

Company registration number: 03897720

Charity registration number: 1078994

Sustainability First

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 December 2017

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Community Accounting Plus
7 Mansfield Road
Nottingham
NG1 3FB

Sustainability First

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Sustainability First

Reference and Administrative Details

Trustees

E Cantle, Chair

T Pugh, Treasurer

F Osborn

D Sigsworth

D Lickorish

P Barton, (appointed Vice Chair 13 December 2017)

R Adams

S Deasley

S Harrison (appointed 9 February 2017 and resigned 13 December 2017)

D Leiper (appointed 12 September 2017)

G Mackerron (appointed 25 January 2018)

Secretary

C Froomberg

Other Officers

S Darcy (appointed 1 October 2017)

J Ward (resigned 30 September 2017)

Principal Office

3rd Floor
IEEP Offices
11 Belgrave Road
London
SW1V 1RB

Company Registration Number

03897720

Charity Registration Number

1078994

Independent Examiner

John O'Brien, employee of
Community Accounting Plus
7 Mansfield Road
Nottingham
NG1 3FB

Sustainability First

Trustees' Report

The trustees, who are directors for the purposes of company law, present the annual report together with the financial statements of the charitable company for the year ended 31 December 2017.

Structure, governance and management

Nature of governing document

The charity is a company limited by guarantee and registered charity. It is operated under the rules of its memorandum and articles of association dated 21st December 1999 and recently amended 30th June 2016. It has no share capital and the liability of each member in the event of winding-up is limited to £1.

Recruitment and appointment of trustees

Overall 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. New trustees are recruited and appointed by recommendation and interviewed with agreement of the Board. Day to day project activity is managed and carried out by employees, paid associates and unpaid trustees.

Objects and aims

The principal objects of the charity are:

- To advance the knowledge and understanding of the environmental, economic and social dimensions of sustainability;
- To undertake and procure research and study, publishing any useful results;
- To promote ideas, actions and changes to further the integration of the quality of life with environmental protection. This includes the combating of climate change and global warming, at a community, regional, national and international level.

Public benefit

The main activities undertaken to benefit the public are to procure research on sustainability, promote wider education on sustainability and public interest issues, particularly in water and energy, and publish useful results.

These activities benefit the public by advancing the knowledge and understanding of the environmental, economic and social dimensions of sustainability. This is achieved by engaging in research and analysis, publishing the results freely and using research for discussion for key players in the fields of sustainable energy and water. The beneficiaries are the users and future users of energy and water supplies in the UK and the environment in which they live.

The trustees confirm that they have complied with the requirements of section 4 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales.

Sustainability First

Trustees' Report

Achievements and performance

Summary of the main achievements during the period:

- Sustainability First carried out research and analysis, published the results and used them for discussions with key players in the fields of sustainable energy and water, and in response to consultations by Government and other public bodies.

- Work continued for the final year on the major three-year multi-partner project New-Pin - New Energy & Water Public Interest Network. During the year, there were three project workshops: on market-led approaches; innovation and government and regulatory interventions; and a major day-long 'Tomorrow's World' workshop in partnership with the National Infrastructure Commission to examine the need of future customers and citizens in relation to energy and water. Based on detailed interviews and discussions with a number of Chairs, Non Executive Directors and CEOs, a paper on governance issues was also published along with a 'board effectiveness' check-list for meeting the needs of customers, future consumers and wider stakeholders. Briefings, discussion papers and case-studies related to the project have been published on the Sustainability First website along with a mid Project Report. Sustainability First is very grateful for the enthusiasm, engagement and support from our project partners and network members throughout the project. The final New-Pin conference and report were held and launched in February 2018.

- Sustainability First has continued to contribute advice and expertise on the demand side and regulatory issues to National Grid's Power Responsive initiative, which is spear-heading a significant national electricity demand-side work-programme. Sustainability First provides strategic advice to the Power Responsive Steering Group. Alongside this work programme, Sustainability First helped Power Responsive to deliver a large scale Power Responsive conference in June 2017; drafted the Power Responsive Annual Report; and helped deliver a number of major demand-side events. The arrangement for support to Power Responsive will continue to July 2018.

- Project Inspire has identified 'innovative-practice' case-studies to highlight how innovation can better serve energy customers in vulnerable circumstances. During the year, workshops were held with project sponsors to progress the project's findings. A major Energy for All Innovation Day was held in April 2017 to select in a 'Dragon's Den' process the most innovative initiatives for inclusion in the final report. The project report was published and launched at a high-level conference in January 2018.

- In conjunction with the Centre for Sustainable Energy, Sustainability First has convened the smart meter data Public Interest Advisory Group, which brings together public interest stakeholders to consider how smart meter data can be used to further public policy goals and how the data might be accessed by government and other organisations for public interest purposes, while safeguarding consumers' interests.

- Sustainability First published a paper on how to promote customer engagement in energy prices in a 'smart energy' world and held a workshop in September 2017 with interested industry and government stakeholders.

- In July 2017, Sustainability First hosted a lecture in memory of Gill Owen, a long standing Sustainability First Associate, who had been central to Sustainability First activities for many years. The lecture was kindly given by Professor Martin Cave OBE on 'Distributional and Competition Aspects of Energy Pricing'.

- During the year, Sustainability First responded to government calls for evidence and consultations on the smart, flexible energy system, the cost of energy review and future energy supply market arrangements.

Sustainability First

Trustees' Report

Financial review

Sustainability First is pleased to report net movement in funds for the year ended 31 December 2017 of £28,822 (2016: £39,322). The income for the year of £306,415 (£2016: £270,388) was mainly generated from a series of projects involving research and analysis as described above. Some of these were completed during the year, others were on-going at the end of the year. The total expenditure on charitable activities during the year was £277,593 (2016: £231,066). The reserves carried forward at the end of the period were £170,675 (2016: £141,853). The trustees recognise and anticipate that there will be further expenditure out of the reserves to complete the projects that were on-going at the end of the year and that details will be provided in the Financial Statements to 31 December 2018 in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations at that date.

Policy on reserves

The trustees of Sustainability First keep the financial reserves for the charity under regular review. The desired level of reserves is discussed by trustees at least annually. Our current aim is to retain a sufficient reserves to meet core overhead costs for one year ahead. In line with Charity Commission guidance, Sustainability First will always maintain sufficient reserves to cover core costs for a minimum of six months. The level of Sustainability First reserves is noted each quarter via the finance report to trustees.

At the end of 2017 the level of reserves was £170,675 which represented 20 months' worth of core operating and development costs. Whilst this level is higher than the target, the trustees have examined the projected reserves level in years to come and anticipate that the level will reduce as current income sources come to an end and projects are completed and will therefore allow time for the development of new income sources.

Principal risks and uncertainties

Main risks

The trustees have reviewed the risks to the charity during the year and have identified the main risks as relating to: the possible loss of project sponsors; non-availability of long-term core funding; need to secure follow on work for when current work streams end; loss of key personnel including Associates with whom SF works; lack of availability of suitable personnel to deliver projects; impact of change of Director; a possible reputational event including disagreement with sponsors / breach of terms of agreements; loss of research records and reports. The trustees consider that suitable actions are being taken and controls have been put in place to control and mitigate these risks. These include: ensuring sponsors remain satisfied with work produced by discussion with them; seeking new sponsors; ensuring quality control of reports and publications by review processes; actively seeking new income streams; bolstering IT capability to store data safely; maintaining close dialogue with staff and Associates and developing new personnel and Associates where relevant; maintaining an overlap period between the incoming and outgoing Director.

Sustainability First

Trustees' Report

Statement of Trustees' Responsibilities

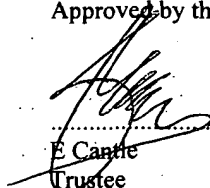
The trustees (who are also the directors of Sustainability First for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the trustees of the charity on 28 March 2018 and signed on its behalf by:


.....
E Cantle
Trustee

Sustainability First

Independent Examiner's Report to the trustees of Sustainability First

Independent examiner's report to the trustees of Sustainability First ('the Company')

I report to the charity trustees on my examination of the accounts of the company for the year ended 31 December 2017.

Responsibilities and basis of report

As the charity's trustees of the company (and also its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the Company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your charity's accounts as carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the directions given by the Charity Commission under section 145(5) (b) of the 2011 Act.

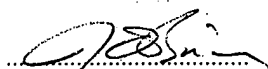
Independent examiner's statement

Since the Company's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member and Fellow of the Association of Charity Independent Examiners, which is one of the listed bodies.

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the Company as required by section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination; or
4. the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities [applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)].

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.



John O'Brien MSc, FCCA, FCIE, employee of Community Accounting Plus
Fellow of the Association of Charity Independent Examiners

7 Mansfield Road
Nottingham
NG1 3FB

Date: 10/4/18

Sustainability First

Statement of Financial Activities for the Year Ended 31 December 2017 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £	Total 2017 £	Total 2016 £
Income and Endowments from:				
Charitable activities	2	306,369	306,369	270,044
Investment income	3	46	46	344
Total Income		306,415	306,415	270,388
Expenditure on:				
Charitable activities	4	(277,593)	(277,593)	(231,066)
Total Expenditure		(277,593)	(277,593)	(231,066)
Net income		28,822	28,822	39,322
Net movement in funds		28,822	28,822	39,322
Reconciliation of funds				
Total funds brought forward		141,853	141,853	102,531
Total funds carried forward		170,675	170,675	141,853

All of the charity's activities derive from continuing operations during the above two periods.

Sustainability First

Statement of Financial Activities for the Year Ended 31 December 2017 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

Funds breakdown for the previous accounting period ended 31 December 2016

These are the figures for the previous accounting period and are included for comparative purposes

	Note	Unrestricted funds £	Restricted funds £	Total 2016 £
Income and Endowments from:				
Charitable activities	2	254,854	15,190	270,044
Investment income	3	344	-	344
Total Income		<u>255,198</u>	<u>15,190</u>	<u>270,388</u>
Expenditure on:				
Charitable activities	4	<u>(215,876)</u>	<u>(15,190)</u>	<u>(231,066)</u>
Total Expenditure		<u>(215,876)</u>	<u>(15,190)</u>	<u>(231,066)</u>
Net income		<u>39,322</u>	<u>-</u>	<u>39,322</u>
Net movement in funds		39,322	-	39,322
Reconciliation of funds				
Total funds brought forward		<u>102,531</u>	<u>-</u>	<u>102,531</u>
Total funds carried forward		<u>141,853</u>	<u>-</u>	<u>141,853</u>

Sustainability First

(Registration number: 03897720)
Balance Sheet as at 31 December 2017

	Note	2017 £	2016 £
Current assets			
Debtors	10	25,889	52,612
Cash at bank and in hand		278,741	268,542
		<u>304,630</u>	<u>321,154</u>
Creditors: Amounts falling due within one year	11	<u>(133,955)</u>	<u>(179,301)</u>
Net assets		<u>170,675</u>	<u>141,853</u>
Funds of the charity:			
Unrestricted income funds			
Unrestricted funds		170,675	141,853
Total funds		<u>170,675</u>	<u>141,853</u>

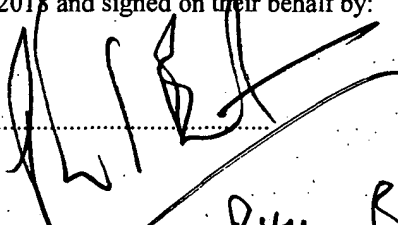
For the financial year ending 31 December 2017 the charity was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the charity to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

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

The financial statements on pages 7 to 16 were approved by the trustees, and authorised for issue on 28 March 2018 and signed on their behalf by:


 Phil Barton
 Trustee

Sustainability First

Notes to the Financial Statements for the Year Ended 31 December 2017

1 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

The financial statements have been prepared in accordance with 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 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Basis of preparation

Sustainability First 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 notes.

Going concern

The financial statements have been prepared on a going concern basis.

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

Exemption from preparing a cash flow statement

The charity opted to adopt Bulletin 1 published on 2 February 2016 and have therefore not included a cash flow statement in these financial statements.

Income and endowments

Deferred income

Deferred income represents amounts received for future periods and is released to incoming resources in the period for which, it has been received. Such income is only deferred when:

- The donor specifies that the grant or donation must only be used in future accounting periods; or
- The donor has imposed conditions which must be met before the charity has unconditional entitlement.

Expenditure

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Sustainability First

Notes to the Financial Statements for the Year Ended 31 December 2017

Charitable activities

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value of all tangible fixed assets with a cost exceeding £500 over their expected useful economic life as follows:

Asset class	Depreciation method and rate
IT equipment	33.3% straight line

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the charity will not be able to collect all amounts due according to the original terms of the receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the charity does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Fund structure

Unrestricted income funds are general funds that are available for use at the trustees discretion in furtherance of the objectives of the charity.

Sustainability First

Notes to the Financial Statements for the Year Ended 31 December 2017

Pensions and other post retirement obligations

The charity operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the charity. Pension costs charges in the Statement of Financial Activities represent the contributions payable by the charity during the year.

2 Income from charitable activities

	Unrestricted funds		
	General £	Total 2017 £	Total 2016 £
Innovate UK Grant	-	-	15,190
Membership & sponsorship fees	306,369	306,369	252,290
Workshop fee	-	-	2,564
	<u>306,369</u>	<u>306,369</u>	<u>270,044</u>

3 Investment income

	Unrestricted funds		
	General £	Total 2017 £	Total 2016 £
Interest receivable and similar income;			
Interest receivable on bank deposits	<u>46</u>	<u>46</u>	<u>344</u>

Sustainability First

Notes to the Financial Statements for the Year Ended 31 December 2017

4 Expenditure on charitable activities

	Unrestricted funds		
	General	Total	Total
	£	2017 £	2016 £
Company secretarial and bookkeeping service	16,800	16,800	16,800
Consultancy fees	152,505	152,505	141,858
Event	3,580	3,580	-
Insurance	1,138	1,138	1,129
IT consultancy & software	1,116	1,116	10
Legal & professional	621	621	641
Meals & catering	786	786	1,636
Office accommodation	3,063	3,063	2,875
Payroll fees	176	176	107
Printing & photocopying	4,734	4,734	-
Communications	2,827	2,827	4,605
Travel, meetings & conference costs	4,895	4,895	11,064
Trustee travel & subsistence	1,302	1,302	463
Wages, NI & pension	83,017	83,017	49,527
Sundry expenditure	356	356	351
Subscriptions	677	677	-
	277,593	277,593	231,066

5 Trustees remuneration and expenses

During the year the charity made the following transactions with trustees:

R Adams

£328 (2016: £134) of expenses were reimbursed to R Adams during the year.

Trustee travel expenses reimbursed

E Cantle

£779 (2016: £244) of expenses were reimbursed to E Cantle during the year.

Trustee travel expenses reimbursed

P Barton

£195 (2016: £85) of expenses were reimbursed to P Barton during the year.

Trustee travel expenses reimbursed

No trustees, nor any persons connected with them, have received any remuneration from the charity during the year.

No trustees have received any other benefits from the charity during the year.

Sustainability First

Notes to the Financial Statements for the Year Ended 31 December 2017

6 Fees payable to independent examiner

During the period, the fees payable (excluding VAT) to the charity's independent examiner Community Accounting Plus are analysed as follows:

	2017 £	2016 £
Independent examination	528	528
Other financial services	176	106
	704	634

7 Staff costs

The aggregate payroll costs were as follows:

	2017 £	2016 £
Staff costs during the year were:		
Wages and salaries	76,601	46,350
Social security costs	6,177	3,110
Pension costs	239	67
	83,017	49,527

The monthly average number of persons (including senior management team) employed by the charity during the year was as follows:

	2017 No	2016 No
Average number of employees	2	1

2 (2016 - 1) of the above employee participated in the Defined Contribution Pension Schemes.

Contributions to the employee pension schemes for the year totalled £239 (2016 - £67).

No employee received emoluments of more than £60,000 during the year.

Sustainability First

Notes to the Financial Statements for the Year Ended 31 December 2017

8 Taxation

The charity is a registered charity and is therefore exempt from taxation.

9 Tangible fixed assets

	Computer equipment £	Total £
Cost		
At 1 January 2017	1,051	1,051
At 31 December 2017	1,051	1,051
Depreciation		
At 1 January 2017	1,051	1,051
At 31 December 2017	1,051	1,051
Net book value		
At 31 December 2017	-	-
At 31 December 2016	-	-

10 Debtors

	2017 £	2016 £
Trade debtors	2,368	34,224
Prepayments	875	352
Accrued income	22,646	18,036
	<u>25,889</u>	<u>52,612</u>

Sustainability First

Notes to the Financial Statements for the Year Ended 31 December 2017

11 Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	1,911	838
Other taxation and social security	8,699	20,976
Other creditors	8,019	2,384
Accruals	44,493	31,449
Deferred income	70,833	123,654
	<u>133,955</u>	<u>179,301</u>

12 Charity status

The charity is a charity limited by guarantee and consequently does not have share capital. Each of the trustees is liable to contribute an amount not exceeding £1 towards the assets of the charity in the event of liquidation.

13 Related party transactions

There were no related party transactions in the year.