

LONDON SUSTAINABILITY EXCHANGE

**Registered charity
Company limited by guarantee**

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2009**

Company Registration Number 5154010
Charity Registration Number 1122130

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LONDON SUSTAINABILITY EXCHANGE
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2009

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LONDON SUSTAINABILITY EXCHANGE**FOR THE YEAR ENDED 31ST MARCH 2009****REFERENCE AND ADMINISTRATIVE DETAILS**

Name	London Sustainability Exchange
Directors and Board of Trustees	<p>The directors of the charitable company are its Trustees for the purposes of charity law and throughout this report are collectively referred to as the Trustees.</p> <p>Elizabeth Balgobin Paul Buchanan Sean Brennan Clive Coley – appointed 29th June 2006 Andrew Eddy Paul Edwards Jon Emery – appointed and resigned in the same year Carlo Laurenzi Peter Lewis – appointed 12th May 2009 Lindy Kelly – Deputy Chair Peter Madden Christopher Orchard – Hon Treasurer Martin Pilgrim – Chair Dean Rogers Robert Runcie – resigned 14th April 2009 Peter Lambert – resigned 6th June 2008</p>
Company Secretary	Samantha Heath
Senior Management Team	<p>Samantha Heath, Chief Executive Gayle Burgess, Behaviour Change Programme Director Gail Freeman, Partnership and Communications Director</p>
Principle Address and Registered Office	<p>84 Long Lane London SE1 4AU</p>
Company Registration Number	5154010
Charity Registration Number	1122130
Auditors	<p>haysmacintyre Fairfax House 15 Fulwood Place London WC1V 6AY</p>
Bankers	<p>Co-Operative Bank 4th Floor, 9 Prescott Street London WC1V 6AY</p>
Solicitors	<p>Trowers & Hamlins Sceptre Court 40 Tower Hill London EC3N 4DX</p>
Website address	http://www.lsx.org.uk

London Sustainability Exchange does not have any retained external advisers. There are no custodian trustees acting for the charity and no assets are held as custodian for other charities.

LONDON SUSTAINABILITY EXCHANGE

DIRECTORS REPORT

FOR THE YEAR ENDED 31ST MARCH 2009

Chair's Introduction

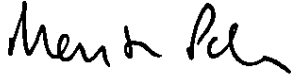
I am delighted to present the maiden accounts for London Sustainability Exchange (LSx). LSx came into being in 2001, enjoyed six years' incubation as a programme of UK charity Forum for the Future, and became a charity in its own right in April 2008.

We began the year with a strong base of projects, but with two needs – firstly, to increase our unrestricted reserves in order to safeguard the organisation, and secondly, to secure new projects to replace our Greener Food project which ended in March 2009. With an economic downturn looming, this was a significant challenge.

Despite the increasingly difficult economic conditions, during the year we successfully attracted funding for a number of new projects. Most notably Ecovate, a three year project that enables us to continue supporting businesses to reduce their environmental footprints, with support from European Regional Development Funds, through the University of Middlesex.

LSx is currently in a strong position and we intend to use this period of stability to consolidate our position by strengthening links with funders, increasing income generation and building our reserves.

I would like to thank our board, staff, volunteers, partners, and funders for their continued commitment, enthusiasm and support to LSx. I look forward to working with you in the coming months.



Martin Pilgrim
Chair

23 September
.....2009

LONDON SUSTAINABILITY EXCHANGE

DIRECTORS REPORT (continued)

FOR THE YEAR ENDED 31ST MARCH 2009

The trustees, who act as directors for the purposes of company law, are pleased to present their report and audited financial statements for the year ended 31st March 2009.

These comply with current statutory requirements, the memorandum and articles of association and the requirements of the Statement of Recommended Practice –Reporting and Accounting by Charities (SORP) 2008, and the Companies Act 1985.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The governing body of London Sustainability Exchange is the Board of Trustees (the Board).

The Trustees are responsible for ensuring that London Sustainability Exchange abides by its charitable aims, works within the law, and delivers its mission effectively. They oversee the policies and objectives of London Sustainability Exchange and ensure that the work of the organisation is monitored and evaluated effectively. The Trustees are unpaid volunteers.

The Board meets three times a year.

The Trustees serve for a three-year term, after which they must be re-elected for one further term of three years, after which they must retire. Each of the founding partners of London Sustainability Exchange is represented on the Board by at least one member. The founding partners are:

- Business in the Community
- Forum for the Future
- Groundwork
- London Councils
- London First
- London Voluntary Service Council
- London Wildlife Trust
- Mayor of London

Retiring trustees who have represented one of the founding partners are replaced by a new representative from that founding partner. In addition, the Board maintains a list of required skills and competencies, and seeks to ensure that recruitment fills any skill gaps left by retiring Trustees. New Trustees are appointed by the Board through networking or contacts.

New Trustees are invited to an induction meeting led by Chief Executive Samantha Heath. The induction provides an introduction to London Sustainability Exchange and a review of the duties of Trustees as defined by the Charity Commission. This is supplemented by a booklet of essential documents and other reference materials. Training requirements are established through a meeting between joining Trustees and the Chair.

The Board is led by the Chair of Trustees; an additional Trustee is elected as Honorary Treasurer. The Articles of Association allow Trustees to invite observers to attend all or part of any meeting. Observers represent key stakeholders including Government Office for London, the City of London and the Greater London Authority. Current observers of the London Sustainability Exchange Board of Trustees are:

- Faraz Baber, London Councils
- Penny Bramwell, Government Officer for London
- John Duffy, Greater London Authority (resigned May 2008)
- Jeff Jacobs, Greater London Authority
- Simon Mills, City of London
- Shirley Rodrigues, Greater London Authority

LONDON SUSTAINABILITY EXCHANGE

DIRECTORS REPORT (continued)

FOR THE YEAR ENDED 31ST MARCH 2009

The Audit and Assurance Committee is a committee of the Board of Trustees, consisting of the Honorary Treasurer (as Chair), two other Trustees, the Chief Executive and the Operations Coordinator. George Gray acts as an observer of the Audit and Assurance Committee.

The committee meets three times a year to ensure the adequacy of London Sustainability Exchange's internal controls and financial management, and to consider and evaluate the work of the external auditors.

In carrying out this work, the committee takes responsibility for scrutiny, audit and review of the following:

- financial performance and reporting
- financial systems
- policies
- budget management
- audit arrangements, audit findings
- annual risk reviews (process and outcomes)

The day-to-day running of London Sustainability Exchange is delegated to the Chief Executive. The role of the Chief Executive is:

- to lead LSx, to ensure effective strategic and operational planning and risk management, within the criteria laid down by the Trustees
- to enable effective governance and decision-making by the Trustees
- to report to the Trustees on LSx's performance against approved strategies and objectives
- to oversee all LSx activities, being directly responsible for senior management and indirectly responsible for the full staff body, and to make final decisions regarding the structures, responsibilities and resources within LSx
- to be responsible for health and safety
- to ensure that LSx operates at all times in accordance with its charitable objects and values, and is accountable and credible in all its undertakings
- to take financial responsibility, as set out in the Financial Scheme of Delegation approved by Trustees

The CEO is assisted by the Senior Management Team in the day-to-day running of the organisation.

There are three main teams within London Sustainability Exchange:

Behaviour Change Team: delivering exemplar projects to promote sustainability in collaboration with others.

Partnership and Communications Team: increasing sustainability literacy and sharing good practice on sustainability. Delivers fundraising and external communications for all the programmes.

Operations Team: providing operational support to all LSx programmes and staff.

LSx also benefits from volunteer interns who support the staff team in delivering projects and programmes; there were 18 interns in 2008, who volunteered a total of 453 working days, with an estimated equivalent value of £22,197.

Risk Assessment

The Trustees and senior management team review LSx's activities to identify the risks to which it is exposed, at three levels: organisational strategic risks, risks to the organisation associated with projects and risks to members of staff in delivering the projects. The Board of Trustees has delegated the regular monitoring of key risks to the Audit and Assurance Committee. Once each year, the full Board of Trustees review the risk register which shows controls that are in place and further actions required to manage the risk.

LONDON SUSTAINABILITY EXCHANGE

DIRECTORS REPORT (continued)

FOR THE YEAR ENDED 31ST MARCH 2009

OBJECTIVES AND PRINCIPAL ACTIVITIES

London Sustainability Exchange is a registered charity and a company limited by guarantee and not having share capital; the company was incorporated in the UK on 15th June 2004, although it remained dormant until 1st April 2008. Its governing documents are its Memorandum and Articles of Association, signed on 4th December 2007.

London Sustainability Exchange became an independent charity on 1st April 2008, having previously operated as a programme of Forum for the Future since its creation in 2001.

Our vision is of London as a sustainable World City.

The objects of the charity are to promote sustainable development in Greater London and elsewhere, by preserving the environment, relieving poverty, promoting sustainable economic growth, and advancing health, and to advance education of the public in sustainable development.

The Trustees have referred to the guidance available in the Charity Commission's general guidance on public benefit in reviewing the objectives of London Sustainability Exchange and planning its future activities. London Sustainability Exchange aims to benefit the public by reducing London's environmental footprint, improving the lives of disadvantaged communities, improving the health of Londoners and increasing the knowledge and skills of London's communities to achieve these goals.

To achieve our vision we run a series of structured programmes aimed at different beneficiary groups, grouped into themes. These themes are:

- **Reducing London's environmental footprint** – through exemplar projects to encourage and enable Londoners to take up more environmentally sustainable lifestyles, improve their quality of life and save money. We share good practice from these projects and from the work of others through learner networks, and seek to influence London policy. In 2008/9 we began a new four year programme called Energise London, focusing on increasing energy and water efficiency and the uptake of renewables. We also completed a three year project to reduce the footprint of London's food and drink sector, and ran a year long project with residents of London and Quadrant Housing Group.
- **Improving the health of Londoners** – through exemplar projects to improve the health and well-being of Londoners. Good practice is shared through learner networks. In 2008/9 we continued to deliver Well London, a major new pan-London project supporting 20 disadvantaged communities to improve their levels of healthy eating, physical activity and mental well-being.
- **Increasing the knowledge and skills of London's communities to achieve these goals** – increasing the sustainability literacy of Londoners. During 2008/9 we brokered sustainability-related placements for students with London employers and helped increase the sustainability literacy of both students and employers through an events series.
- **Improving the lives of disadvantaged communities** – through exemplar projects to address social and environmental inequalities. Good practice is shared through learner networks. During 2008/9 we continued our work to tackle environmental poverty, training and supporting residents in affected communities and sharing good practice through events and toolkits.

In addition, London Sustainability Exchange pursues its charitable objectives and generates unrestricted revenues and reserves through being funded by London organisations to provide sustainability expertise. For example, we have been funded by local authorities to design and develop tools to help embed sustainable development into their policies and strategies, and to support their campaigns to get employees to take up more sustainable behaviours.

LONDON SUSTAINABILITY EXCHANGE

DIRECTORS REPORT (continued)

FOR THE YEAR ENDED 31ST MARCH 2009

ACHIEVEMENTS AND PERFORMANCE

We identified a number of organisational priorities for the year and strategies for achieving public benefit. Our performance against our main objectives for the year is detailed below. This is a summary from a wider suite of performance indicators which LSx's Trustees review on an annual basis.

The following table presents a summary of LSx's achievements in 2008/9.

<i>Performance Indicator:</i>	<i>Value (rounded to appropriate significant figures)</i>
Resources saved:	
CO ₂ savings (tonnes/year)*	1,100 tonnes
Water saving (m ³ /year)*	24,150 m ³
Waste diverted from landfill (tonnes/year)*	425 tonnes
Beneficiaries reached directly:	
<i>Mechanisms include provision of direct support and/or capacity building activities through projects, and information dissemination through events, communication materials and media</i>	
Number of people trained	2,500
Number of people mentored	130
Number of individuals receiving an action plan	85
Other outreach e.g. attending events	7,300
No. people reached through information dissemination (incl. media)	1,072,000
<i>Total direct outreach</i>	<i>1,082,000</i>
<i>Of which:</i>	
<i>Through non-media sources</i>	<i>142,000</i>
<i>Through media sources</i>	<i>940,000</i>
Beneficiaries reached indirectly:	
<i>Mechanisms include capturing those who benefit from the information or advice provided to direct beneficiaries</i>	
Number of people benefitting from Learner Network members skills development and or community messaging	5,069,000
Reaching those not traditionally reached:	
% project beneficiaries from Black, Asian and minority ethnic communities	44%
% project beneficiaries women	71%
% project beneficiaries with a disability	8%

* using notional figures in some cases, taking as a proxy the proportion of direct beneficiaries who, when surveyed, indicated they had already adopted, or were planning to adopt, recommended behavioural changes.

In addition to the above, we have a number of key achievements for the year against our objectives.

Objective 1: To reduce London's environmental footprint

Strategies we used to achieve this objective: increasing the sustainability literacy of Londoners, delivering influential collaborations towards common goals, influencing policy and practice

Greener Food, our pioneering programme to support cafes and restaurants to reduce their environmental footprint and to improve the "green" skills of the workforce, came to a successful conclusion. We exceeded our aim of supporting a further 150 businesses this year to green their practices by working with 188 SME owners, managers and staff, representing restaurant, pub, club and café subsectors within London's diverse hospitality industry. Well over a third of businesses who benefitted from the project reported making cost savings, and nearly half reported attracting more customers as a result of the support they had received.

LONDON SUSTAINABILITY EXCHANGE

DIRECTORS REPORT (continued)

FOR THE YEAR ENDED 31ST MARCH 2009

ACHIEVEMENTS AND PERFORMANCE (continued)

Objective 1: To reduce London's environmental footprint

During the year we rolled out and shared lessons from a number of innovative initiatives encouraging and enabling Londoners to take up more environmentally sustainable lifestyles. Our aim was, along with health projects, to reach a total of 30,000 people directly. We reached around 5,500 people through our Learner Network activities, events and disseminating information resources and materials. We reached a further 100,000 people through the media (including TV, magazine, newspaper and radio articles). A further 2.6million people indirectly benefitted from the support, information and capacity building activities we delivered.

We began a new pilot study in the London Borough of Wandsworth as part of our Energise London project, using social marketing techniques with three communities – Rotarians, Battersea Fields Resident Management Organisation and champions in Tooting. Through these communities we are testing the most effective ways to shift social norms towards pro-environmental behaviours, including participatory budgeting, peer to peer influencing and "habit breaking" home energy and water saving kits.

We ran 9 workshops for residents of L & Q Group, a housing association, and subsequently trained 13 residents as champions who went on to promote greener lifestyles to their neighbours, friends and family.

We delivered tailored support services for public, private and third sector professionals promoting environmental resource efficiency in London, through the Energise London Learner Network. Services included an event series tailored to the interests and experience level of members, online resources, toolkits and signposting people to sources of specialist help.

Objective 2: To improve the health of Londoners

Strategies we used to achieve this objective: increasing the sustainability literacy of Londoners, influential collaborations towards common goals, influencing policy and practice

We rolled out and shared lessons from innovative community-led projects to increase the take up of healthy eating, physical and activity and mental health through the Well London programme. This programme is operating in 20 small areas of high deprivation in London and learning is shared with professionals and community leaders through a learner network, Wellnet.

We reached out to around 8,600 people through our Learner Network activities, events and disseminating information resources and materials. We reached a further 511,000 people through the media (including TV, magazine, newspaper and radio articles). A further 2 million people indirectly benefitted from the support, information and capacity building activities we delivered.

We commissioned local partner organisations in the 20 communities to run 11 "community feasts", promoting healthy eating and building neighbourliness. Around 3,000 people participated in these activities in some of the most deprived communities in London.

We commissioned local partner organisations to run 5 "cook and eat" courses. 43 people completed the courses during the year and over 100 people have participated. All those who completed the courses said they were satisfied with the course.

We commissioned four Well London Delivery Teams, comprising 34 local residents. Members of these teams have been trained and supported to inform and encourage their neighbours about services and resources in their local areas that could help them to improve their health and well-being. The teams assisted around 7000 residents.

Working with Sustain, we began 4 food access projects in the reporting period, including an innovative retailers scheme.

Through the new Wellnet Learner Network, 1450 community leaders and professionals working to promote health and well-being were assisted to increase their confidence, skills and effectiveness. Members took part in 3 events, received e-bulletins and accessed online resources on the Well London website.

LONDON SUSTAINABILITY EXCHANGE

DIRECTORS REPORT (continued)

FOR THE YEAR ENDED 31ST MARCH 2009

ACHIEVEMENTS AND PERFORMANCE (continued)

Objective 3: To improve the knowledge and skills of our communities to achieve these goals

Strategies we used to achieve this objective: increasing the sustainability literacy of Londoners, influential collaborations towards common goals, influencing policy and practice.

We completed delivery of our London Students project through 20 sustainability internships with employers. We also grew our network of 780 students and employers, and ran three events focusing on transferring knowledge between students and employers from all sectors and developing sustainability skills.

We developed a decision making Toolkit, which helps project managers and officers to deliver against more aspects of sustainability and the new Comprehensive Area Assessment.

Our work to promote a sustainable built environment for London has this year focused on scrutinising and informing the planning applications for the Stratford City development, which will host the athletes village for the London 2012 Olympic and Paralympic Games. We have continued to play an active role in the London Climate Change and Energy Partnerships.

Objective 4: To improve the lives of London's disadvantaged communities

Strategies we used to achieve this objective: increasing the sustainability literacy of Londoners, influential collaborations towards common goals, influencing policy and practice.

We continued the development of innovative exemplar schemes to support people suffering disproportionately from environmental inequalities. This included providing training and capacity building in two neighbourhoods to help local people address issues such as noise pollution, poor air quality, lack of transport links and lack of access to safe and good quality public spaces.

We concluded the first phase of our activities in the Pepys Estate, in the Borough of Lewisham, where local people trained by LSx as Environmental Justice Ambassadors carried out a citizen science study to map and measure noise pollution from a local scrapyards. The study prompted the Environment Agency to commission an acoustic consultant's report to investigate the matter further.

Environmental Justice Ambassadors in our other case study site of Marks Gate, London Borough of Barkign and Dagenham, were keen to cascade the core skills and competencies they gained through the project, and as a result have developed a 'how to' kit. This will be retained as a central resource for community members to share and benefit from moving forward.

We also developed and distributed a decision making tool for planners, policy makers and practitioners to improve the effectiveness of efforts to tackle environmental poverty across London.

LONDON SUSTAINABILITY EXCHANGE

DIRECTORS REPORT (continued)

FOR THE YEAR ENDED 31ST MARCH 2009

FINANCIAL REVIEW AND RESULTS FOR THE YEAR

Explanatory note

This is London Sustainability Exchange's first annual report and set of accounts, as LSx began to operate as an independent charity from 1st April 2008. Previously our financial performance was reported on as part of Forum for the Future's annual accounts, because we operated as a programme of this organisation.

Review

The year ended 31 March 2009 was a successful one for London Sustainability Exchange and this was reflected in the financial performance.

The Statement of Financial Activities shows LSx's income was £1,059,009. Total expenditure for the year amounted to £926,910, resulting in net incoming resources of £132,099. Of the net incoming resources, £81,766 were restricted and £50,333 has been allocated as the estimated cost were we to close. The charity ended the year with overall net assets of £489,459.

During the year, London Sustainability Exchange exceeded its budgeted surplus and continued to grow its activities, due to the following factors:

- We completed delivery of Greener Food, with funding from the London Development Agency our three year programme based on full cost recovery.
- Following a project set-up period in 2007, in April 2007 we began delivery of activities across London to promote well-being as part of the Big Lottery funded Well London programme, resulting in increased restricted income on a full cost recovery basis.
- During 2007-8 we secured £212,000 of European Regional Development funding as a partner in a three year project led by Middlesex University to support small to medium sized enterprises to reduce their environmental footprint and increase their skills.
- We continued to develop our behaviour change programmes, attracting new funding from London and Quadrant Housing Group £25,532 and continued funding from Thames Water £16,014.
- We secured increased restricted income from work to develop tools and models to support organisations to embed sustainable development into their strategies and delivery plans, through a new grant from the Homes and Communities Academy for £8,623

Reserves Policy

Under our reserves policy, we aim to hold unrestricted funds that are not designated to future activities or commitments of at least two quarters' spend. The target unrestricted "free" reserves so calculated equates to a range between £384k and £514k, based on spend in 2008/9. Carrying forward adequate unrestricted "free" reserves underpins the successful implementation of LSx's charitable objectives by providing a measure of protection against unexpected drops in income or increases in expenditure. At present, LSx has £280,092 unrestricted free reserves, which includes the estimated cost of closure funds (£58k).

LONDON SUSTAINABILITY EXCHANGE

DIRECTORS REPORT (continued)

FOR THE YEAR ENDED 31ST MARCH 2009

PLANS FOR 2009

On the 1st April 2009, London Sustainability Exchange began implementation of a new three year business plan (for 2009-12), with a focus on six objectives:

1. To grow participation in our Learner Networks
2. To deliver exemplar projects that improve well-being, reduce poverty and reduce the environmental footprint of Londoners
3. To deliver exemplar projects to reduce the environmental footprint of organisations
4. To develop core working models to support organisations to embed sustainable development into their strategies and delivery plans
5. To increase our influence on policy and practice, particularly with London regional and local government
6. To maintain our unrestricted funds through a membership scheme, sponsorship of LSx and marketing our behaviour change expertise

London Sustainability Exchange will continue to develop and implement a range of programmes, to be measured by according to targets in our business plan and our performance measurement framework.

Our targets for the coming financial year include:

1. Growing participation in our Learner Networks. We aim to grow our Energise London network to 1,000 members and run 11 events. We will grow our Well London Learner network to 2,000 people, and run 6 events.
2. Delivering exemplar projects that improve well-being, reduce poverty and reduce the environmental footprint of Londoners.
 - a. As part of Well London, we will commission partners organisations local to our 20 target communities to deliver 10 cook and eat courses, 20 community feasts, 5 projects to increase access to healthy, affordable food, and 6 Well London delivery team projects (teams of resident volunteers who signpost people to Well London activities and other services and resources for well-being).
 - b. As part of Energise London, we aim to conclude our exemplar project in Wandsworth, with the aim of supporting 1000 householders to reduce their CO₂ emissions by 20%. We will launch and complete a new exemplar project in an area of London with high domestic CO₂ emissions per capita.
 - c. Continue our exemplar project to tackle environmental poverty on the Peyps Estate in the Borough of Lewisham, extending the scope of the citizen science project from noise pollution to air quality.
3. Delivering exemplar projects to reduce the environmental footprint of organisations. We will begin work under a new business support project Ecovate, and support 30 businesses to showcase eco-innovation. We will support third sector organisations to do adopt more sustainable practices in conjunction with the City Bridge Trust.
4. Developing core working models to support organisations to embed sustainable development into their strategies and delivery plans. We will cascade and further develop our sustainability matrix tool.
5. Increasing our influence on policy and practice, particularly with London regional and local government. We aim to influence the new Economic Development Strategy, the next iteration of the London Plan, and other Mayoral strategies relevant to sustainability.
6. Given that we have a proportion of unrestricted funds that we are carrying forward from last year, our fundraising target is limited to £50,000.

LONDON SUSTAINABILITY EXCHANGE

DIRECTORS REPORT (continued)

FOR THE YEAR ENDED 31ST MARCH 2009

STATEMENT OF TRUSTEES' RESPONSIBILITIES

Company and charity law requires the trustees, as directors and trustees, to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of its income and expenditure for that period. In preparing those financial statements, the directors are required to;

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

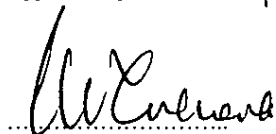
The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each trustee is aware, there is no relevant information, defined as "information needed by the company's auditors in connection with preparing their report", of which the company's auditors are unaware; and each director has taken all steps that he ought to have taken to make himself aware of any relevant matters and to ensure that the company's auditors are aware of such information. Such steps include making inquiries of other directors and auditors and other steps required by the director's duty to exercise due care and skill.

AUDITORS

The auditors, haysmacintyre, have expressed their willingness to continue in office and a resolution proposing their re-appointment will be put to the forthcoming Annual General Meeting.

Approved by the Board on 7 September 2009 and signed on their behalf by:



Christopher Orchard

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONDON SUSTAINABILITY EXCHANGE

We have audited the financial statements of London Sustainability Exchange for the year ended 31 March 2009, which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As described in the Statement of Trustees' Responsibilities the charity's trustees are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The Trustees are also directors of London Sustainability Exchange for the purposes of company law.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees' Report is consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and other transactions is not disclosed.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

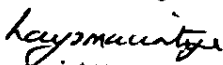
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 March 2009 and of its incoming resources and application of resources in the year then ended, including its income and expenditure;
- the financial statements have been properly prepared in accordance with the Companies Act; and
- the information given in the Trustees report is consistent with the financial statements.


haysmacintyre
Chartered Accountants
Registered Auditors

28 September 2009

LONDON SUSTAINABILITY EXCHANGE
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31ST MARCH 2009

	Notes	Unrestricted Funds £	Restricted Funds £	Total Funds 2009 £
Incoming resources				
<i>Incoming resources from generated funds:</i>				
Donations and legacies		615	-	615
<i>Investment Income</i>				
Interest receivable		7,234	-	7,234
<i>Incoming resources from charitable activities:</i>	2			
Environmental footprint		1,500	445,677	447,177
Health		-	409,564	409,564
Knowledge and skills		97,412	62,605	160,017
Improving lives		21,902	12,500	34,402
Total incoming resources		128,663	930,346	1,059,009
Resources expended	4			
<i>Costs of generating funds</i>				
Fundraising and development		1,622	16,305	17,927
<i>Charitable activities</i>				
Environmental footprint		1,903	392,635	394,538
Health		-	341,163	341,163
Knowledge and skills		62,519	23,892	86,411
Improving lives		7,997	28,041	36,038
<i>Governance costs</i>		4,289	46,544	50,833
Total resources expended		78,330	848,580	926,910
Net incoming resources before transfers		50,333	81,766	132,099
Transfer of operations	9	229,759	127,601	357,360
Net movement in funds		280,092	209,367	489,459
Opening fund balances		-	-	-
Funds at 31st March 2009		£280,092	£209,367	£489,459

The notes on pages 15 to 21 form part of the financial statements.

There were no recognised gains and losses other than those shown in the above SOFA

All amounts relate to continuing operations


LONDON SUSTAINABILITY EXCHANGE

BALANCE SHEET

AT 31ST MARCH 2009

	Notes	£	2009 £
CURRENT ASSETS			
Debtors	7	56,564	
Cash at bank and in hand		569,816	
		<u>626,380</u>	
CREDITORS: amounts falling due within one year	8	<u>(136,921)</u>	
NET CURRENT ASSETS			<u>489,459</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>489,459</u>
NET ASSETS	10		<u><u>£489,459</u></u>
FUNDS			
Unrestricted Funds			280,092
Restricted funds			<u>209,367</u>
	9		<u><u>£489,459</u></u>

The financial statements were approved and authorised for issue by the Board on 7 September 2009 and were signed below on its behalf by:


Christopher Orchard

The notes on pages 15 to 21 form part of the financial statements.

LONDON SUSTAINABILITY EXCHANGE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2009

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards and the Statement of Recommended Practice on Accounting by Charities (SORP 2005).

Income

With the exception of voluntary income arising from voluntary donations and gifts, all income is credited to the statement of financial activities on a receivable basis.

Voluntary donations and gifts are credited to the statement of financial activities in the year in which they are received.

Expenditure

Direct charitable expenditure comprises direct expenses incurred on the defined charitable purposes of the charity and includes direct staff costs attributable to the activity and an allocation of the general management and overhead costs.

Overheads are apportioned across the LSx cost centres in line with the ratio of staff costs of the cost centre in question to total staff costs, excluding the staff costs of those support cost centres that are included in the allocation. The type of costs that are allocated in this way include all office costs (rent, rates, asset hire, utilities, stationery, telephone, insurance etc) and support cost centres (ie finance, IT, HR and office services).

Fundraising and development costs comprise expenditure incurred by the charity in inducing others to make contributions to it and in enhancing its public image and includes direct staff costs and an allocation of general management and overhead costs.

Governance costs include expenditure and the cost of compliance with constitutional and statutory requirements.

Pensions

The charity operates a group personal pension plan which is a direct contribution scheme. Contributions are charged to the SOFA in the periods to which they relate.

Fund accounting

The unrestricted funds comprise those monies which may be used towards meeting the charitable objectives of the charity at the discretion of the directors.

The restricted funds are monies raised for, and their use restricted to, a specific purpose, or donations subject to donor-imposed conditions.

Operating lease

Amounts payable under operating leases are charged to the SOFA in the period to which they relate.

LONDON SUSTAINABILITY EXCHANGE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH 2009

2	CHARITABLE ACTIVITIES	Unrestricted Funds £	Restricted Funds £	Total 2009 £
	Central government (Public sector)	53,027	508,213	561,240
	Corporate	40,655	-	40,655
	Trusts and foundations	25,532	422,064	447,596
	Other income	9,449	69	9,518
	Total income from charitable activities	£128,663	£930,346	£1,059,009
3	NET MOVEMENT IN FUNDS FOR THE YEAR			2009 £
	This is stated after charging: Auditors remuneration			7,500
4	RESOURCES EXPENDED			Total Direct & & allocated 2009 £
		Direct Costs £	Support Costs £	
(a)	Analysis of Direct and Allocated Support Costs			
	Costs of generating funds			
	Fundraising and development	-	17,927	17,927
	Charitable activities			
	Environmental footprint	358,475	36,063	394,538
	Health	309,594	31,569	341,163
	Knowledge and skills	77,826	8,585	86,411
	Improving lives	33,750	2,288	36,038
	Governance Costs	11,843	38,990	50,833
	Total expenditure	£791,488	£135,422	£926,910

LONDON SUSTAINABILITY EXCHANGE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH 2009

4 RESOURCES EXPENDED (continued)

(b) Analysis of Support Costs	Total 2009 £
Staff costs	62,691
Publishing costs	3,820
Travel and subsistence costs	272
Operational costs	8,800
Consultancy costs	6,012
Event costs	1,262
Office costs	9,806
IT costs	9,100
Administration costs	3,599
Accommodation costs	30,060
	<u>£135,422</u>

5 STAFF COSTS AND DIRECTORS' REMUNERATION

	2009 £
Staff costs during the year were as follows:	
Wages and salaries	357,096
Social Security costs	38,043
Pensions	16,115
Staff recruitment and training	3,523
	<u>£414,777</u>

The number of staff whose total emoluments fell into higher salary bands was:

	2009 Number
£70,001 and £80,000	<u>1</u>

The average number of employees, analysed by function was:

Direct charitable purpose of the charity	10.5
Fundraising and development	0.5
	<u>11</u>

No Trustees received any remuneration or reimbursed expenses in the year.

6 TAXATION

London Sustainability Exchange is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

LONDON SUSTAINABILITY EXCHANGE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH 2009

7	DEBTORS				2009
					£
	Trade debtors				56,057
	Other debtors and prepayments				507
					<u>£56,564</u>
8	CREDITORS: amounts falling due within one year				2009
					£
	Trade creditors				105,256
	Other creditors and accruals				12,417
	Other taxes and social security				19,248
					<u>£136,921</u>
9.	FUNDS	At 1	Incoming	Outgoing	At 31
		April	Resources	Resources	March
		2008	£	£	2009
		£			£
	Unrestricted funds				
	- general	229,759	128,663	(78,330)	280,092
	Restricted funds				
	002: MOTIVATE LONDON (ML)	11,618	26,019	(23,472)	14,165
	Primary funder: London Councils.				
	Project ongoing				
	004: DIVERSE LONDON (DL)	3,774	0	(4,092)	(318)
	Primary funder: Defra.				
	Deficit to be met from our reserves				
	006: GREENER FOOD (GF)	43,476	259,224	(295,739)	6,961
	Primary funder: London Development Agency.				
	Funds to be repaid to funder				
	007: SOUTH ASIAN CC (SACC)	0	0	(858)	(858)
	Primary funder: Defra.				
	Deficit to be met from our reserves				
	008: ENERGISE LONDON (EL)	0	149,998	(93,407)	56,591
	Primary funder: London Councils.				
	Project ongoing				
	010: URBANBUZZ (UB)	24,788	36,900	(14,114)	47,574
	Primary funder: UrbanBuzz.				
	Project ongoing				

LONDON SUSTAINABILITY EXCHANGE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH 2009

9. FUNDS (continued)	At 1 April 2008 £	Incoming Resources £	Outgoing Resources £	At 31 March 2009 £
012: ENVIRONMENTAL JUSTICE (EJ) Primary funders: City Parochial Foundation and Homes and Communities Academy	46,625	12,500	(14,320)	44,805
Project ongoing				
013: WELL LONDON - BUYWELL (WLBW) Primary funders: Big Lottery (administered by GLA).	(5,420)	153,903	(148,743)	(260)
Project ongoing				
014: WELL LONDON - EATWELL (WLEW) Primary funders: Big Lottery (administered by GLA).	(5,420)	67,889	(55,300)	7,169
Project ongoing				
015: WELL LONDON - DELIVERY TEAM (WLDL) Primary funders: Big Lottery (administered by GLA).	(5,420)	76,676	(64,248)	7,008
Project ongoing				
016: WELL LONDON - WELLNET (WLWN) Primary funders: Big Lottery (administered by GLA).	(5,420)	111,096	(99,160)	6,516
Project ongoing				
017: WELL LONDON - MATCH FUNDING (WLMF) Primary funders: Tower Hamlets PCT and Barking and Dagenham PCT.	19,000	-	(14,569)	4,431
Project ongoing				
018: ECOVATE (E8) Primary funders: ERDF (administered by CESMB, Middlesex University).	-	4,301	(4,516)	(215)
Project ongoing				
020: SUSTAINABILITY MATRIX TOOL (SMT) Primary funders: Homes and Communities Academy	-	25,705	(12,401)	13,304
Project ongoing				
021: GREENING STUDENTS LIFESTYLES (GLS) Primary funders: Defra (administered by National Union of Students)	-	6,135	(3,641)	2,494
Project ongoing				
Total	<u>£357,360</u>	<u>£1,059,009</u>	<u>£(926,910)</u>	<u>489,459</u>

LONDON SUSTAINABILITY EXCHANGE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH 2009

9 FUNDS (continued)

Motivate London is a project motivating Londoners to adopt greener lifestyles and the surplus of this project will contribute to Energise London which is the evolution of this project.

Diverse London promotes resource efficiency with culturally diverse communities across the capital.

Greener Food promotes sustainable business practice with food and drink sector SME's.

South Asian CC looks at shifting attitudes towards climate change amongst South Asian communities.

Energise London promotes energy efficiency, renewable energy and water conservation across London.

Urbanbuzz promotes knowledge transfer and grows skills for future sustainability professionals through intern placements.

Environmental Justice involves improving the lives of disadvantaged communities.

Well London Buywell and Eatwell are helping to improve access to healthy eating options in deprived communities.

Well London Delivery Team is a project to help encourage and enable community engagement for wellbeing.

Well London Wellnet involves sharing knowledge and learning to support health and wellbeing professionals.

Well London Match Funding is helping to improve access to wellbeing related activities and services in deprived communities.

Ecovate promotes eco-innovation amongst London based SME's.

Sustainability Matrix Tool looks at facilitating integrated decision making for sustainability outcomes.

Greening Students Lifestyles promotes sustainable lifestyles amongst students across England.

10 ANALYSIS OF NET ASSETS BETWEEN FUNDS	Unrestricted Funds £	Restricted Funds £	Total 2008 £
Fund balances at 31 st March are represented by:			
Net current assets	280,092	209,367	489,459
Long term liabilities	-	-	-
Net assets	<u>£280,092</u>	<u>209,367</u>	<u>489,459</u>

11 LIABILITY OF MEMBERS

The charity is constituted as a company limited by guarantee. In the event of the charity being wound up members are required to contribute an amount not exceeding £1 per member.

LONDON SUSTAINABILITY EXCHANGE

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31ST MARCH 2009

12 OPERATING LEASE COMMITMENTS

2009
Other
£

Annual commitments under non cancellable operating leases are as follows:

Less than one year	-
Between two and five years	28,000
In more than five years	-
	<u>£28,000</u>

13 RELATED PARTY TRANSACTIONS

Below are the related third party transactions for our Trustees:

- During the year the charity paid £2,850 to South Bank Employers Group (SBEG) where Andrew Eddy is an LSx Trustee and has a (non)-exec role with SBEG – who are a partner organisation under the broader Well London Alliance (Sports Action Zone).
- £175,984 was received from London Councils where Cllr Sean Brennan is a nominated LSx Trustee from London Councils. London Councils are the funder for the Energise London project.
- £73,233 was paid by the charity to Carbon Descent where Samantha Heath is a Trustee on Carbon Descent Board who have been a partner organisation on the Greener Food project.
- £85 was paid to LVSC where Elizabeth Balgobin was the previous Chief Executive of LVSC and Peter Lewis is the current Chief Executive and both are LSx Trustees.
- Paul Edwards is a Trustee of LSx but also works with Hammerson who have agreed to host all LSx Board Meetings at no cost.
- £1,725 has been received by LSx from the City Bridge Trust for the Greening the Third Sector project. LSx Board Observer Simon Mills is an employee of the City of London.
- £357,360 has been received from Forum For the Future when the operations were transferred to LSx. There is also an outstanding balance from Forum for the Future of £224. Peter Madden is the current Chief Executive of Forum For the Future as well as being an LSx Trustee.
- £409,564 was received from the GLA for the Well London programme where LSx Board Observer Jeff Jacobs is an employee.