
THE ENERGY SAVING TRUST LIMITED

(A Company Limited by Guarantee)

ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2022

THE ENERGY SAVING TRUST LIMITED
(A Company Limited by Guarantee)

COMPANY INFORMATION

Directors	M C Thornton OBE K S Lim
Registered number	02622374
Registered office	33 Cathedral Road Cardiff CF11 9HB
Independent auditor	Nexia Smith & Williamson Chartered Accountants & Statutory Auditor 45 Gresham Street London EC2V 7BG

THE ENERGY SAVING TRUST LIMITED
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THE ENERGY SAVING TRUST LIMITED
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STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2022

Introduction

The directors present their Strategic Report for the year ended 31 March 2022.

The Energy Saving Trust Limited's (EST) mission continues to be to reduce energy use and carbon emissions and so address the climate emergency. We work with all groups across society - businesses, governments, third sector organisations, communities and individuals - delivering programmes which deliver against this mission by improving energy efficiency and supporting small scale renewables and sustainable transport as part of the move to a lower carbon society.

Business review

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

	2022	<i>2021</i>
	£000	<i>£000</i>
Gross transaction value	91,931	<i>60,579</i>
Turnover	90,849	<i>59,258</i>
Gross profit	5,993	<i>6,325</i>
Operating profit/(loss)	(766)	<i>1,165</i>
Profit/(loss) after tax	(803)	<i>1,062</i>
Current asset ratio	1.78	<i>1.70</i>
Loan funds under management	266,615	<i>224,626</i>

Turnover increased in the year by £31.6m primarily due to funding increases to support the delivery of transport programmes (£12.4m), advice programmes (£15.9m), renewables programmes (£3.5m) and offset by decrease in products and services programmes (£0.2m decrease). We continued to experience an increasing demand for loans to support policy-led energy efficiency and transport programmes. During the year the Company increased net loans under management by £42.0m (2021 - £49.5m). The largest areas of loan funding during the year focused on supporting low carbon transport initiatives (£34.6m), home energy efficiency and district heating programmes (£8.4m) and Scottish business energy saving activities (£0.6m). These were offset by the net recovery of historic loans supporting community and rural energy efficiency schemes (£1.6m).

Loss after taxation was £803k (2021 - Profit £1,062k). The Company uses ratio analysis, adjusted for assets and liabilities held on behalf of third parties, to monitor liquidity. The directors consider that the Company has adequate liquidity to meet all known working capital and creditor commitments as they fall due.

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STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

Principal risks and uncertainties

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

Short term Government grant funded programmes

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

Foreign exchange risk

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

Coronavirus

EST's activities have proved relatively resilient to coronavirus, with the large majority of activity continuing via remote working since the first lockdown on 23 March 2020. Going forward we are re-opening our offices as government guidelines allow but our working model going forward will be remote or blended working as appropriate, with relatively low numbers in offices at any one time and COVID risks consequently reduced. Strict safe-working regimes involving effective PPE where visits by Group staff to people's homes are necessary continue and there have been no incidents of COVID transmission in either direction between installation teams and customers. We engage closely with our funders and customers, keeping them informed of these arrangements to provide reassurance about our ability to continue to deliver safely. Overall, the disruption to our operations and ability to deliver our programmes has been very limited and we expect this to continue even if new variants continue to emerge.

Tightness in the employment market for our sector

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

This report was approved by the board and signed on its behalf by:

M C Thornton OBE

Director

Date: 20 July 2022

THE ENERGY SAVING TRUST LIMITED
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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2022

The directors present their report and the financial statements for the year ended 31 March 2022.

Principal activity

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

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

EST focuses on delivering practical solutions for households, communities, businesses and the road transport sector - solutions which reduce carbon emissions and can save money. It works with a wide range of partners: government, energy suppliers, manufacturers, retailers, local authorities, installers and converters, energy advisers, non-governmental organisations ("NGOs"), trade associations and the European Commission and Member States.

Results and dividends

The loss for the year, after taxation, amounted to £803k (2021 - profit £1,062k).

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

Directors

The directors who served during the year were:

M C Thornton OBE
K S Lim (appointed 1 July 2021)

Research and development

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

THE ENERGY SAVING TRUST LIMITED
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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

Section 172 statement

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

We seek to grow the organisation to produce greater impact on both the ever- intensifying climate emergency and the fuel price crisis, investing in increasing the scale of our programmes and in reaching more people with our messages, in line with a strategic plan for growth approved by the Board and reviewed and updated each year. We are able to make this investment as any surpluses we generate are not distributed but reinvested to support and develop our mission. We continue to focus on key areas; smart and efficient homes, the transition to heat pumps and the overall decarbonisation of heat, data supporting reduction of carbon emissions, transport, consumer insight and behaviours and growth in international programmes.

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

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

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

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

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

Energy Saving Trust's work supports and empowers many communities across the UK through our range of programmes addressing fuel poverty, through other programmes supporting local authorities and housing associations and by assisting community organisations in developing community-owned renewable generation assets. Energy Saving Trust is naturally also very focused on its own impact on the environment, particularly its carbon emissions. The company has already taken a number of individual measures in this area, for example strongly encouraging video-conferencing rather than travel, very heavily restricting air travel, a cycle loan scheme for staff and upgrading its printers to reduce energy and resource use by more than 86% and 98% respectively. However, recognizing we need to go further, faster, in 2021 we also began to develop a comprehensive net zero strategy for the company, sponsored by the CEO and led by a member of the senior leadership team. As early fruits of this initiative, we have introduced an interest-free loan scheme for staff wanting to invest in carbon -reduction measures in their own homes and lives and a salary sacrifice electric vehicle leasing scheme; all employees are eligible for these schemes. A further key part of our net zero plan will be to move to sourcing as much as possible from suppliers who are themselves committed to and actively working to achieve net zero status.

Engagement with employees

The Company has strong regard to the interest of its staff team of more than 400, as they are at the heart of everything we do and we invest in their success. All employees have regular touch points with managers, as well as clear objectives and a personal development plan. To support their training and development needs, we offer access to courses and information covering professional and personal development, in addition to wellbeing, on our in-house platform. In 2021-22 we have invested in coaching for staff, in developing a comprehensive diversity and inclusion strategy and in supporting staff in dealing with the stresses and strains of working at home as a result of the pandemic. In this last context we have introduced a well-being allowance for all staff which can be spent on anything that supports physical and mental-wellbeing.

We provide access to a 24/7 employee assistance helpline via our Employee Assistance Programme, provided by Health Assured. We carry out regular employee surveys to assess and understand what our people think and get employee input and the Chief Executive and senior leadership team brief all teams on group operations and plans every two months. There is also a staff recognition scheme by which employees' achievements in line with our values are publicly celebrated. All staff are paid at least the real living wage.

Greenhouse gas emissions, energy consumption and energy efficiency action

Impact of our advice

Consideration of CO2 saved from Energy Saving Trust advice:

	2022	2021
	£	£
Estimated cost per tonne CO2 saved	7.06	6.07

Whilst not considered to be a KPI, Energy Saving Trust assesses the impact of its energy advice for a number of funding stakeholders. These assessments include information delivered through advice centres and via our website covering household advice, renewable technologies and consumer transport. The following methodology is applied for evaluating the estimated lifetime tonnes of carbon dioxide saved (tCO2). Datasets of customers that are recorded as having received advice are provided to an external contractor or the internal evaluation team as appropriate. Surveys of these customers are undertaken on a sample basis to assess the impact of the advice given and conversion of advice into uptake of energy efficient or low carbon measures or behaviours. Where advice is considered to have been crucial or at least some support to the action taken the lifetime savings associated with the measure are attributed to the advice; where measures are not yet installed but only planned, Energy Saving Trust's research has shown that 28% of these measures are likely to actually come to fruition and so 28% of savings associated with planned measures are also applied.

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

Analysis of the results of the survey enables the average attributed CO2 savings per customer to be calculated by taking the total savings achieved by those in the sample and dividing by the total number of customers advised in the sample. The CO2 savings for each measure have been estimated using Energy Saving Trust's standard savings factors. The savings factors are calculated using a number of metrics which are updated annually by Energy Saving Trust's insight and evaluation team including energy prices (£/kWh), fuel CO2 factors (kgCO2/kWh or kgCO2 per km), heat loss rates (U-values), fuel economy (mpg), heating system efficiencies and housing type characteristics. In addition, Energy Saving Trust assess strategic carbon dioxide lifetime savings. These are defined as savings from measures which have or will be installed as part of a local authority or housing association project where the organisation confirms in writing that the strategic advice provided was either crucial or of some help in securing funding for the project. The variations in cost of carbon saved from advice provided between 2021 and 2022 are in the main attributable to COVID-19 and a reduction in the level of action by our customers seen as a result of the lockdowns.

Our environmental performance

We have measured our complete greenhouse gas emissions inventory for the financial year 2021/22 in line with our science-based net zero targets and commitment to disclose our emissions. This inventory covers all emission sources, including all categories of scope 1, 2 and 3. The primary source of our emissions arose from scope 3 (primarily purchased goods and services). We produced a comparatively small amount of scope 1 and 2 emissions from leased offices we operate from in London and Edinburgh, and two vehicles, a diesel-powered car (our only source of scope 1 emissions) and an electric car. Both of these vehicles were returned at the end of their lease periods part-way through the financial year and have not been replaced.

Our emissions are managed through PLAN Zero, our dedicated strategy to reach net zero by 2045. This strategy was developed in 2021/22 and approved by the board in January 2022. We are committed to reaching net zero emissions (across all scopes) and have set the following science-based targets:

Near-term targets

- 42% absolute reduction in scope 1 and 2 emissions by 2030, against base year (2020-21)
- 25% absolute reduction in scope 3 emission by 2030, against base year (2020-21)

Long-term target

- 90% absolute reduction in scope 1, 2 & 3 emissions by 2045, against base year (2020-21)

We are accredited to ISO 14001 Environmental Management and ISO 50001 Energy Management systems, which we are also leveraging to achieve our net zero targets.

Energy consumption data used to calculate basic emissions:

Scope	Category	2020-21 (base year)	2021-22 (current year)	Unit
Scope 1	Passenger vehicles	6,267.70	7,950.62	kWh
Scope 2	Heat and steam	163,174.49	192,877.23	kWh
Scope 2	UK electricity	176,323.85	182,467.94	kWh
Scope 3	Business travel - fuel purchased*	659.30	12,386.76	kWh
Total (including heat and steam)		346,425.34	395,664.55	kWh
Total (excluding heat and steam)		183,250.85	202,787.32	kWh

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

Emissions in tCO₂e (location-based):

Scope	Category	2020-21 (base year)	2021-22 (current year)	Unit
Scope 1	Passenger vehicles	0.93	1.09	tCO ₂ e
Scope 2	Heat and steam	28.17	32.93	tCO ₂ e
Scope 2	UK electricity	41.11	38.74	tCO ₂ e
Scope 3	Business travel - fuel purchased*	0.16	3.04	tCO ₂ e
Total (including heat and steam)		70.37	75.81	tCO₂e
Total (excluding heat and steam)		42.20	42.88	tCO₂e
Scope 3	All categories applicable (listed below)	2701.10	3498.47	tCO₂e
Total scope 1, 2 & 3 (all categories)		2771.30	3571.23	tCO₂e

*Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel.

Ratio Performance Indicators

Ratio Performance Indicator	2020-21 (base year)	2021-22 (current year)
tCO ₂ (including Heat and Steam) per number of employees	0.22	0.21
tCO ₂ (excluding Heat and Steam) per number of employees	0.13	0.12

The number of employees, including our board members, were counted on the 31 March 2022.

Reporting period and Baseline Year

The financial year has been selected as the reporting period to aid the comparability and consistency of information across the company's reports.

While emissions have been calculated for many years, the 2020-2021 financial year serves as the baseline since it was the first year for which the entire inventory (inc. all scope 3 emissions) were calculated.

Energy Saving Trust also acquired Solstice Associates Ltd post year end, which falls under the organisational boundary (explained below). As such, the GHG Protocol necessitates that base year emissions should be recalculated as this acquisition exceeds the materiality threshold. The base year emissions presented in this report are therefore recalculated. Furthermore, we also made some methodology improvements (explained below) which also resulted in some material changes to the baseline year.

THE ENERGY SAVING TRUST LIMITED
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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

Methodology

We have applied the methodology defined by the GHG protocol. In doing so, we have adopted the centralised calculation approach. Activity data is collected locally at each of our offices and emissions are then calculated centrally by our Insight & Evaluation team. Activity data is typically collected throughout the year for accuracy or as per business processes and consolidated into reports at the end of the financial year.

This year, we introduced methodology improvements to certain scope 3 categories: Upstream Transportation & Distribution, Upstream Leased Assets and (the Working from Home element of) Employee Commuting. These refinements saw the use of better (company-specific) activity data more suited to helping estimate GHG emissions. They also contributed to the decision to recalculate the baseline year.

Organisational Boundary and Consolidation Approach

As required by the GHG protocol, we have selected and applied the most appropriate consolidation approach to carry out our reporting: the "operational control" approach. This approach was the most appropriate for the Group as more emission-generating assets are leased and in our control when compared with assets in our financial control or those in which we hold an equity stake. In April 2022, Energy Saving Trust acquired Solstice Associates, emissions from which are now included within Energy Saving Trust's organisational boundary in line with our consolidation approach. Emissions for 2020-21 have been retroactively recalculated to include Solstice Associates emissions during this period, in line with our base year recalculation policy.

Operational Boundary

During 2021-2022, we operated one source of scope 1 emissions, a diesel car, although the vehicle was returned in October 2021 when its lease ended and was not replaced. We do not have operational control over any other mobile or stationary combustion sources or sources of fugitive emissions.

On-site boilers and air conditioning are owned and controlled by building landlords, therefore heating and electricity has been accounted for under scope 2 (for leased office space) or scope 3 (for fully serviced office spaces). Similarly, the emissions generated from purchasing electricity to charge the electric vehicle have been accounted for under scope 2 emissions. The lease for the electric vehicle ended in February 2022 and the vehicle was returned and not replaced.

Our 2021-22 complete GHG report, which will be available on the website, includes Scope 3 emissions of the following categories:

- Purchased Goods and Services
- Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2
- Upstream Transportation and Distribution
- Waste Generated in Operations
- Business Travel
- Employee Commuting
- Upstream Leased Assets
- Use of Sold Services
- Investments

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

Energy Efficiency Measures

During 2021-2022 we eliminated our only source of scope 1 emissions by returning our diesel vehicle at the end of its lease, and reduced our Scope 2 electricity consumption by also returning the electric vehicle we had. We have also opted to downsize our London office to a smaller location close to King's Cross; this should mean lower emissions from the office as well as lower business travel emissions. Furthermore, we have pursued a policy of flexible working locations, allowing colleagues to work from home, which will see some reductions in emissions from employee commuting. To combat the emissions shifting to people's homes, we launched a zero-interest employee loan scheme allowing employees to borrow up to £10,000 for any "sustainable" initiative, whether that is installation energy efficiency measures/appliances, renewable energy or other. Overall, this scheme is also intended to lower commuting and business travel emissions by enabling purchase of electric bikes and vehicles.

We have increased engagement with staff around reducing energy usage and emissions, and sustainability more generally via our Sustainability Committee. This was done through a combination of running events, "podchats", quizzes, lunch and learn sessions, and a cycle to work day competition. Staff also took part in a "Pledguary" challenge to save energy.

We are also in the process of recruiting a Net Zero Officer, a staff member dedicated to aligning Energy Saving Trust to the net zero pathway. This officer will be responsible for taking the lead on all actions within this area as well as deliver the comprehensive set of actions detailed in our PLAN Zero.

Other

Our complete GHG report as well as our Carbon Reduction strategy will be available on our website.

Matters covered in the strategic report

Where necessary, disclosures relating to principal risks & uncertainties have been made in the Strategic Report and have not been repeated here in accordance with Section 414C of the Companies Act 2006.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, Nexia Smith & Williamson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

M C Thornton OBE

Director

Date: 20 July 2022

THE ENERGY SAVING TRUST LIMITED
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DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2022

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ENERGY SAVING TRUST LIMITED

Opinion

We have audited the financial statements of The Energy Saving Trust Limited (the 'Company') for the year ended 31 March 2022 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ENERGY SAVING TRUST LIMITED

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ENERGY SAVING TRUST LIMITED

Auditor's responsibilities for the audit of the financial statements

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

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 obtained a general understanding of the Company's legal and regulatory framework through enquiry of management in respect of their understanding of the relevant laws and regulations. We obtained an understanding of the entity's policies and procedures in relation to compliance with relevant laws and regulations and how management identify breaches of the applicable Financial Conduct Authority (FCA) rules. We also drew on our existing understanding of Company's industry and regulation.

We understand the Company complies with requirements of the framework through:

- Reporting regularly to the Financial Conduct Authority ('FCA');
- Updating operating procedures, manuals and internal controls as legal and regulatory requirements change;
- Requiring all employees to read and follow the compliance policies and procedures of the business; and
- The directors' close involvement in the day-to-day running of the business, meaning that any litigation or claims would come to their attention directly

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements and which are central to the Company's ability to conduct its business and where failure to comply could result in material penalties. We have identified the following laws and regulations as being of significance in the context of the Company:

- Companies Act 2006, in respect of preparation and presentation of the financial statements;
- FRS 102, in respect of preparation and presentation of the financial statements; and
- The UK regulatory principles, including those governed by the Financial Conduct Authority (FCA)

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations above:

- Making enquiries of management and those charged with governance as to the risks of non-compliance and any instance thereof;
- Obtained written management representations regarding disclosure of any non-compliance with laws and regulations;
- Review of minutes of meeting of those charged with governance; and
- Inspected reports submitted as part of FCA regulations relating to the year

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ENERGY SAVING TRUST LIMITED

The senior statutory auditor led a discussion with all members of the engagement team regarding the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of the discussion were with regard to manipulation of the financial statements through manual journal entries and incorrect recognition of revenue.

The procedures carried out to gain evidence in the above areas included:

- Testing journal entries, selected based on specific risk assessments applied based on client processes and controls surrounding manual journals;
- Testing the occurrence of revenue, specifically around the balance sheet date by considering the year end accrued and deferred income balances; and
- Evaluation of the design effectiveness of management's controls designed to prevent and detect irregularities

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members 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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Peter Key (Senior Statutory Auditor)

for and on behalf of

Nexia Smith & Williamson

Chartered Accountants
Statutory Auditor

45 Gresham Street
London
EC2V 7BG

20 July 2022

THE ENERGY SAVING TRUST LIMITED
(A Company Limited by Guarantee)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022**

	Note	2022 £000	2021 £000
Turnover	4	90,849	59,258
Cost of sales		(84,856)	(52,933)
Gross profit		<u>5,993</u>	<u>6,325</u>
Administrative expenses		(5,759)	(5,160)
Exceptional administrative expenses	10	(1,000)	-
Operating (loss)/profit	5	<u>(766)</u>	<u>1,165</u>
Tax on (loss)/profit	9	(37)	(103)
(Loss)/profit for the financial year		<u><u>(803)</u></u>	<u><u>1,062</u></u>

There was no other comprehensive income for 2022 (2021 - £Nil)

The notes on pages 19 to 34 form part of these financial statements.

THE ENERGY SAVING TRUST LIMITED

(A Company Limited by Guarantee)

REGISTERED NUMBER:02622374

BALANCE SHEET
AS AT 31 MARCH 2022

	Note	2022 £000	2021 £000
Fixed assets			
Tangible assets	11	344	375
		<u>344</u>	<u>375</u>
Current assets			
Debtors: amounts falling due after more than one year	12	147,786	124,481
Debtors: amounts falling due within one year	12	52,516	53,759
Cash at bank and in hand	13	154,066	136,946
		<u>354,368</u>	<u>315,186</u>
Creditors: amounts falling due within one year	14	(199,574)	(184,928)
Net current assets		<u>154,794</u>	<u>130,258</u>
Total assets less current liabilities		<u>155,138</u>	<u>130,633</u>
Creditors: amounts falling due after more than one year	15	(147,787)	(122,414)
Provisions for liabilities			
Other provisions	16	(89)	(154)
		<u>(89)</u>	<u>(154)</u>
Net assets		<u>7,262</u>	<u>8,065</u>
Capital and reserves			
Capital contributions	17	3,703	3,703
Profit and loss account	17	3,559	4,362
Total equity		<u>7,262</u>	<u>8,065</u>

THE ENERGY SAVING TRUST LIMITED
(A Company Limited by Guarantee)
REGISTERED NUMBER:02622374

BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2022

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

M C Thornton OBE
Director

Date: 20 July 2022

The notes on pages 19 to 34 form part of these financial statements.

THE ENERGY SAVING TRUST LIMITED
(A Company Limited by Guarantee)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022**

	Capital contributions £000	Profit and loss account £000	Total equity £000
At 1 April 2020	3,703	3,300	7,003
Comprehensive income for the year			
Profit for the year	-	1,062	1,062
	<u>3,703</u>	<u>4,362</u>	<u>8,065</u>
At 1 April 2021	3,703	4,362	8,065
Comprehensive income for the year			
Loss for the year	-	(803)	(803)
	<u>3,703</u>	<u>3,559</u>	<u>7,262</u>
At 31 March 2022	<u>3,703</u>	<u>3,559</u>	<u>7,262</u>

THE ENERGY SAVING TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

1. General information

The Energy Saving Trust Limited is a private company, limited by guarantee, registered in England and Wales (registered number: 02622374). The registered office address is 33 Cathedral Road, Cardiff, CF11 9HB.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The Company is limited by guarantee (see report of the Directors for further details) and considers it appropriate to take exemptions applicable to a public benefit entity.

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of EST (Holdings) Limited as at 31 March 2022 and these financial statements may be obtained from Companies House.

2.3 Going concern

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

THE ENERGY SAVING TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

2.5 Turnover

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

Rendering of services

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

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

2.6 Operating leases: the Company as lessee

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

THE ENERGY SAVING TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.7 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.8 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the profit or loss in the same period as the related expenditure.

2.9 Interest income

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

2.10 Finance costs

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

2.11 Exceptional items

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

THE ENERGY SAVING TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives:

Depreciation is provided on the following basis:

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

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.13 Pensions

Defined contribution pension plan

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

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

2.14 Provisions for liabilities

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

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

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

THE ENERGY SAVING TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.15 Financial instruments

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

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

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

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

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

2.16 Scottish government loan schemes

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

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

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

Accordingly, where a bad debt is incurred, EST will recognise this as an expense which is matched, following appropriate authorisation, by a release from the creditor held for the overall loan pool for the scheme held by the Company, up to the level of funding held for the scheme. Interest earned on loan pool funds held by the Company are credited directly to the loan pools for making future loans and are therefore not recognised as income by the Company.

THE ENERGY SAVING TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.17 Pay as you save ("PAYS") loan scheme

The Department for Business, Energy and Industrial Strategy ("BEIS") previously The Department for Energy and Climate Change ("DECC") has assigned responsibility for administering the PAYS loan scheme to the Company. This scheme provides interest free loans to householders to install energy saving measures in their homes. The loans are repayable over a 25 years. The Company recognises revenue grants to fund the administration of the schemes as income in accordance with the accounting policy for turnover. The administration of this scheme is outsourced to third party service providers who partner with the Company to administer the loans to householders and collect the loan repayments.

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

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

2.18 Taxation

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

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

THE ENERGY SAVING TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to the accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Key estimates and assumptions made by management are:

Revenue recognition

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

Provisions

The quantum of the provisions, shown in note 16, requires an element of estimation based on future outcomes from uncertain events.

Loan fund grant creditors

Judgement has been applied in determining the accounting policy for loan schemes described more fully on pages 23 and 24. Funds granted to provide loans by the Company to third parties are recognised as creditors and disclosed under the heading "loan fund grant creditors" in note 14 and 15, rather than recognised as income or borrowings. Judgement is also applied in accounting for bad debts on loans made by the Company to third parties utilising the loan funds. Where it is expected with reasonable certainty that the grant funder will bear the economic cost of the bad debt rather than the Company, grant funding is released to equal the bad debt charge recorded. In the current year £3,977k (2021 - £1,786k) was recognised in respect of bad debts with an equal amount of income being recognised in the period. Further judgement is applied in respect of any interest accruing on the loan debtors. The Company judges it is inappropriate to account for the interest in the Statement of Comprehensive Income. This is on the basis that interest received on these balances is not intended to be applied for the ultimate economic benefit of the Company. It is instead added to the loan fund grant creditors. Total interest receivable during the year and added to debtors and loan fund grant creditors was £356k (2021 - £1.7m).

THE ENERGY SAVING TRUST LIMITED
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

4. Turnover

An analysis of turnover by class of business is as follows:

	2022	<i>2021</i>
	£000	<i>£000</i>
Grant income	80,720	<i>51,464</i>
Service contract income	10,129	<i>7,794</i>
	<u>90,849</u>	<u><i>59,258</i></u>

Analysis of turnover by country of destination:

	2022	<i>2021</i>
	£000	<i>£000</i>
United Kingdom	89,507	<i>58,193</i>
Rest of Europe	372	<i>317</i>
Rest of the world	970	<i>748</i>
	<u>90,849</u>	<u><i>59,258</i></u>

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

5. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2022	<i>2021</i>
	£000	<i>£000</i>
Exchange differences	12	<i>49</i>
Operating lease rentals	<u>481</u>	<u><i>491</i></u>

THE ENERGY SAVING TRUST LIMITED
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

6. Auditor's remuneration

	2022	<i>2021</i>
	£000	<i>£000</i>
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>30</u>	<u><i>30</i></u>
Fees payable to the Company's auditor and its associates in respect of:		
Audit-related assurance services	4	<i>3</i>
Taxation compliance services	18	<i>12</i>
	<u>22</u>	<u><i>15</i></u>

7. Employees

Staff costs were as follows:

	2022	<i>2021</i>
	£000	<i>£000</i>
Wages and salaries	10,513	<i>8,846</i>
Social security costs	1,058	<i>876</i>
Cost of defined contribution scheme	877	<i>729</i>
	<u>12,448</u>	<u><i>10,451</i></u>

The average monthly number of employees, including the directors, during the year was as follows:

	2022	<i>2021</i>
	No.	<i>No.</i>
Administration	55	<i>51</i>
Operations	282	<i>218</i>
	<u>337</u>	<u><i>269</i></u>

THE ENERGY SAVING TRUST LIMITED
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

8. Directors' remuneration

	2022	<i>2021</i>
	£000	<i>£000</i>
Directors' emoluments	278	<i>425</i>
Company contributions to defined contribution pension schemes	31	<i>41</i>
	<u>309</u>	<u><i>466</i></u>

During the year retirement benefits were accruing to 2 directors (*2021 - 2*) in respect of defined contribution pension schemes. The highest paid director received remuneration of £209k (*2021 - £262k*).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £21k (*2021 - £20k*).

9. Taxation

	2022	<i>2021</i>
	£000	<i>£000</i>
Corporation tax		
Current tax on profits for the year	37	<i>102</i>
Adjustments in respect of previous periods	-	<i>1</i>
	<u>37</u>	<u><i>103</i></u>
Taxation on profit on ordinary activities	<u>37</u>	<u><i>103</i></u>

THE ENERGY SAVING TRUST LIMITED
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022	2021
	£000	£000
(Loss)/profit on ordinary activities before tax	<u>(766)</u>	<u>1,165</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(146)	221
Effects of:		
Fixed asset differences	(22)	2
Expenses not deductible for tax purposes	208	-
Movement in deferred tax not recognised	(3)	(120)
Total tax charge for the year	<u>37</u>	<u>103</u>

Factors that may affect future tax charges

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from April 2023. This rate has not been substantively enacted at the statement of financial position date, as a result deferred tax balances as at 31 March 2022 continue to be measured at 19%.

10. Exceptional items

	2022	2021
	£000	£000
Intercompany bad debt provision	<u>1,000</u>	<u>-</u>

Exceptional costs relate to a provision of £1m against an intercompany balance with a non-trading entity which are not currently considered to be recoverable.

THE ENERGY SAVING TRUST LIMITED
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

11. Tangible fixed assets

	Leasehold improvements £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost				
At 1 April 2021	126	153	1,427	1,706
Additions	-	7	192	199
Disposals	-	(1)	(596)	(597)
Revaluations	(65)	-	-	(65)
At 31 March 2022	<u>61</u>	<u>159</u>	<u>1,023</u>	<u>1,243</u>
Depreciation				
At 1 April 2021	111	135	1,085	1,331
Charge for the year	(50)	12	201	163
Disposals	-	(1)	(594)	(595)
At 31 March 2022	<u>61</u>	<u>146</u>	<u>692</u>	<u>899</u>
Net book value				
At 31 March 2022	<u><u>-</u></u>	<u><u>13</u></u>	<u><u>331</u></u>	<u><u>344</u></u>
<i>At 31 March 2021</i>	<u><u>15</u></u>	<u><u>18</u></u>	<u><u>342</u></u>	<u><u>375</u></u>

THE ENERGY SAVING TRUST LIMITED
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

12. Debtors

	2022	<i>2021</i>
	£000	<i>£000</i>
Due after more than one year		
Loan fund debtors	<u>147,786</u>	<u><i>124,481</i></u>
	2022	<i>2021</i>
	£000	<i>£000</i>
Due within one year		
Trade debtors	5,606	<i>9,867</i>
Amounts owed by group undertakings	5,705	<i>6,545</i>
Loan fund debtors	38,337	<i>33,476</i>
Other debtors	312	<i>2,185</i>
Prepayments and accrued income	2,556	<i>1,686</i>
	<u>52,516</u>	<u><i>53,759</i></u>

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

13. Cash and cash equivalents

	2022	<i>2021</i>
	£000	<i>£000</i>
Cash at bank and in hand	<u>154,066</u>	<u><i>136,946</i></u>

The cash balance includes amounts held on behalf of third parties including the following specific balances:

- £78,938k (2021 - £67,094k) which relates to the Scottish Government Loans Schemes. This amount is restricted for this purpose and can only be used to make loans in Scotland.
- £50,306k (2021 - £28,733k) Funding for grants payable on behalf of OFGEM redress scheme.
- £12,600k (2021 - £20,024k) Funding for grants payable on behalf of the Department for Transport.
- £5,957k (2021 - £13,633k) Funding for grants payable on behalf of Scottish Government grant schemes.
- £1,849k (2021 - £282k) Funding for grants payable on behalf of the Welsh Government Renewable Energy Support Service.
- £402k (2021 - £1,205k) Funding for grants payable on behalf of LEIA scheme.
- £365k (2021 - £351k) PAYS loan funding held on behalf of BEIS.
- £256k (2021 - £587k) Funding for grants payable on behalf of the IKEA Foundation.
- £19k (2021 - £19k) Funding for grants payable on behalf of the Scottish Government & EU Coben scheme.

THE ENERGY SAVING TRUST LIMITED
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

14. Creditors: Amounts falling due within one year

	2022 £000	2021 £000
Trade creditors	2,361	1,990
Loan fund grant creditors	118,829	102,211
Corporation tax	44	102
Other taxation and social security	399	641
Other creditors	1,345	6,142
Accruals and deferred income	76,596	73,842
	<u>199,574</u>	<u>184,928</u>

15. Creditors: Amounts falling due after more than one year

	2022 £000	2021 £000
Loan fund grant creditors	<u>147,787</u>	<u>122,414</u>

Loan fund grant creditor balances of £266,615k (2021 - £224,625k) consists of £264,842k (2021 - £222,852k) to fund the Scottish Government Loans Schemes in Scotland and £1,773k (2021 - £1,773k) for the PAYS Pilot Scheme (Pay As You Save) in England.

Loan fund grant creditors are matched with loan debtors (see note 12) and restricted cash (see note 13). The amounts are interest free.

16. Provisions

	Dilapidations £000
At 1 April 2021	154
Charged to profit or loss	(65)
At 31 March 2022	<u><u>89</u></u>

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

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17. Reserves

Capital contributions

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

Profit and loss account

This reserve relates to the cumulative retained earnings.

18. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administrated fund. The pension cost charge representing contributions payable by the Company to the fund amounted to £877k (2021 - £728k). There were £8k pension contributions accrued at the balance sheet date (2021 - £101k).

19. Commitments under operating leases

At 31 March 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022	<i>2021</i>
	£000	<i>£000</i>
Not later than 1 year	206	<i>445</i>
Later than 1 year and not later than 5 years	99	<i>245</i>
	305	<i>690</i>

Included in the above is a building rent commitment of £305k (2021 - £684k). Rental commitments are included in relation to non-cancellable operating leases. Where the Company has the option to break the clause at a future date, lease payment have been included only up to this date and the miscellaneous costs.

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20. Related party transactions

The Company has taken advantage of the exemption in FRS 102 Section 33.1A to not disclose transactions with wholly owned group entities.

Transactions with related parties during the year were as follows:

	2022	<i>2021</i>
	£000	£000
Joint Ventures		
Sale of goods and services	179	<i>29</i>
Purchases	<u>-</u>	<u><i>660</i></u>

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

21. Controlling party

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

The largest and smallest group of undertakings in which the results of the Company are consolidated is that headed by EST (Holdings) Limited. Copies of the group accounts are available from 33 Cathedral Road, Cardiff, CF11 9HB.

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