

Charity registration number 1144106

Company registration number 07703610 (England and Wales)

THE ENERGY SAVING TRUST FOUNDATION
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

THE ENERGY SAVING TRUST FOUNDATION

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	M A Cobbold	
	G Collinson	
	D Crowfoot	(Appointed 2 December 2022)
	J E Metcalfe	(Appointed 12 October 2022)
	C L Nelkon	(Appointed 2 December 2022)
	J H Olivier	(Appointed 2 December 2022)
Head of Foundation	L Marsden	
	M Little (Interim)	
Chief Executive Officer	M C Thornton OBE	
Charity number	1144106	
Company number	07703610	
Registered office	223-231 Pentonville Road London United Kingdom N1 9NG	
Auditor	Azets Audit Services 2nd Floor Regis House 45 King William Street London EC4R 9AN	

THE ENERGY SAVING TRUST FOUNDATION

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THE ENERGY SAVING TRUST FOUNDATION

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2023

The Trustees present their annual report and financial statements for the year ended 31 March 2023.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Foundation's Articles of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (effective 1 January 2019).

Introduction from our Chair

Our mission to tackle the climate emergency has never been more urgent.

This year has been an opportunity for us to refocus our efforts and identify where we can make the biggest impact. We have taken the time to listen, reflect and develop an exciting new strategy to target our funding in the areas that need it most.

Young people will be hit the hardest by the climate emergency, and young people experiencing inequality will be impacted more than anyone else. We know that the environment sector is one the least diverse in the UK. Real change – sustained, meaningful change – will not happen without the involvement of all sectors of society. There are too many young people that do not feel they are represented by those taking the lead on the climate emergency. They feel disconnected, disempowered and unable to make their voices heard.

That is why we are launching an ambitious new multi-year grants programme to support grassroots organisations that are helping young people to take the lead.

These ground-breaking new grants are all about backing young people to take action in response to the climate emergency. We believe now is the right time to support communities facing this challenge to create real change. We're also delighted to welcome three new trustees who will lend their considerable expertise on this next stage of our journey. We are thrilled to have them on board to help bring a fresh perspective to our grant-making and operations.

We're so excited to have launched the Foundation's new programme of work in spring 2022 in the West Midlands. We aim to support a range of exciting and passionate organisations that have young people at their core. Later in 2023 we will expand to supporting organisations throughout the UK.

We want young people to take action, start campaigns, make noise and become climate advocates in their communities. We look forward to the challenges and opportunities ahead, and to creating a dynamic and diverse generation of climate champions.

Jim Metcalfe – Chair of Trustees

Objectives and activities

The Energy Saving Trust Foundation's ("the Foundation") objectives are "to promote and to advance the education of the public in the conservation, protection, and improvement of the physical and natural environment so as to further the protection of the world's climate systems, including reducing and making sustainable the use of energy and water and ensuring the prudent use of non-renewable resources for public benefit". The Foundation's charity registration number is 1144106.

THE ENERGY SAVING TRUST FOUNDATION

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

In summer 2022 the Foundation recruited a new Head of Foundation to undertake a review of our strategy. We wanted to identify where we could have the most impact in support of our goals and launch a new grant-funding programme. The research included extensive consultations with charitable organisations and funders working on climate change in the UK.

We know that young people, and especially those experiencing inequality, will be hardest hit by the climate emergency. Our research showed that young people care passionately about the climate and want to act, but they often lack the access, support and opportunities to do so. We believe that young people have the ability to change and influence their peers, families and communities to take meaningful action.

In October 2022 the board of trustees approved the new focus of providing grants to organisations throughout the UK that support young people experiencing inequality to take action on the climate emergency. Through these grants, our aim is that:

- young people experiencing inequality will be empowered and supported to act on the issues that matter to them that positively contribute to tackling the climate emergency
- organisations supporting and empowering children and young people experiencing inequality are equipped to thrive for the future.

Achievements and performance

In December 2022 the board of trustees approved an implementation plan for the coming 12 months to develop and deliver the new grant-making strategy. Progress in the first quarter of 2023 was in line with this plan.

On 1 March 2023 we launched a call for grant applications from organisations based in the West Midlands. This area was chosen for a pilot grant funding round to help us to test our strategy and to receive feedback from prospective applicants. We want to know if our approach is in line with how young people feel about the climate emergency and we want to make sure that our grant-making is effective, proportionate and transparent. The West Midlands is one of the youngest and most diverse regions of the country. It has a large number of dynamic organisations working with young people on climate change and there is strong support for a pathway for net zero from the West Midlands Combined Authority.

Grants will initially be for up to £40,000 over a period of two years. We are looking to support organisations that have strong experience of working with young people experiencing inequality and are able to help young people to take the lead in designing and implementing projects on the climate emergency.

The successful organisations will be selected in summer 2023.

Financial review

The total income received by the Energy Saving Trust Foundation during the 2022/23 financial year was £520,515 (2022 - £500,000).

Of this total, Airbnb donated £500,000 to the Foundation. This funding will be used to fund organisations as part of the pilot grant-making round in the West Midlands, as well as a future grant-making round for organisations throughout the UK. We received an unrestricted donation from PwC of £10,000, as well as numerous small donations from individuals totaling £10,515.

We do not actively fundraise. The income received over the past two financial years is considered sufficient to deliver the current grant-making strategy until 2025.

The Energy Saving Trust Foundation's expenditure for the year was £136k (2022 - £123k). No grants were made during the financial year. Costs incurred were related to staffing and development and initial implementation of the new grant-making strategy.

Reserves policy

In December 2022 the board of trustees approved a new reserves policy. The policy states that the Foundation will hold back £5,000 as reserves. The reasons for this decision are based on a judgement of low risk, and only needing to hold back reserves to support the wind-up costs of the Foundation, should this ever be needed. The Foundation will work within confirmed budgets and only commit grant funding based on funds available. As of March 2023 the reserves amounted to £819k. The reserves policy will be reviewed annually.

THE ENERGY SAVING TRUST FOUNDATION

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

Risk management

The Trustees have assessed the major risks to which the Foundation is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

We have a risk register that is reviewed and updated by the Head of Foundation each quarter and is reviewed by the board of trustees every six months. Risks are proactively managed and mitigation plans put in place.

The principal risks to the Foundation are:

- Prolonged absence of the Head of Foundation (or any future Foundation staff)
- Data protection breach
- Inadequate or insufficient grant applications
- Reputational risk following poor delivery of projects by grant partners
- Lack of funding secured beyond 2025

Going concern

After making appropriate enquiries, the trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

Plans for future periods

In summer 2023 we plan to select and announce the first group of organisations in the West Midlands to receive grants under our new strategy. We are excited to begin supporting these organisations to inspire and energise young people in the area who want to take action on the climate emergency.

We will then use the lessons and feedback we have received from this pilot funding round to launch a call for applications from throughout the UK in autumn 2023. We will be updating our communications materials and online presence to ensure that we improve our visibility and reach the largest number of eligible organisations. We plan to support organisations throughout the country and help to build a network to share expertise and experience. The grants for the UK-wide round are expected to be made in early 2024.

Structure, governance and management

Constitution

The Energy Saving Trust Foundation is registered as a Charitable Company limited by guarantee and was set up by a Memorandum and Articles of Association.

Methods of appointment or election of trustees

The management of the Charity is the responsibility of the trustees who are elected and co-opted under the terms of the Memorandum and Articles of Association.

The Foundation has policies to recruit trustees who have an appropriate level of skill and experience to enable them to fulfil the role and provide appropriate trustee training as required.

In December 2022 we appointed three new trustees after a public recruitment process. These new trustees bring considerable relevant experience, and they will be instrumental in delivering the Foundation's new strategy. The new trustees have expertise in organisational management, youth engagement, and diversity and inclusion.

THE ENERGY SAVING TRUST FOUNDATION

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

The Trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

M A Cobbold	
G Collinson	
D Crowfoot	(Appointed 2 December 2022)
J E Metcalfe	(Appointed 12 October 2022)
C L Nelkon	(Appointed 2 December 2022)
J H Olivier	(Appointed 2 December 2022)
L A Kingham	(Resigned 12 October 2022)

Trustee board and organisational structure

According to the Foundation's Articles of Association, trustees also hold the office of director. The Trustee Board must be made up of a minimum of three non-executive trustees.

One third (or the number nearest one third) of the Trustees must retire after their first term (of three years). Returning Trustees are eligible for reappointment save that no Trustees shall serve for more than three consecutive terms each term comprising three years (nine years in total).

The Board of Trustees is responsible for the strategic direction, policy and overall governance of the charity. The implementation of strategy once agreed and the day to day running and management of the charity's activities is delegated to the Head of Foundation. The Board of Trustees meets four times a year, with two of those meetings in person.

For their induction, trustees are provided with relevant Charity Commission guidance on trustee requirements as well as the Foundation's agreed strategy and implementation plan. New trustees meet with the Head of Foundation to discuss the Foundation's plans for the coming period. Trustees are made aware of changes to Charity Commission guidance and updates as well as developments in the sector and applied practice. Training is provided specifically on being a trustee for a corporate foundation. Trustees are surveyed about their experience and skills to inform further training and development.

Energy Saving Trust Group provide support for the Foundation through use of office space, IT equipment and associated administrative, financial, IT and HR staff as required.

Auditor

Azets Audit Services were appointed as auditor to the company and a resolution proposing that they be reappointed will be put forward at a General Meeting.

Disclosure of information to auditor

Each of the Trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The Trustees' report was approved by the Board of Trustees.

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J E Metcalfe

Chair of Trustees

Date:

THE ENERGY SAVING TRUST FOUNDATION

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2023

The trustees (who are also the directors of the Charity for the purposes of company law) are responsible for preparing the Trustees' 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 trustees to prepare financial statements for each financial year. Under company law, the trustees 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 Charity and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of Charities SORP (FRS 102);
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

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

THE ENERGY SAVING TRUST FOUNDATION

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF THE ENERGY SAVING TRUST FOUNDATION

Opinion

We have audited the financial statements of The Energy Saving Trust Foundation (the 'Foundation') for the year ended 31 March 2023 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and 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 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 2023 and of its incoming resources and application of resources, 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 Foundation 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 Trustees' 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 Foundation'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 Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Trustees 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 our audit:

- the information given in the Trustees' report for the financial year for which the financial statements are prepared, which includes the directors' report prepared for the purposes of company law, is consistent with the financial statements; and
- the directors' report included within the Trustees' report has been prepared in accordance with applicable legal requirements.

THE ENERGY SAVING TRUST FOUNDATION

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF THE ENERGY SAVING TRUST FOUNDATION

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Foundation and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the Trustees' report.

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 Trustees' 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' report and from the requirement to prepare a strategic report.

Responsibilities of Trustees

As explained more fully in the statement of Trustees' responsibilities, the Trustees, who are also the directors of the Foundation for the purpose of company 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 Trustees 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 Trustees are responsible for assessing the Foundation'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 Trustees 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

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.

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

THE ENERGY SAVING TRUST FOUNDATION

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF THE ENERGY SAVING TRUST FOUNDATION

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

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 of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

John Howard (Senior Statutory Auditor)
for and on behalf of Azets Audit Services
Chartered Accountants
Statutory Auditor

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2nd Floor
Regis House
45 King William Street
London
EC4R 9AN

THE ENERGY SAVING TRUST FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2023

		Unrestricted funds 2023 £000's	Unrestricted funds 2022 £000's
	Notes		
<u>Income from:</u>			
Donations and legacies	2	521	500
		<hr/>	<hr/>
<u>Expenditure on:</u>			
Charitable activities		130	119
		<hr/>	<hr/>
Other	5	6	4
		<hr/>	<hr/>
Total expenditure		136	123
		<hr/>	<hr/>
Net income for the year/ Net movement in funds		385	377
Fund balances at 1 April 2022		434	57
		<hr/>	<hr/>
Fund balances at 31 March 2023		819	434
		<hr/>	<hr/>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

THE ENERGY SAVING TRUST FOUNDATION

BALANCE SHEET

AS AT 31 MARCH 2023

	Notes	2023 £000's	2022 £000's
Current assets			
Debtors	6	350	350
Cash at bank and in hand		655	160
		<u>1,005</u>	<u>510</u>
Creditors: amounts falling due within one year	7	<u>(186)</u>	<u>(76)</u>
Net current assets		819	434
Income funds			
Unrestricted funds		819	434
		<u>819</u>	<u>434</u>

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Trustees on

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J E Metcalfe
Trustee

Company registration number 07703610

THE ENERGY SAVING TRUST FOUNDATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £000's	2022 £000's
Cash flows from operating activities			
Cash generated from operations	9	495	87
Net cash used in investing activities		-	-
Net cash used in financing activities		-	-
Net increase in cash and cash equivalents		495	87
Cash and cash equivalents at beginning of year		160	73
Cash and cash equivalents at end of year		655	160

THE ENERGY SAVING TRUST FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

Charity information

The Energy Saving Trust Foundation is a private company limited by guarantee incorporated in England and Wales. The registered office is 223-231 Pentonville Road, London, N1 9NG, United Kingdom.

1.1 Accounting convention

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Energy Saving Trust Foundation meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The financial statements are prepared in sterling, which is the functional currency of the Charity. Monetary amounts in these financial statements are rounded to the nearest £000's.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

The Foundation has more than adequate cash reserves relative to its budgeted expenditure and can meet its obligations as they fall due, hence the trustees believe that the organisation can continue to operate as a going concern for at least twelve months from the date these financial statements are approved.

1.3 Charitable funds

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

1.4 Income

All income is recognised once the Charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Cash donations are recognised on receipt. Other donations are recognised once the Foundation has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the Foundation has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent.

THE ENERGY SAVING TRUST FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 Financial instruments

The Charity holds only basic financial instruments. Financial assets and financial liabilities are recognised when the Charity becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs) and re-measured at amortised cost.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Foundation's contractual obligations expire or are discharged or cancelled.

1.8 Taxation

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

1.9 Employee benefits

The Charity is part of the Energy Saving Trust Group which operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Group to the fund in respect of the year.

1.10 Retirement benefits

The Charity is part of the Energy Saving Trust Group which operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Group to the fund in respect of the year.

THE ENERGY SAVING TRUST FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

2 Donations and legacies

	Unrestricted funds 2023 £000's	Unrestricted funds 2022 £000's
Donations and gifts	521	500
	<u> </u>	<u> </u>

3 Employees

Employment costs	2023 £000's	2022 £000's
Wages and salaries	63	15
Social security costs	8	1
Other pension costs	7	2
	<u> </u>	<u> </u>
	78	18
	<u> </u>	<u> </u>

The Charity does not employ any staff. Staff costs relate to recharged employment costs from The Energy Saving Trust Limited, a fellow group company, for work completed on behalf of the Charity. All salary costs relate to key management personnel.

There were no employees whose annual remuneration was more than £60,000.

4 Trustees

None of the Trustees (or any persons connected with them) received any remuneration or benefits from the Foundation during the current or previous year.

5 Other

	Unrestricted funds 2023	Unrestricted funds 2022
Professional fees	6	4
	<u> </u>	<u> </u>
	6	4
	<u> </u>	<u> </u>

6 Debtors

Amounts falling due within one year:	2023 £000's	2022 £000's
Amounts owed by fellow group undertakings	350	350
	<u> </u>	<u> </u>

THE ENERGY SAVING TRUST FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

7 Creditors: amounts falling due within one year

	2023 £000's	2022 £000's
Other taxation and social security	21	-
Amounts owed to fellow group undertakings	158	72
Accruals and deferred income	7	4
	<u>186</u>	<u>76</u>

8 Controlling party

The immediate parent undertaking and ultimate controlling party is EST (Holdings) Limited (registered number: 09246829), a company registered in England and Wales. EST (Holdings) Limited is a Member Organisation of the Charity and has the power to appoint or remove a representative who will vote at meetings of the Charity. The principal activity of EST (Holdings) Limited continued to be that of reduction of carbon emissions.

The largest and smallest group of undertakings in which the results of the Charity are consolidated is that headed by EST (Holdings) Limited. Copies of the group accounts are available from 223-231 Pentonville Road, London, N1 9NG.

9 Cash generated from operations

	2023 £000's	2022 £000's
Surplus for the year	385	377
Movements in working capital:		
(Increase) in debtors	-	(350)
Increase in creditors	110	60
Cash generated from operations	<u>495</u>	<u>87</u>

10 Analysis of changes in net funds

The Foundation had no debt during the year.