| OTHER GRANTS | (2,931) | 4,873 | (5,073) | - | - | (3,131) |
| **TOTAL RESTRICTED FUNDS** | **87,149** | **2,248,749** | **(2,216,751)** | **-** | **-** | **119,147** |
| **UNRESTRICTED FUNDS** | **£** | **£** | **£** | **£** | **£** | **£** |
| **DESIGNATED FUNDS** | | | | | | |
| DILAPIDATIONS RESERVE | 30,000 | - | - | - | (25,000) | 5,000 |
| FIXED ASSET RESERVE | 1,354,937 | - | - | - | (256,515) | 1,098,422 |
| INVESTMENTS | 3,760,898 | - | - | 1,161,751 | (534) | 4,922,115 |
| WARMWORKS MEMBER’S SECURITY | 750,000 | - | - | - | - | 750,000 |
| INVESTMENT FUND | 888,799 | - | - | - | - | 888,799 |
| **TOTAL DESIGNATED FUNDS** | **6,784,634** | **-** | **-** | **1,161,751** | **(282,049)** | **7,664,336** |
| GENERAL FUND | 1,215,843 | 9,954,146 | (9,778,014) | - | 282,049 | 1,674,024 |
| **TOTAL UNRESTRICTED** | **8,000,477** | **9,954,146** | **(9,778,014)** | **1,161,751** | **-** | **9,338,360** |
| **TOTAL FUNDS** | **8,087,626** | **12,202,895** | **(11,994,765)** | **1,161,751** | **-** | **9,457,507** |

# 22. MOVEMENT IN FUNDS CNTD.

| PREVIOUS YEAR'S COMPARATIVE FIGURES | AT 1 APRIL 2024 | INCOMING RESOURCES | OUTGOING RESOURCES | NET GAIN ON INVESTMENTS | TRANSFERS | AT 31 MARCH 2025 |
|---|---|---|---|---|---|---|
| **RESTRICTED FUNDS** | **£** | **£** | **£** | | **£** | **£** |
| LOW CARBON COMMUNITIES | (63,443) | 310,100 | (246,657) | - | - | - |
| AFFORDABLE WARMTH TEAM | (298,018) | 1,361,375 | (1,040,157) | - | - | 23,200 |
| ECOCOSI | - | 212,940 | (215,383) | - | - | (2,443) |
| CERG | 78,843 | 73,769 | (83,289) | - | - | 69,323 |
| OTHER GRANTS | 200 | - | (3,131) | - | - | (2,931) |
| **TOTAL RESTRICTED FUNDS** | **(282,418)** | **1,958,184** | **(1,588,617)** | | **-** | **87,149** |
| **UNRESTRICTED FUNDS** | **£** | **£** | **£** | | **£** | **£** |
| **DESIGNATED FUNDS** | | | | | | |
| DILAPIDATIONS RESERVE | 30,000 | - | - | - | - | 30,000 |
| FIXED ASSET RESERVE | 1,584,979 | - | - | - | (230,042) | 1,354,937 |
| INVESTMENTS | 2,321,248 | - | - | 1,440,530 | (880) | 3,760,898 |
| WARMWORKS MEMBER'S SECURITY | 750,000 | - | - | - | - | 750,000 |
| INVESTMENT FUND | 901,299 | - | - | - | (12,500) | 888,799 |
| STRATEGIC FUND | 860,322 | - | - | - | (860,322) | - |
| **TOTAL DESIGNATED FUNDS** | **6,447,848** | **-** | **-** | **1,440,530** | **(1,103,744)** | **6,784,634** |
| GENERAL FUND | 1,032,679 | 9,512,221 | (10,432,801) | - | 1,103,744 | 1,215,843 |
| **TOTAL UNRESTRICTED** | **7,480,527** | **9,512,221** | **(10,432,801)** | **1,440,530** | **-** | **8,000,477** |
| **TOTAL FUNDS** | **7,198,109** | **11,470,405** | **(12,021,418)** | **1,440,530** | **-** | **8,087,626** |

# 22. MOVEMENT IN FUNDS CNTD.

**Restricted funds represent grants awarded to Changeworks for specific projects and activities, generally to be delivered within agreed time periods.**

Closing balances on restricted funds represent either grant funding received in advance of expenditure or expenditure incurred in advance of related grant income being received.

Restricted funds are categorised by activity type in the table on the previous page. The following restricted fund had a closing balance greater than £50k at the year end:

- £77k relating to the administration of the Climate Emergency Response Group (CERG), representing membership contributions to be utilised in future years.

Restricted fund income received during the year totalled £2.2m (2025: £2.0m). A total of 24 separately funded projects (2025: 23) were delivered during the year using these restricted funds.

**Fund transfers:**

There were no transfers between restricted and unrestricted funds during the year (2025: £nil).

**Purpose of designated funds:**

- **Dilapidations reserve:** A fund designated by the Board to cover anticipated renovation, reinstatement and dilapidation costs associated with the charity's other office leases where no separate provision has been recognised.

# 22. MOVEMENT IN FUNDS CNTD.

- **Fixed Asset reserve:** A fund designated by the Board to represent the portion of the general fund tied up in fixed assets and therefore not readily available for general expenditure. The fund balance is equal to the carrying value of fixed assets as shown on the balance sheet.
- **Warmworks members security:** A fund designated by the Board to reflect funds set aside in relation to the charity’s member security arrangements for Warmworks Scotland LLP.

- **Investment fund:** A fund designated by the Board to support future investment opportunities and strategic development. The fund comprises unrestricted reserves that have been ringfenced for this purpose. It originated from reserves generated through the sale of Changeworks Recycling (now Change Waste Recycling) and is not available to meet routine operational expenditure.

- **Investments:** A fund designated by the Board to reflect the portion of unrestricted reserves invested in long-term investments and therefore not readily available for general expenditure. The increase during the year primarily reflects the higher valuation of the charity's investment in Warmworks Scotland LLP, partially offset by share buybacks by Edinburgh Community Solar Co-op.

# 23. RELATED PARTIES

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

| RELATED PARTY | NATURE OF RELATIONSHIP | INCOME 2025-26 | EXPENDITURE 2025-26 | DEBTOR BALANCE 31 MARCH 2026 | CREDITOR BALANCE 31 MARCH 2026 |
|---|---|---|---|---|---|
| | | £ | £ | £ | £ |
| CLIMATE EMERGENCY RESPONSE GROUP (CERG) | CHANGEWORKS CEO, JOSIAH LOCKHART, IS A MEMBER OF THE CERG CORE GROUP | 1,575 | 5,000 | - | - |
| WARMWORKS SCOTLAND LLP | JOINT VENTURE IN WHICH CHANGEWORKS HOLDS A ONE-THIRD INTEREST AND IS REPRESENTED ON THE WARMWORKS BOARD | 1,687,930 | - | - | - |

Changeworks administers CERG’s finances through its own accounting records. Funds held on behalf of CERG remain restricted for CERG activities and are not available for Changeworks' general purposes. Summary of CERG finances 2025-26:

| CERG FINANCES | 2025-26 | 2024-25 |
|---|---|---|
| | £ | £ |
| OPENING FUND | **69,323** | 77,613 |
| INCOME (INCLUDING £5K CONTRIBUTION FROM CHANGEWORKS) | 117,932 | 80,000 |
| EXPENDITURE (INCLUDING £1.5K ADMINISTRATION FEE BY CHANGEWORKS) | (109,401) | (88,290) |
| **CLOSING FUND** | **77,854** | **69,323** |

# 24. RECONCILIATION OF NET INCOME TO NET CASHFLOW ON OPERATING ACTIVITIES

| CASHFLOW FROM OPERATING ACTIVITIES | 2025-26 | 2024-25 RESTATED |
|---|---|---|
| | £ | £ |
| **NET INCOME FOR THE YEAR** | 1,369,881 | 889,517 |
| **ADJUSTMENT FOR:** | | |
| DEPRECIATION CHARGES | 303,024 | 342,017 |
| GAINS/LOSSES ON INVESTMENT | (1,161,751) | (1,440,530) |
| INVESTMENT INCOME RECEIVED | (1,142,331) | (891,700) |
| LOSS/(PROFIT) ON SALE OF FIXED ASSETS | (4,050) | - |
| (INCREASE)/DECREASE IN DEBTORS | 598,968 | 729,435 |
| INCREASE/(DECREASE) IN CREDITORS | (412,455) | (331,010) |
| INCREASE/(DECREASE) IN PROVISIONS | 32,000 | 30,800 |
| **NET CASH PROVIDED BY OPERATING ACTIVITIES** | **(416,714)** | **(671,471)** |

# 25. GOING CONCERN

The Directors have reviewed the charity's forecasts and cash flow projections covering a period of at least twelve months from the date of approval of these financial statements. Based on this review, together with the charity's available reserves and cash resources, the Directors have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

# 26. POST BALANCE SHEET EVENTS

There have been no material post balance sheet events since the year end. The charity adopted the revised Charities SORP and FRS 102 lease accounting requirements with effect from 1 April 2026. Accordingly, the 2026-27 financial statements will recognise right-of-use assets and corresponding lease liabilities in respect of qualifying leases.

# 27. OTHER NON-AUDIT SERVICES

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

# 28. CAPITAL COMMITMENTS

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

# 29. CONTINGENT LIABILITIES

Changeworks Resources for Life is a member of Warmworks Scotland LLP, a joint venture partnership with Energy Saving Trust Enterprises Limited and Sureserve Energy Services UK Limited.

The charity, together with the other joint venture partners, has entered into a Parent Company Guarantee in support of Warmworks Scotland LLP's Scottish Government contract.

Under the terms of the guarantee, the partners may be required to provide support if Warmworks Scotland LLP is unable to fulfil its contractual obligations. The directors consider the likelihood of any liability arising under the guarantee to be remote. Accordingly, no provision has been recognised in these financial statements.

Warmworks Scotland LLP continued to trade throughout the year and the directors are not aware of any circumstances that would indicate support under the guarantee will be required. At the balance sheet date, the directors were not aware of any circumstances that would give rise to a claim under the guarantee.

# 30. Reclassification of comparative information

During the year, the charity reviewed the presentation of income received from Warmworks Scotland LLP. It was concluded that distributions received from the joint venture are more appropriately presented as investment income rather than income from charitable activities. Accordingly, the comparative Statement of Financial Activities and related notes have been restated. This reclassification affects presentation only and has no impact on total income, net income, total funds, net assets or cash flows.

| STATEMENT OF FINANCIAL ACTIVITIES 2024-25 | ORIGINALLY REPORTED | RECLASSIFICATION | RESTATED |
|---|---|---|---|
| | £ | £ | £ |
| INCOME FROM CHARITABLE ACTIVITIES | 11,411,620 | (832,915) | 10,578,705 |
| INVESTMENT INCOME | 58,785 | 832,915 | 891,700 |
| **TOTAL INCOME** | **11,470,405** | **-** | **11,470,405** |

| STATEMENT OF CASH FLOWS 2024-25 | ORIGINALLY REPORTED | RECLASSIFICATION | RESTATED |
|---|---|---|---|
| | £ | £ | £ |
| NET CASH FROM OPERATING ACTIVITIES | 161,444 | (832,915) | (671,471) |
| NET CASH FROM INVESTING ACTIVITIES | (52,308) | 832,915 | 780,607 |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | **109,136** | **-** | **109,136** |

# METHODOLOGY AND DATA SOURCES

## Impact reporting

The methodology for the impact data in this report has mostly remained the same as for the previous four years, with a few exceptions.

Firstly, since 2024-25, Warmworks data has been reported in full (in previous years it was divided by three to reflect Changeworks' share of the business).

Secondly, we have corrected an undercount in previously reported homes that received support to install energy efficiency measures delivered by Connected Response. Finally, from 2025–26, carbon savings are reported annually, based on an average carbon saving from fabric improvements of 3 tonnes CO2 per home per year (previously carbon savings were calculated over the lifetime of installed measures).

In order to present a consistent picture across the entire strategic period, figures in this report on householder support, advice, in-depth support and carbon savings for all years have been revised to reflect these changes.

# METHODOLOGY AND DATA SOURCES

## Carbon footprint

Our carbon footprint is calculated based on the current UK Government guidance and conversion factors for greenhouse gas reporting issued annually by the Department for Energy Security and Net Zero (DESNZ).

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

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

Our calculation includes the following emissions:

- **Scope 1** - Direct emissions from the activities that are under an organisation's direct control, such as fuel combustion, vehicles and fugitive emissions
- **Scope 2** - Indirect emissions related to the production of electricity and heat that is purchased by the organisation
- **Scope 3** - Other indirect emissions resulting from activities that are neither owned or controlled by the entity, including emissions related to business travel; commuting; home working; water and waste treatment; purchased goods and services; capital goods and upstream transportation and distribution.

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changeworks.org.uk
ask@changeworks.org.uk