


THE CLIMATE CHANGE ORGANISATION
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THE °CLIMATE GROUP

Annual Report and Accounts 2012/13
12 months to 30 June 2013

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COMPANY NUMBER: 4964424
CHARITY NUMBER: 1102909

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Board of Trustees' Report

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Who we are

Climate change is one of the greatest risks to the future of human development and our collective prosperity. But effectively addressing it also presents huge opportunities for governments, businesses, communities and those individuals who are prepared to lead.

At The Climate Group (registered in the UK as The Climate Change Organisation) the role of leaders in creating change and a relentless focus on opportunity (whether economic, political or social) is at the heart of everything we do and who we are. As a non-profit organisation dedicated to addressing climate change, we work with leaders in government, business and public life to find the most effective ways to reduce greenhouse gas emissions, while creating a resilient low carbon future of opportunity and prosperity for all.

We work to inspire leaders in our international network of major corporations and sub-national governments. We provide these leaders with emerging evidence of successful policies and strategies from around the world, and we look for opportunities to collaborate with them in making transformative change happen. Leadership on climate change, in business and in government, is not easy and we believe our role is critical in making the case for this leadership and finding the solutions that work. We were founded in London in 2004 and we currently comprise a team of 50 dedicated professionals in Europe, North America, China and India, with the majority of our staff based in our London headquarters. Our regional offices have separate legal status. Governing boards are in place for all of our regional operations. Our International Leadership Council of high profile business and government leaders, chaired by the Rt Hon Tony Blair, helps us to gain access to high level networks, advises us on strategy and provides visible support to our major initiatives.

Public Benefit

We take full account of the Charity Commission's general guidance on public benefit to ensure that our work programmes contribute to our charitable objects and aims. Our objectives - set out in our governing document - are:

To promote for the benefit of the public the protection of the world's climate systems in such parts of the world and by such charitable means as the Trustees may from time to time think fit

To advance the education of the public and interested parties in the effective reduction of greenhouse gases and to promote and carry out for the public benefit research into the effects of climate change and to publish and widely disseminate the useful results of such research

Why we are here

As the World Bank and other leading voices have pointed out, climate change threatens to undo much of the progress in human development witnessed over the last century. This is especially true in developing countries where those least able to protect themselves will be worst affected by the direct impacts of climate change and associated negative social and economic effects. To avoid this, by 2050, the world needs to reduce carbon emissions by around 80% or more of today's level. This target cannot be credibly met unless world emissions of greenhouse gases peak before 2020 and start to decline constantly thereafter.

The Climate Group was established to help achieve this critical global goal. Uniquely, we have chosen to concentrate our work and resources on scaling up climate leadership and focusing on a narrative of opportunity. We do this because we know that a small community of influential leaders in the world can make the choices necessary to peak global emissions before the 2020 deadline and drive continuing growth in alternative energy and energy-efficient technology. If we can create fundamental change this decade in how we run our businesses and governments, by inspiring these individuals to provide leadership, reducing greenhouse gas emissions by 80% by 2050 is still achievable hand-in-hand with our ongoing trajectory of human development.

Pockets of strong climate leadership continue to grow and develop, including many examples from within our membership. But these are still not at the scale required. We need to speed up the pace at which world leaders are committing to a low carbon economy, and the pace at which effective policies, technologies and strategies to meet this goal are implemented around the world.

This is why we are here. It takes courage and clear information for leaders to make big changes, so our role is to support leading individuals and their organizations on this path. We bring leaders together and support them with the evidence and networks they need to move forward. We create opportunities for them to collaborate on more risky and transformational action at opportune times. The resulting programmes can help to create transformational economic, social and environmental change for our communities, for example giving access to cheaper energy or creating employment opportunities.

How we work

All our work is guided by four core principles

Climate change is an economic issue not just an environmental concern. Government and business leaders are sensitive to moral imperatives, but they respond best to clear messages and proposals that combine economic, social and environmental benefits. Leaders also respond better to approaches that enrol and involve people. So we present solutions professionally and in business terms, making the economic case for their implementation.

A small community has a big influence. A small number of organisations have a huge influence on the future economy and its carbon intensity. If the 200 sector-leading global companies, 50 leading governments (national, regional and city), and most influential individuals within these organisations — CEOs, political leaders, ministers, governors, mayors, senior executives and advisers pursue the economic, strategic, social and environmental benefits of a low carbon future, their actions and commitments can be decisive in making it happen.

Partnerships are more effective than organisations acting alone. Our active network of governments, business and other partners enables new, innovative partnerships to generate original, bold and exciting actions for low carbon growth. We look to partner like-minded organisations to ensure that the total of our efforts is greater than the sum of their parts.

Clear communication of practical success stories drives action. Information about the science and economics of climate change is extensive, occasionally overwhelming, and often inaccessible to decision and opinion makers. Much can be achieved by presenting case studies and evidence of success in new and compelling ways, and by communicating a positive vision of a low carbon future at the same time as demonstrating that this future is truly achievable.

What we do

We deliver our organisational objectives by highlighting the opportunities presented by leadership in the low carbon economy through

- **Building coalitions** that bring leaders together, bridging sectors and regional boundaries, with a particular focus on leading state and regional governments, major corporations and clean technology providers,
- **Delivering carbon reductions whilst benefiting local communities**, by developing and delivering, replicable transformational projects with our partners in North America, Europe, China and India (recent examples include energy-efficient LED street lighting, and off-grid solar energy projects),
- **Building awareness of solutions, rewarding leadership and driving new commitments** through media and communications campaigns including our websites and social media channels,
- **Sharing knowledge, removing barriers and facilitating new partnerships for action** through focused events, forums and bilateral meetings including Climate Week NYC, our major annual forum in New York
- **Demonstrating the benefits and opportunities of increased action** through conducting research and producing publications and briefings for our network and the general public,

We draw on the progress that our members are making in deploying new technologies, policies, financing mechanisms and business strategies for a low carbon future, and we use our in-house communications expertise to show how these advances can become the 'new normal'

In short, we pinpoint the most influential people in government, business and society. We offer them a credible, positive, politically neutral and inclusive vision of the low carbon future, arm them with hard evidence and success stories and spur them into action so we can reach that tipping point where transformation to a low carbon economy becomes inevitable



We are fortunate to be beneficiaries of the **Dutch Postcode Lottery**. Their funding allows us the financial confidence to plan strategically and to respond quickly to breaking news and changes in policy

Our partners

We are a partnership driven and centred organisation. To deliver effective action on climate change at the scale required, we work with our government and business members – it is their leadership and action that ultimately drives progress. We work with partners to deliver specific projects, events and reports. We also work with other non-government organisations (NGOs) where our combined efforts and expertise can drive change forward more quickly.

NGOs The World Bank, United Nations Global Compact, CDP, and the Climate Knowledge Innovation Centre (Climate-KIC) are official partners in our Clean Revolution initiative. We also work with a range of other non-profits and academic organisations in delivery of our programmes worldwide. Recent partners have included the World Resources Institute, Carbon War Room, The Carbon Trust, WWF-US, Ceres, the Institutional Investors Group on Climate Change, Metropolis, NRG4SD, R20 and S3IDF.

Philanthropic Dutch Postcode Lottery, Zennström Philanthropies, The Prince Albert II Monaco Foundation and Tellus Mater Foundation.

Government State of Baden-Württemberg, Government of the Basque Country, State of Bavaria, Region of Brittany, State of California, Government of Catalonia, Region of Île-de-France, Greater London Authority, State of Gujarat, Province of KwaZulu-Natal, Region of La Reunion, Province of Manitoba, City of New York, State of New York, Government of North Rhine-Westphalia, Province of Ontario, Province of Québec, Government of Quintana Roo, Region of Rhône-Alpes, State of Rio, State of São Paulo, Government of Scotland, State of South Australia, State of Tasmania, State of Upper Austria, Region of Wallonia, Welsh Assembly Government.

Corporate Arup, Bloomberg, BT, Broad Group, CB Richard Ellis Group, CECEP, CLP Holdings Limited, Dell, Duke Energy, En+ Group, Goldman Sachs, Greenstone Carbon Management, Hanergy, HP, HSBC, IKEA, IWC Schaffhausen, Landsea, News Corporation, Nike, Philips, Procter & Gamble, Suzlon, Swiss Re, Taobao, VantagePoint Venture Partners, Visy. We also work with aligned companies in the development of our programmes (recent examples including Facebook, Marblar, CityMart.com, Research Triangle Institute and Selco) and look to profile selected start-up companies developing innovative and transformational products and services (examples include Solar City, Beijing XinAo Concrete, Lowfoot, Ecovative, bioMASON, NewLight, and One Earth Designs).

International Leadership Council: We are also honoured to count on the guidance and support of the international leaders that make up The Climate Group's International Leadership Council (ILC). Chaired by the Rt Hon Tony Blair the ILC brings together leaders in business and government from around the world, to accelerate global action on climate change and drive low carbon economic transformation. The group meets annually at the World Economic Forum in Davos, Switzerland (*for a full list of Council members see pages 19-20*).

Advisory Boards: We work with small groups of experts to help us shape and guide our Clean Revolution initiative and our *Bijli* – Clean Energy for All project (*see page 20 for a full list*).

Our organisational aims

Who we are, why we're here, how we work and what we do, are all encapsulated in the current focus of our work - our three-year 'Clean Revolution' initiative

The Clean Revolution is a partnership of international states people and governments, business leaders, philanthropists, thinkers and opinion formers, calling for a swift, massive scale-up of clean energy and infrastructure, and of smart technologies and design as the only feasible path to a smarter, better, more prosperous future. The Clean Revolution has three linked aims

- **Inspire** world leaders, by presenting them – through influential ambassadors – with a compelling evidence base for the opportunities of the Clean Revolution,
- **Generate** understanding of the key elements of successful low carbon transformation and bring decision-makers together to share best practice and support each other's low carbon projects,
- **Deliver** a set of catalytic low-carbon projects that have the potential to create tipping-points for scaling-up clean technology, financing and partnerships

Work plan for 2012/13

During 2012/13 we set out to

Catalyse New Transformative Actions

- Work with our States & Regions members on new LED lighting commitments with the aim to have ten adopt concrete targets on standards, procurement and sales
- Work with ten Chinese cities to implement green growth plans in line with national commitments on carbon intensity
- Establish a new coalition of companies and regional governments committed to accelerating renewable energy, with targets committed to for 2014-2015
- Launch an international climate finance alliance of financial institutions focused on enhancing climate finance into and out of China and make policy recommendations to the Chinese National Development and Reform Commission
- Work with our ICT and city partners to begin piloting a selection of low-carbon ICT solutions in ten global cities (with population greater than one million people)
- Work with partners to develop a project for a new transformational, low carbon innovation prize, with a view to launching in 2015

Strengthen the Clean Revolution Network

- Continue to support our States & Regions members in developing the work of their working groups on electric vehicles, small and medium enterprises, energy efficiency financing and marine renewable energy We will also look to develop links, where appropriate, with our other Clean Revolution partners
- Hold our fourth annual Climate Week NYC meeting in September 2012, and to have begun preparations for the fifth Climate Week NYC by the end of the reporting period
- Hold our annual Davos meeting with our International Leadership Council to discuss Clean Revolution strategy and engagement
- Hold our second annual Clean Revolution Leaders' Summit to bring our corporate, government and international organisation partners together
- Recruit an additional ten Clean Revolution Ambassadors
- Develop an engagement and communications programme for our Ambassadors, with at least two substantive actions (e.g. media op-eds, high profile speaking slots) agreed with each Ambassador for the year
- Recruit an additional two lead corporate partners and five new strategic partners
- Scope the feasibility and role of a BRICS-based Clean Revolution leadership group
- Develop a comprehensive global communications and events plan to support all initiative objectives

Maintain Thought Leadership, by further developing our work on the role of leadership and innovation in delivering a clean industrial revolution, working with our partners to develop the content and analysis, by further expanding and developing the content of our cleanrevolution.org web site with the aim of making it a recognised 'go-to' source on the transition to a low carbon economy with a target of 15,000 monthly visitors by June 2013, and developing a portfolio of Clean Revolution briefings for our Ambassador network which layout both a narrative for the Clean Revolution and provide in-depth analysis on specific current issues

Key achievements 2012/13

As our 2012/13 objectives indicate, the focus of our work over the past year has been to continue developing and implementing our three year Clean Revolution initiative (launched in September, 2011). This has been done across all aspects of the organisation, from communications and content, through to events and partner relationships.

Catalyse new transformative actions

In China, we officially launched the China Climate Finance Policy project. This initiative builds on our successful 'Financing China's Clean Revolution' report in late 2011 and is funded by the UK Foreign & Commonwealth Office (FCO) and supported by China's National Development & Reform Commission (NDRC) and Ministry of Finance. In November 2012, we released the first of three reports, focused on institutions and governance issues. A further two reports were released, followed by a summary for policy makers (SPM), all of which were in Chinese. An English translation of the SPM was published in March 2013.

As part of our China Redesign program we successfully completed the first technical expert review of the XinAo Low Carbon Concrete standard, with an expert panel of eight leading experts in related sectors and officially kicked off two demonstration projects in Guiyang and Lanzhou with local political endorsement.

In Hong Kong, we launched the 'Micro Carbon Operation' in January 2013. This initiative aims to promote and build a low carbon community in Hong Kong through various interactive community engagement events, social media activities and the enrichment of climate change knowledge among the public.

Also in Hong Kong, with the sponsorship of the Hong Kong International Airport Environmental Fund, we launched the 'Carbon Crush' smartphone app at the end of the reporting year. The app is Hong Kong's first online game promoting a "micro carbon" lifestyle, along with ten "experiential learning modules".

In India, we continued to work in West Bengal and Odisha to undertake more LED streetlight pilots aimed at impacting overall policy for street lighting. Discussions were also held with municipal corporations of Asansol and Burdwan in West Bengal and Cuttack and Rourkela in Odisha. A high level national workshop to discuss LED street lighting best practices and recommendations was held in New Delhi in April 2013 with government officials, energy companies, and lighting manufacturers.

We also formally released the results of our multi-year LED trials in March 2013. The 'Global Outdoor LED Trials' report summarized the results of 14 trials of 29 different LED outdoor luminaire products undertaken between 2009 and 2012 in seven cities, including Toronto, New York, London, Sydney, and Hong Kong.

We secured funding for a major rural renewable energy initiative in India from the Dutch Postcode Lottery in February 2013. Following the development of a full project plan and budget, the initiative was due to be launched in the first half of the 2013/14 financial year.

As part of our Connected Innovation work in China, and with the support of the Guiyang Municipal Government and Guiyang Energy Group and in partnership with Energy Research Institute of NDRC, we completed the research, planning and review phases of the Guiyang Integrated Energy Strategic Development Plan in the final quarter of the year.

In June 2013 we group-hosted a live Google+ Hangout to promote the Earth Hack competition that The Climate Group ran with Marblar, IKEA and Philips. Panellists included two of the judges, Professor Sir Chris Llewellyn Smith, former Director General of CERN and current Director of Energy Research at University of Oxford, and Professor Sir Richard Friend, Cavendish Professor of Physics at University of Cambridge.

The Earth Hack challenge was highly successful. In the course of the competition, designed to create new ideas for the sustainable home, more than 250 ideas were submitted, a high-level panel of judges created a shortlist of 25 and participants were drawn from over 80 countries. The EarthHack activity complements other Climate Group partnerships such as the DPL Green Challenge and Agile Cities – future development of such activities will be reviewed as part of The Climate Group's innovation strategy. (The winner of the challenge, Radfan, was announced at Climate Week NYC in September 2013).

Also in June 2013, The Climate Group, together with the Carbon Trust and BT's Chief Executive Ian Livingston, launched BT's Net Good program, unveiling the company's new carbon abatement methodology, which will help BT and others achieve growth through 'Net Good' practices. The event was streamed live on The Climate Group's and BT Net Good's websites and resulted in wide media coverage.

Strengthen the Clean Revolution Network

Institutional partnerships as part of the Clean Revolution campaign were agreed with the UN Global Compact, UNFCCC, the World Bank, CDP and the Carbon War Room during the year. At the Rio Earth Summit, as a commitment under the UN Secretary General's Sustainable Energy for All Initiative, we also launched the ICT for Sustainable Energy Partnership (ISEP) which, in conjunction with a number of leading ICT (information and communications technology) companies, will provide a framework for our ongoing work on smart technologies.

In September 2012, we successfully held our fourth annual Climate Week NYC in New York City, bringing together the world's leading businesses and governments around an array of over fifty closed-door and public-facing events focused on driving the rapid scaling up of clean technology. The Climate Group hosted Climate Week NYC's official opening ceremony and a high-level roundtable of political, business and civic leaders including Rt Hon Tony Blair, HSH Prince Albert II of Monaco and leading figures from the corporate world and farming, health and faith communities.

We also released a report, 'American Clean Revolution', that made the case for how playing to win on the low carbon economy can generate growth, prosperity, and a sustainable future for the United States. The media coverage for the report and event reached an estimated audience of 360 million people internationally, including coverage in the Wall Street Journal, Business Week, Bloomberg, the FT, and an interview with Tony Blair on NBC's *Today* programme, the country's most popular breakfast TV show. Our social media campaign reached more than one million Twitter accounts.

In January 2013 we held our annual International Leadership Council (ILC) meeting in Davos. A revised strategy for our ILC and our Clean Revolution Ambassadors was agreed, outlining specific outcomes and targets, identifying key intervention points, developing funding proposals and establishing global resource requirements. Alongside the global strategy, a specific strategy was created for the US focusing on the following areas and communities: military, faith, health, agriculture, Republican politicians and US 'heartland' industries. A monthly Executive Briefing, providing updates to the ILC members and Ambassadors with new information and key messages to be used in op eds, speeches and at other outreach opportunities was also launched in January.

In continuing to strengthen our Clean Revolution network and continue to support our State and Regions members we held a successful European members' meeting in May 2013, with over fifty attendees. A particular success was the participation of almost all our European States and Regions members and their reaffirmed commitment to raising their low carbon ambitions and supporting a programme of increased advocacy in the run up to the 2015 global climate negotiations.

We secured agreement from the President of the Basque Country and the Premier of Québec to be co-chairs for our States and Regions Alliance, joining the Premier of South Australia. The state of Rio de Janeiro also formally became member of The Climate Group and the Alliance.

We also signed a partnership agreement with the Government of Gujarat to support them in the preparation of a low carbon development strategy and the implementation of pilot low carbon technology projects, including efficient lighting, electric transport and renewable energy.

Maintaining thought leadership

Our cleanrevolution.org website was launched at the Rio+20 Earth Summit in June 2012. Case studies continued to be added on a weekly basis to make the site a 'go-to' resource for evidence of effective low carbon policies, strategies and technologies.

We successfully launched a new 'Agile Cities' report 'Faster, Smarter, Greener: The state of city innovation on climate change and other urban challenges' in April 2013. The paper set out the findings of a survey and case study analysis of 50 cities, and was presented at the Living Labs Global Awards in California. Under our ISEP program we also released the 'Greening Government Through ICT: Insights from Europe' report. This publication looked at the policies that some governments in Europe are using to foster the use of ICT to drive energy efficiency improvements in their own operations.

We also began producing regular 'Insight' briefings for our members and partners. Topics covered included the latest thinking on low carbon innovation, carbon pricing and the growth in unconventional gas. These were complemented by our annual pre and post COP briefings analysing the UNFCCC climate negotiations.



Our philanthropic supporters

As a charity with no regular government funding and to ensure our continued independence, The Climate Group depends on the support of like-minded donors who appreciate the scale of the challenge ahead of us and the time-limited nature of an effective response

Philanthropic supporters give more than just financial support. We value their leadership and view of the world, which is often different to our corporate and government partners. As such, we will continue to invite philanthropic supporters to join our International Leadership Council or to become Ambassadors where their leadership can help drive forward our vision. Our current philanthropic supporters include the **Tellus Mater Foundation, Dutch Postcode Lottery, Zennstrom Philanthropies** and **The Prince Albert II of Monaco Foundation** as well as a number of private donors.

What we will do in 2013/14

The Clean Revolution provides a framework for all The Climate Group's work. This is reflected in the global objectives for the financial year 2013-14, which spans the end of Year 2 and the start of Year 3 of the three-year initiative.

These objectives are as follows:

Clean Revolution Campaign

- Our communications ensure we are recognised as expert on Clean Revolution leadership and innovation, and inspire support from our target leaders and partners
 - Our media, events and publications effectively communicate our key messages, identity and brand values
 - The CleanRevolution.org website is the world's leading online resource profiling evidence of low carbon success
 - The Climate Group is the leading climate NGO in its use of innovative social media platforms (e.g. Twitter, Google Hangout) in engaging leaders, partners and supporters
- A group of 20 Ambassadors representing the vanguard of the Clean Revolution in the main regions in which we work are delivering an agreed programme of planned activities, alongside the ability to rapidly deploy individuals to reactively address key issues.
- Our network of leaders receives timely and useful information in support of action on the Clean Revolution.
- Climate Week NYC and The Climate Group's 10th Anniversary (in 2014) position the organisation as a 'thought leader' in response to the 5th Assessment Report of the Intergovernmental Panel on Climate Change, and set the agenda for a renewed climate treaty in 2015 at the annual United Nations Framework Convention on Climate Change summit (henceforth referred to as the 'global agreement'). The Climate Group is able to attract target leaders and partners and build consensus around the need for a Clean Revolution in a way that helps drive momentum towards an effective global agreement.

Driving and supporting leadership

- On the basis of individual, measurable commitments from members of our States and Regions Alliance of governments, in line with their Clean Revolution Statement at the Rio+20 summit, we have mobilised the Alliance as a politically active group supporting the push for a global agreement in 2015 by
 - Generating their own international agreement (at subnational level) to demonstrate what can be done and/or to deliver effective carbon emissions reductions in the absence of a deal,
 - Working with our and others' business networks to advocate for specific policies and the development of an effective, broad framework
- We have four Clean Revolution Lead Partners and ten Strategic partners established for the campaign
- We have established a group of leading companies, represented at the highest level, which have committed to strategies consistent with a prosperous low carbon future and are ready to advocate actively for a robust and ambitious global agreement in 2015

Demonstrating (the potential) for transformational change

- We have developed a widely accepted standard for procurement of outdoor LED lighting and created a coalition of states and cities committed to meeting the goal of all new street lighting to be LED by 2015 and all street lighting to be LED by 2020

- Working with appropriate local partners in India and having built local and regional government support for the project, we have begun the installation of appropriate sustainable energy and efficient lighting technologies in ten villages (or equivalent rural energy markets) and have established an evaluation and monitoring framework for the project
- We have established and begun to implement a clear strategy on ICT-enabled low carbon business and urban development,
- We have strengthened the Chinese banking sector's capacity to implement green credit lending so that the banks can participate more actively in investment in China's clean revolution
- China Redesign
 - Working with strategic partners we have successfully made the case for the Guiyang Strategic Energy Planning Project leading to its approval and adoption by relevant political authorities and implementation of a set of recommended priority projects
 - Drawing on our work with 'green' concrete for construction material, and analysis of the potential for low-carbon resource recovery from construction waste, we have implemented and are monitoring one pilot urban resource recovery project
- We have launched (by April 2014) a global strategy for driving and supporting low carbon innovation that draws on our existing initiatives, has core funding secured and is supported by a group of implementation partners

An organization that is fit for purpose

- We have conducted a strategic review based on an assessment of external political conditions, the latest climate science, the activities of competitor organizations, the needs of our members and partners and our core strengths and agreed a refreshed strategy to be launched to coincide with our 10th anniversary celebrations in April 2014

Structure, governance and management

The Climate Group is an international not-for-profit organisation with representation in London, New York, Beijing, Hong Kong, New Delhi, Melbourne and Brussels. This report is produced by our international headquarters, which is a UK charitable company limited by guarantee and registered under the legal name of The Climate Change Organisation. Our statutory objects and powers are established in a Memorandum of Association, and the company is governed under its Articles of Association.

Our Trustees are elected to serve for three years and can be re-elected for a second term. After six years, Trustees must take a minimum 12 months' break before being eligible for re-appointment. Trustees meet quarterly, with additional meetings if required, and delegate the day-to-day operations of the organisation to the Executive Management Team headed by the Chief Executive. All Trustees give of their time freely and no remuneration or expenses were paid in the year.

The Trustees look for a range of skills for representation on the board when recruiting and appointing new Trustees, including familiarity with the ways that leading businesses and governments should respond to climate change. Our current Board includes members with finance, communications, business and legal expertise.

The induction of new Trustees is tailored to the skills, knowledge and expertise of each individual. Our Chairman and Chief Executive brief new Trustees on recent progress, future plans, legal structure and finances, as well as Trustees' obligations in their role. We also encourage prospective Trustees to observe one or two Trustee Board meetings to familiarise themselves with our work before formal election.

The Board is supported by two committees. The Finance and Audit Committee strengthens oversight of our finances, budgeting and fundraising performance, meeting with and obtaining reports from the organisation's auditors. The Remunerations and Appointments Committee recommends remuneration strategies and policies and advises on matters pertaining to the appointment of Trustees. The committees meet quarterly in addition to the regular Trustee meetings.

The Trustees are responsible for ensuring that major risks facing The Climate Group are appropriately managed. The major risks identified are regularly reviewed and their potential impact assessed. Strategies and controls to manage each risk appropriately are in place, with some subject to continuous improvement. In those areas of our work where a degree of risk is inevitable, appropriate steps have been taken to mitigate that risk where possible. Updates to the register and key risks are reported to the Finance and Audit Committee.

The Climate Group is represented by legal entities in the US, Australia, China, Hong Kong, Belgium and India which enable us to hire staff and raise and direct funds towards our work internationally (see Note 15 of the accounts for further details). They work closely with the UK charity, with local board positions for members of our Executive Management Team strengthening international relationships. Our Chief Executive sits on the corporation board of the US, and together with our International Programmes and Strategy Director, sits on the Australian, Chinese, Hong Kong, and Belgian corporation boards. Our head office's relationship with the regional offices is underpinned by legal contracts. These contracts cover co-ordination of work programmes and licensing of the name and trademarks to the regional representatives. Our UK trading subsidiary (The Climate Change Organisation Services Limited), carries out any trading or service activities of the charity.

In May 2013, the Board of The Climate Group Australia decided to suspend the organisation's operations because it felt that it would be impossible to generate sufficient revenue to maintain the

organisation as a going concern and that an already difficult situation would only become worse after the elections in September 2013. As a result, the Australian office suspended operations on the 7th June 2013. The final accounts and legal procedures have been undertaken and the balance on the Australia account, in accordance with Australian law, will be donated to the Climate Institute (<http://www.climateinstitute.org.au/>)

Carbon Management Policy

According to organisational policy The Climate Group's operations and activities are (certified) carbon neutral. As well as endeavouring to keep our CO₂ emissions as low as possible by eliminating unnecessary travel, we offset unavoidable emissions using carbon credits certified under the Verified Carbon Standard or the Gold Standard.

UK Board, management team and advisers

Registered name
Trading name
Charity number
Company number

The Climate Change Organisation
The °Climate Group
1102909
4964424

Incorporation

14 November 2003 and registered as a UK charity on 26 March 2004

Principal office & Registered office

Second Floor, Riverside Building
County Hall
Belvedere Road
London SE1 7PB

John R Coomber (Chairman) – *resigned 13 September 2013*

Zoë Ashcroft

Matt Brittin

Vivienne Cox

Steve Howard – *resigned 27 August 2012*

Phil Levermore – *appointed 26 June 2013*

Joan MacNaughton – *appointed 26 June 2013*

Andrew Smith

Dominic Waughray

Niklas Zennström

Company Secretary

Ian McLintock

Chief Executive Officer

Mark Kenber

Executive Management Team

Ben Ferrari, Director of Corporate Partnerships

Eduardo Gonçalves, International Communications Director

Mark Kenber, Chief Executive Officer

Ian McLintock, International Operations Director

Jim Walker, International Programmes and Strategy Director

Caroline Bayliss, Director Australia – *resigned 7 June 2013*

Amy Davidsen, Executive Director US

Changhua Wu, Greater China Director



Accountants

JS2 Limited
One Crown Square
Woking
Surrey GU21 6HR

Solicitors

Winston & Strawn London
CityPoint
One Ropemaker Street
London EC2Y 9HU

Bankers

HSBC Bank plc
34 High Street
Walton-on-Thames
Surrey KT12 1DD

Auditors

Crowe Clark Whitehill LLP
St Brides House
10 Salisbury Square,
London EC4Y 8EH

Trustees / Directors of our International Boards

Professor Bill Moomaw, US
Steve Westly, US
Paul Dolan, US
Bill Wehl, US
Plato K Yip, Hong Kong
Suresh Prabhu, India
Uday Khemka, India
Kirti Parikh, India
John Thwaites, Australia
Keith Scott, Australia

International Leadership Council

Rt Hon Tony Blair (Chair)
HSH Prince Albert II, Sovereign Prince of Monaco
Dr Sultan Al Jaber, Chief Executive Officer, Abu Dhabi Future Energy Company and Masdar Initiative
Mr Clesio Antonio Balbo, President, Balbo Group
Mr Sunil Bharti Mittal, Chairman and Managing Director, Bharti Group
Mr Thor Björgólfsson, Chief Executive Officer, Novator
Mr Andrew Brandler, Director, CLP Holdings Limited
Sir Richard Branson, Chairman, Virgin Group
Lord Browne of Madingley, Managing Director, Riverstone
Mr John Coomber, Board Member, Swiss Re Group
Mr Johan Eliasch, Chairman, The HEAD Group
Dr Steve Howard, Chief Sustainability Officer, IKEA
Lady Barbara Judge, Eversheds
Dr Dana Kapoor, Managing Director & CEO, Yes Bank Limited
Mr David Kenny, CEO, The Weather Company
Chairman Li, Chairman, Hanergy
Mr Dennis Mehiel, Chairman, US Corrugated
Mrs Karen Mehiel, CEO, KAMPACK INC
Mr James Murdoch, Deputy Chief Operating Officer, Chairman & CEO, International, Twenty-First Century Fox, Inc
Mr Idan Ofer, Chairman of Better Place and Israel Corp
Mr Mikael Ohlsson, Former Chief Executive Officer, IKEA
Mr Boudewijn Poelmann, Co-Founder, National Postcode Lottery
Mr Anthony Pratt, Chairman of Pratt Industries and Visy
Mr Jim Rogers, President and Chief Executive Officer, Duke Energy

Mr Alan Salzman, Chief Executive Officer, Vantage Point Venture Partners
Mr Vinod Sekhar, Chairman and Chief Executive Officer, Petra Group & Chairman, Sekhar Foundation
Dr Andrew Steer, President, World Resources Institute
Mr Tulsı Tanti, Founder, Chairman, and Managing Director, Suzlon Energy Ltd
Mr Steve Westly, Managing Partner, The Westly Group
Mr Mark Wilson, Chief Executive Officer, Aviva
Mr Zhang Yue, Former Chairman and Chief Executive Officer, Broad
Mr Niklas Zennström, Co-Founder Skype, Atomico Investments and Zennström Philanthropies

Advisors

Clean Revolution Campaign

John Elkington, Executive Chairman, Volans
Josh Suskewicz, Partner, Innosight
Jarl Krausing, Team Leader, Global Climate Change Policy, World Bank
Paul Simpson, Chief Executive, Carbon Disclosure Project
Andrew Shapiro, Founder & Partner, Broadscale Group

Bijli Clean Energy for All Project

Professor Gerard George, Director, Rajiv Gandhi Centre, Imperial College, London
Jeffrey Prins, Programme Manager, Stichting DOEN
Dr Kirt Parikh, Chairman, Integrated Research and Action for Development (IRADe)
Dr S P Gonchaudhuri, Chair, Ashden Sustainable Energy Collective
Mohua Mukherjee, Senior Energy Specialist, World Bank Institute

Financial results

The Statement of Financial Activities (page 28) and the following show our full financial results for the year. Financial information on this report relates to both the UK charity (indicated by "Charity" in the accounts) and the consolidated reports of the UK, the US, Australia, China, Hong Kong and India (indicated by "Group"). Figures in this section reflect the consolidated Group figures.

Income

Our total income for the 2012/13 financial year was £5,723,654 (2012 £4,063,641), which consists of voluntary income of £5,507,383 (2012 £3,995,228), income from activities for generating funds of £216,185 (2012 £66,638) and investment income of £86 (2012 £1,775).

Development

We continued to develop our programmes with a diverse group of funders, but giving from individuals, foundations, government grants and corporate philanthropy remains challenging. This reflects the continuing economic down turn and a move away from giving to organisations working on the climate change agenda.

We directed 14% (2012 10%) of our budget towards generating funds, with most allocated to staff costs.

Our new strategy makes a compelling fundraising case and we have also continued to invest in our fundraising capability and, consequently, are confident that we shall substantively increase our fundraising income over the coming year and beyond.

Expenditure

During the accounting period we spent a total of £4,138,474 (2012 £5,440,288), including £1,138,580 on research activities (2012 £1,282,737) which represents a significant investment in transformational technologies which will form case studies for the Clean Revolution, £891,218 (2012 £1,915,255) on raising awareness of climate change and its solutions, and £1,380,761 on education of business and government partners on leadership opportunities associated with 'low carbon' policy and strategy (2012 £1,595,679). The cost of generating funds was £597,982 (2012 £516,505) and governance costs were £129,933 (2012 £130,112).

Financial position at year end

We made a surplus of £1,585,180 (2012 £1,376,647 deficit). We closed the reporting period with a positive position of £1,938,824 (2012 £362,350) comprising a restricted funds position of £2,029,070 (2012 £307,375) and an unrestricted funds position of £90,246 deficit (2012 £54,975). The result included a loss on revaluation of foreign currency subsidiaries of £8,706 (2012 £11,624 gain).

Financial strategy

Reserves Policy

The Trustees are of the opinion that the level of total reserves should normally equate to 25% of projected consolidated global resources due to be expended in the following 12 months, and that unrestricted reserves should never be less than zero

The Trustees recognise that it may be appropriate to allow the level of reserves to drop below, this benchmark at times as a result of short-term cash inflows, the nature of funding restrictions or in order to ensure our programmes' continuity

Applying this ratio to the forecasts for the year ending 30 June 2013, the required level of reserves would be approximately £1.8 million. At 30 June 2013 The Climate Group had £1.9m in total reserves. However, this included £2.25m relating to the Bijl – Clean Energy for All project and The Climate Group did not have any free reserves (total reserves excluding restricted reserves) either at the group or company level. The Financial Strategy section below shows how The Climate Group intends to build the reserves position to the target level over the coming years.

Financial Risk

Our unrestricted reserves have fallen again this year, but the UK forward income pipeline continues to be more diversified and to include more funding bids than last year and our overall reserves have improved markedly. The key financial risks remain generating income, due to our reliance on unsecured income, achieving effective financial forecasting and management of global operations, and the continuing need for cash transfers from the UK to support overseas offices.

A new budgeting and forecasting model seeks to address these risks and includes specific measures to be taken to manage risk. Forward cash projections for 15 months are updated monthly for each office and reported to the Executive Management Team and UK Finance and Audit Committee using a traffic light system to indicate risk. Each office also prepares income pipeline forecasts based on individual funding bids and, in the UK, projections based on optimistic and pessimistic scenarios are used to monitor overall income risk.

As at 1 March 2014, the projected global unrestricted income for the year ending 30 June 2014 is £3.8m (of which £2.7m has been recognised or is secure) and global expenditure £3.6m. The projected UK unrestricted income for the year is £2.6m (of which £1.6m is secure) and UK expenditure £1.8m. These figures exclude a £0.9m drawn down from restricted funding into the UK for the DPL India project expenditure.

The 2014/15 financial model is based on a budgeted income level for which there is a reasonable degree of confidence and which is below the actual projected outturn. Global unrestricted income for the year is budgeted at £5.0m, of which £1.8m is secure (35%). UK unrestricted income is £2.3m of which £1.5m is secure (66%). These figures exclude a further £0.9m drawn down from restricted funding into the UK for the DPL India project expenditure. The significantly expanded UK based income generation teams will focus on raising funding globally to maximise income in support of our global operations.

Budgeted 2014/15 expenditure is based on estimates of the costs that will be incurred to maintain operations globally, with additional projects and activities only taken forward once funding for each has been secured.

The global cash surplus generated in 2014/15 is forecast to be £0.5m, with closing global unrestricted cash balance of £1.5m. The UK budget is a cash deficit for the year of £0.1m, with closing unrestricted cash balance of £0.6m. The cash projections for each office indicate that all offices will remain cash positive each month of the year. The 2014/15 budget model includes significant flexibility to accommodate business planning changes and a range of options that can be taken to reduce risk and cost if necessary.

Strategy

The Climate Group's financial strategy has gained traction with the 2011/12 £1.4m deficit improving very substantially to a £1.9m surplus in 2012/13. However, this includes £2.2m of restricted funding for the DPL India project, which will be delivered over the next 2 financial years. Excluding this funding results in an underlying deficit of £0.7m and consequently, the unrestricted global reserves ended the year £0.1m in deficit, although total reserves stood at £1.9m.

The key risks and uncertainties for the group going forward relate to income generation to meet commitments both in the UK and globally, including recovering the deficit position on some subsidiaries. As planned, secured income has also continued to increase as a proportion of our projected expenditure.

Income generation in 2013/14 has continued to prove very challenging, particularly in delivering income for our strategically critical Greater China offices. However, we remain confident of delivering a global surplus.

For 2014/15, the expanded UK income teams will take on a much more global role using a new financial model that will address the Greater China funding requirements and deliver a long-term sustainable business model.

Consequently, the Trustees are confident that The Climate Group will remain a successful and viable organisation over the coming year and beyond.

Trustees' responsibilities in relation to the Financial Statements

The Trustees (who are also directors for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards)

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 the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group 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 in the Charities SORP,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable 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 assume that the charitable company will continue on that basis

The Trustees are responsible for keeping proper 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 to enable them to ensure that the financial statements comply with the Companies Act 2006 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Provision of information to auditors

Each of the persons who are a Trustee at the date of approval of this report confirms that

- so far as he/she is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the Trustee has taken all the steps that he/she ought to have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Members of the Board of Trustees who are directors for the purpose of company law and Trustees for the purpose of charity law, who served during the period and up to the date of this Report are set out on page 18

Auditors

A resolution to re-appoint Crowe Clark Whitehill LLP as auditors will be proposed at the forthcoming Annual General Meeting

This report has been prepared in accordance with the Statement of Recommended Practice Accounting and Reporting by Charities (issued in March 2005)

Approved by the Board of Trustees on 25 February 2014 and signed on its behalf by

A handwritten signature in black ink, appearing to be 'Phil Levermore', with a long horizontal line extending to the right.

Phil Levermore
Chairman of the Board

Independent auditors' report to the Trustees

We have audited the financial statements of The Climate Change Organisation for the year ended 30 June 2013 set out pages 28 to 42

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company 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 auditor

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the charitable company 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the charitable company's affairs as at 30 June 2013 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Emphasis of matter – going concern

In forming our opinion, which is not qualified, we draw attention to the disclosures in note 1(a) of the financial statements concerning the charitable company's ability to continue as a going concern

The Climate Change Organisation, like many charities, is dependent on voluntary income to fund its activities and therefore does not have adequate committed funding in place to meet its future commitments. The Climate Change Organisation is continuing to implement a new strategy to generate income and is dependent on the success of this strategy in order to continue as a going concern. The Trustees therefore consider that a material uncertainty exists that may cast doubt on the entity's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.


Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

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

- the parent charitable company has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent charitable company 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 take advantage of the small companies exemption in preparing the Trustees' Annual Report


Pesh Framjee FCA
Senior Statutory Auditor
for and on behalf of
Crowe Clark Whitehill LLP
Statutory auditor

15 April 2014

St Bride's House
10 Salisbury Square
London
EC4Y 8EH

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE GROUP
(INCLUDING AN INCOME & EXPENDITURE ACCOUNT)**

For the year ended 30 June 2013

Consolidated Financial Statements

	Notes	Restricted	Unrestricted	Year ended 30 June 2013	Year ended 30 June 2012
		£	£	£	£
Incoming resources					
Incoming resources from generated funds					
<i>Voluntary income</i>					
Donations & similar funding		74,701	108,037	182,738	203,297
Grants	2	3,435,038	758,679	4,193,717	2,615,053
Membership and partnership income		419,633	711,295	1,130,928	1,176,878
		<u>3,929,372</u>	<u>1,578,011</u>	<u>5,507,383</u>	<u>3,995,228</u>
<i>Activities for generating funds</i>					
Other		15,211	200,974	216,185	66,638
		<u>15,211</u>	<u>200,974</u>	<u>216,185</u>	<u>66,638</u>
<i>Investment income</i>		28	58	86	1,775
Total incoming resources		<u>3,944,611</u>	<u>1,779,043</u>	<u>5,723,654</u>	<u>4,063,641</u>
Resources expended					
<i>Costs of generating funds</i>					
Costs of generating voluntary income		360,580	237,402	597,982	516,505
<i>Charitable activities</i>					
Research		718,954	419,626	1,138,580	1,282,737
Communications		352,747	538,471	891,218	1,915,255
Education & engagement		753,194	627,567	1,380,761	1,595,679
		<u>1,824,895</u>	<u>1,585,664</u>	<u>3,410,559</u>	<u>4,793,671</u>
Governance costs		28,735	101,198	129,933	130,112
Total resources expended	3	<u>2,214,210</u>	<u>1,924,264</u>	<u>4,138,474</u>	<u>5,440,288</u>
Net incoming / (outgoing) resources for the period (being the net income) before other recognised gains and losses	4	<u>1,730,401</u>	<u>(145,221)</u>	<u>1,585,180</u>	<u>(1,376,647)</u>
Other recognised gains and losses					
(Losses) / gains on revaluation of foreign currency subsidiaries		(8,706)	-	(8,706)	11,624
Net movement in funds		<u>1,721,695</u>	<u>(145,221)</u>	<u>1,576,474</u>	<u>(1,365,023)</u>
Funds at 30 June 2012		307,375	54,975	362,350	1,727,373
Funds at 30 June 2013	10	<u>2,029,070</u>	<u>(90,246)</u>	<u>1,938,824</u>	<u>362,350</u>

All of the above results derive from continuing activities. There are no gains and losses other than those disclosed above. Movements in funds are disclosed in Note 10 to the financial statements.

BALANCE SHEETS


As at 30 June 2013

COMPANY NUMBER: 4964424

	Notes	Group 30 June 2013 £	Group 30 June 2012 £	Charity 30 June 2013 £	Charity 30 June 2012 £
Fixed assets					
Tangible fixed assets	6	7,302	56,429	-	39,998
Current assets					
Debtors	7	459,416	509,960	786,887	498,406
Short term deposits		1,339,533	59,306	1,200,062	-
Cash at bank & in hand		1,586,528	955,117	1,396,291	575,769
		<u>3,385,477</u>	<u>1,524,383</u>	<u>3,383,240</u>	<u>1,074,175</u>
Creditors amounts falling due within one year	8	(1,453,955)	(1,218,462)	(1,198,703)	(912,198)
Net current assets		<u>1,931,522</u>	<u>305,921</u>	<u>2,184,537</u>	<u>161,977</u>
Net assets	9	<u>1,938,824</u>	<u>362,350</u>	<u>2,184,537</u>	<u>201,975</u>
Represented by					
Restricted funds		2,029,070	307,375	2,274,735	147,000
Unrestricted funds		(90,246)	54,975	(90,198)	54,975
Total funds	10	<u>1,938,824</u>	<u>362,350</u>	<u>2,184,537</u>	<u>201,975</u>

The accompanying notes form an integral part of these financial statements

The accounts on pages 28 to 42 were approved by the Board of Trustees and authorised for issue on 25 February 2014 and signed on its behalf by


PHIL LEVELMORE
 Chairman

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June 2013

	Year ended 30 June 2013 £	Year ended 30 June 2012 £
Net cash inflow / (outflow) from operating activities (Note a)	1,911,779	(755,089)
Returns on investment and servicing of finance		
Bank interest received	86	1,775
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(227)	(137)
Increase/(Decrease) in cash	<u>1,911,638</u>	<u>(753,451)</u>
Net cash at start of the year	<u>1,014,423</u>	<u>1,767,874</u>
Net cash at end of the year	<u>2,926,061</u>	<u>1,014,423</u>

NOTES TO THE CASH FLOW STATEMENT

a) Reconciliation of net incoming / (outgoing) resources to net cash inflow from operating activities

	2013 £	2012 £
Net incoming / (outgoing) resources for the year	1,585,180	(1,376,647)
Bank interest received	(86)	(1,775)
Depreciation	47,083	64,554
Loss on disposal of fixed assets	2,885	2,133
Foreign exchange differences, excluding gains arising on revaluation of fixed assets	(9,320)	10,301
Decrease in debtors	50,544	34,462
Increase in creditors	235,493	511,883
Net cash inflow / (outflow) from operating activities	<u>1,911,779</u>	<u>(755,089)</u>

NOTES TO THE ACCOUNTS

For the year ended 30 June 2013

Notes to the consolidated Financial Statements

1 Accounting policies

a) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards and follow the recommendations in Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2005) and the Companies Act 2006

The statement of financial activities (SOFA) and balance sheet consolidate the financial statements of the charity and its subsidiary undertakings (see Note 14). The results of the charity and its five subsidiaries are consolidated on a line-by-line basis. No separate SOFA has been prepared for the charity alone as permitted by Section 408 of the Companies Act 2006.

Going concern

The Climate Change Organisation, like many charities, is dependent on voluntary income to meet its future commitments. The Climate Change Organisation's ability to generate voluntary income going forward is significantly dependent on the charity's new strategy and planned income generation from strategic partners and trusts. As discussed in more detail in the Trustees' Report, as at March 2014 there was not sufficient committed funding in place to allow the charity to meet its forecast liabilities for the following 12 months. If income generation targets are not met then the charity would be unable to continue as a going concern.

The Trustees have considered the charity's new strategic plan and current income forecasts for 2013/14 and beyond. The Trustees are confident that the charity's strategy for future income generation will be successful. They have therefore prepared the Financial Statements on the going concern basis. The key issues and uncertainties in respect of the going concern assumption are set out in the 'Financial Risk' section of the Trustees' Report.

b) Income

Voluntary income is received by way of donations and gifts and is included in full in the Statement of Financial Activities when receivable. Donated services and gifts in kind are brought in at their value to the charity as income and the appropriate expenditure.

Income is credited to incoming resources when the conditions of entitlement, certainty and measurement have been met. Where income relates to a specific future period, it is deferred.

Membership and partnership income is recognised in the financial statements evenly over the period to which the fee relates.

Legacies, if received, are credited to the Statement of Financial Activities when the entitlement has been established, the amount receivable is known and the likely date of receipt has been fixed.

Grants for the purchase of fixed assets, if received, are credited to restricted incoming resources when received or receivable whichever is earlier. Depreciation on the fixed assets purchased with such grants is charged against the restricted fund.

NOTES TO THE ACCOUNTS (CONTINUED)

For the year ended 30 June 2013

c) *Expenditure*

Cost of generating funds are those costs incurred in the charity seeking voluntary contributions

Resources expended are recognised in the period in which they are incurred. Resources expended include attributable VAT which cannot be recovered

Resources expended are allocated to a particular activity where the cost relates directly to that activity. Remaining support costs are apportioned to activities based on staff time, which is an estimate of the amount attributable to each activity. Note 3 shows how support costs have been allocated to each activity

d) *Fixed assets and depreciation*

Fixed assets are stated at cost and such items of equipment are capitalised where the purchase price exceeds £1,000

Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities

Depreciation is provided on all tangible assets at rates calculated to write each asset down to its estimated residual value on a straight line basis as follows

Office equipment	- 3 years
Furniture and fixtures	- 3 years

e) *Fund accounting*

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund together with a fair allocation of support costs

Unrestricted funds are donations and other incoming resources receivable or generated for the objects of the charity

f) *Governance costs*

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

g) *Pension costs*

Contributions to the defined contribution scheme are charged to the statement of financial activities as incurred

h) *Operating leases*

Rental costs under operating leases are charged to the SOFA on a straight line basis over the lease life

i) *Foreign currencies*

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Foreign currency balances have been translated at the rates of exchange ruling at the balance sheet date. The results of overseas operations are translated at the closing rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date

NOTES TO THE ACCOUNTS (CONTINUED)

For the year ended 30 June 2013

2 Grants

	Restricted £	Unrestricted £	Year ended 30 June 2013 £	Year ended 30 June 2012 £
Corporations	744,133	-	744,133	1,342,797
Government	92,324	-	92,324	138,136
Foundations & NGOs	2,598,581	758,679	3,357,260	1,134,120
	<u>3,435,038</u>	<u>758,679</u>	<u>4,193,717</u>	<u>2,615,053</u>

3 Analysis of total resources expended

	Direct staff costs £	Other direct costs £	Total direct costs £	Support staff costs £	Other support costs £	Total support costs £	Year ended 30 June 2013 £	Year ended 30 June 2012 £
Cost of generating funds	386,408	26,096	412,504	80,383	105,095	185,478	597,982	516,505
Research	720,110	124,201	844,311	113,312	180,957	294,269	1,138,580	1,282,737
Communications	512,450	120,805	633,255	126,435	131,528	257,963	891,218	1,915,255
Education & Engagement	667,724	351,582	1,019,306	155,293	206,162	361,455	1,380,761	1,595,679
Governance	35,933	53,073	89,006	17,992	22,935	40,927	129,933	130,112
Total 2013	<u>2,322,625</u>	<u>675,757</u>	<u>2,998,382</u>	<u>493,415</u>	<u>646,677</u>	<u>1,140,092</u>	<u>4,138,474</u>	<u>5,440,288</u>
Total 2012	<u>2,765,868</u>	<u>1,323,385</u>	<u>4,089,253</u>	<u>452,934</u>	<u>898,101</u>	<u>1,351,035</u>	<u>5,440,288</u>	

Support costs are apportioned to activities based on staff time, which is an estimate of the amount of effort attributable to each activity. Support costs include such expenditure as rent, office running costs and financial and legal services.

NOTES TO THE ACCOUNTS (CONTINUED)

For the year ended 30 June 2013

4 Net incoming/(outgoing) resources

is stated after charging

	Year ended 30 June 2013 £	Year ended 30 June 2012 £
Operating lease rentals – buildings	194,947	180,913
Depreciation	47,083	64,554
Fees payable to charity auditors audit of the charity's annual accounts	23,500	21,700

The Trustees received neither remuneration nor reimbursed expenses during either period

5 Employees

Staff costs during the period amounted to

	Year ended 30 June 2013 £	Year ended 30 June 2012 £
Wages & salaries	2,127,724	2,619,643
Social security costs	228,568	184,839
Employer's pension contributions	196,250	215,401
Other staff costs	107,167	67,958
	2,659,709	3,087,841
Temporary staff	156,331	130,961
	2,816,040	3,218,802

Number of employees with emoluments exceeding £60,000

	2013 Number	2012 Number
£60,000 - £70,000 p a	1	-
£70,001 - £80,000 p a	1	2
£80,001 - £90,000 p a	3	1
£90,001 - £100,000 p a	2	2
£110,001 - £120,000 p a	1	1
£120,001 + p a	1	1

NOTES TO THE ACCOUNTS (CONTINUED)

For the year ended 30 June 2013

5 Employees (continued)

Retirement benefits are accruing to the nine higher paid staff under defined contribution schemes. Employer contributions of £58,595 (2012: £43,656) were made during the year.

The average weekly number of employees (full time equivalents) during the period was as follows:

	Year ended 30 June 2013	Year ended 30 June 2012
Fundraising & publicity	5.9	5.0
Research	4.0	3.2
Communications	9.6	9.1
Education & engagement	18.1	28.3
Support	10.6	12.5
Governance	1.9	2.0
	<hr/> 50.1	<hr/> 60.1

6 Tangible fixed assets (Group)

	Office Equipment £	Leasehold improvements £	Total £
Cost			
At 1 July 2012	285,795	4,035	289,830
Revaluation on consolidation	2,244	-	2,244
Additions	227	-	227
Disposals	(9,444)	-	(9,444)
At 30 June 2013	<hr/> 278,822	<hr/> 4,035	<hr/> 282,857
Depreciation			
At 1 July 2012	230,712	2,689	233,401
Revaluation on consolidation	1,630	-	1,630
Charge for the period	45,737	1,346	47,083
Disposals	(6,559)	-	(6,559)
At 30 June 2013	<hr/> 271,520	<hr/> 4,035	<hr/> 275,555
Net book value			
At 30 June 2013	<hr/> 7,302	<hr/> -	<hr/> 7,302
At 1 July 2012	<hr/> 55,083	<hr/> 1,346	<hr/> 56,429

NOTES TO THE ACCOUNTS (CONTINUED)

For the year ended 30 June 2013

6 Tangible fixed assets (Continued) (Charity)

	Office equipment £	Leasehold improvements £	Total £
Cost			
At 1 July 2012	202,910	4,035	206,945
Disposals	(9,444)	-	(9,444)
At 30 June 2013	193,466	4,035	197,501
Depreciation			
At 1 July 2012	164,257	2,690	166,947
Charge for the period	35,767	1,345	37,112
Disposals	(6,558)	-	(6,558)
At 30 June 2013	193,466	4,035	197,501
Net book value			
At 30 June 2013	-	-	-
At 1 July 2012	38,653	1,345	39,998

7 Debtors

	Group 30 June 2013 £	Group 30 June 2012 £	Charity 30 June 2013 £	Charity 30 June 2012 £
Trade debtors	267,182	253,667	257,662	130,155
Other debtors	39,223	126,744	8,390	-
Due from subsidiary companies	-	-	387,514	272,007
Prepayments	82,785	69,088	63,095	48,553
Accrued income	70,226	60,461	70,226	47,691
	459,416	509,960	786,887	498,406

NOTES TO THE ACCOUNTS (CONTINUED)

For the year ended 30 June 2013

8 Creditors: amounts falling due within one year

	Group 30 June 2013 £	Group 30 June 2012 £	Charity 30 June 2013 £	Charity 30 June 2012 £
Trade creditors	101,218	93,915	84,740	51,163
Taxation & social security	48,143	57,265	38,420	48,388
Other creditors	34,107	126,598	18,699	100,000
Due to subsidiary companies	-	-	27,707	84,250
Accruals	118,687	306,095	54,654	254,645
Short term loans	450,000	-	450,000	-
Deferred income	701,800	634,589	524,483	373,752
	1,453,955	1,218,462	1,198,703	912,198

Deferred income

	At 1 July 2012 £	Released to incoming resources £	Deferred in the year £	At 30 June 2013 £
Membership	373,752	(373,752)	491,328	491,328
Grants	-	-	33,155	33,155
Charity total	373,752	(373,751)	524,483	524,483
The Climate Group Inc	235,320	(235,320)	154,443	154,443
The Climate Group Limited	21,683	(21,683)	-	-
The Climate Group (Hong Kong) Limited	2,064	(2,064)	22,874	22,874
The Climate Group (China) Limited	1,770	(1,770)	-	-
Consolidated total	634,589	(634,589)	701,800	701,800

NOTES TO THE ACCOUNTS (CONTINUED)

For the year ended 30 June 2013

9 Analysis of net assets between funds (Group)

	Restricted funds £	Unrestricted funds £	Total funds £
Tangible assets	7,302	-	7,302
Current assets	2,329,726	1,055,751	3,385,477
Current liabilities	(307,958)	(1,145,997)	(1,453,955)
Net assets	2,029,070	(90,246)	1,938,824

Analysis of net assets between funds (Charity)

	Restricted funds £	Unrestricted funds £	Total funds £
Current assets	2,299,735	1,083,505	3,383,240
Current liabilities	(25,000)	(1,173,703)	(1,198,703)
Net assets	2,274,735	(90,198)	2,184,537

NOTES TO THE ACCOUNTS (CONTINUED)

For the year ended 30 June 2013

10 Movement in funds (Group)

	At 1 July 2012	Incoming resources	Outgoing Resources	Transfers and Exchange differences	At 30 June 2013
	£	£	£	£	£
Restricted Funds					
Carbon Capture and Storage (CCS)	107,000	-	(107,000)	-	-
Global Alliance	20,000		(20,000)	-	-
Smart 2020	20,000		(20,000)	-	-
Agile Cities	-	42,600	(21,300)	-	21,300
Bringing Light to India's Rural Poor	-	2,293,902	(40,467)	-	2,253,435
Clean Revolution Website	-	25,000	(25,000)	-	-
States and Regions	-	31,164	(31,164)	-	-
IIGCC	-	107,089	(107,089)	-	-
LED	-	44,794	(44,794)	-	-
	147,000	2,544,549	(416,814)	-	2,274,735
China Programme	100,133	597,855	(685,428)	9,057	21,617
Hong Kong Programme	(88,184)	139,671	(315,566)	(2,330)	(266,409)
US Programme	(53,082)	647,137	(607,535)	(1,401)	(14,881)
Australia Programme	164,535	15,399	(167,214)	(12,720)	-
India Programme	36,973	-	(21,653)	(1,312)	14,008
Total restricted funds	307,375	3,944,611	(2,214,210)	(8,706)	2,029,070
Unrestricted funds	54,975	1,779,043	(1,924,264)	-	(90,246)
Total funds	362,350	5,723,654	(4,138,474)	(8,706)	1,938,824

Total incoming resources for the charity were £4,323,592 (2012 £2,458,936) and the surplus for the year was £1,982,562 (2012 £735,408 deficit)

NOTES TO THE ACCOUNTS

For the year ended 30 June 2013

10 Movement in funds of the Group (continued)

Purpose of funds

Carbon Capture and Storage (CCS)	To promote investment in and policy support for Carbon Capture and Storage technology internationally
Global Alliance	Funding to mobilise our global alliance of leading governments, businesses and opinion formers towards low-carbon leadership, and to engage them in our market transformation, research and communications projects
Smart 2020	Funding to showcase key city-based ICT solutions, and to advocate policies that support scale up and replication
Agile Cities	Funding to better address the challenges of smart city innovation. Its objective is to understand and overcome barriers to procuring smart ICT products and services in cities through a two-phase program
The Net Good Launch	Funding to undertake stakeholder analysis to support the launch of BT's Net Good sustainability strategy and to make arrangements for and manage the launch event
Bijli – Clean Energy for All	Funding to reduce greenhouse gas emissions and enhance the lives of rural inhabitants across 3 states in India by deploying renewable energy technologies in addition to identifying sustainable off-grid electrification models whilst addressing the challenges of scalability
States and Regions	Funding to engage state and regional government members to promote low carbon policy development
IIGCC	Funding for the Institutional Investors Group on Climate Change, a forum for collaboration on climate change for European investors
China Programme	Funding to engage China's government, cities and businesses
India Programme	Funding to engage India's government, cities and businesses
Hong Kong Programme	Funding to engage Hong Kong's government, cities and businesses
US Programme	Funding to develop The Climate Group's outreach to US state governments, cities and businesses. The programme includes the development of relationships with key US states, cities and corporations
Australia Programme	Funding to engage Australia's government, cities and businesses

NOTES TO THE ACCOUNTS (CONTINUED)

For the year ended 30 June 2013

11 Taxation

The Climate Change Organisation has charitable status and as such is partially exempt from tax on its income and gains to the extent that they are applied to its charitable objects

12 Related party transactions

There were no related party transactions during the 12 month period to 30 June 2013

13 Leasing commitments

The annual commitments under non cancellable operating leases are as follows

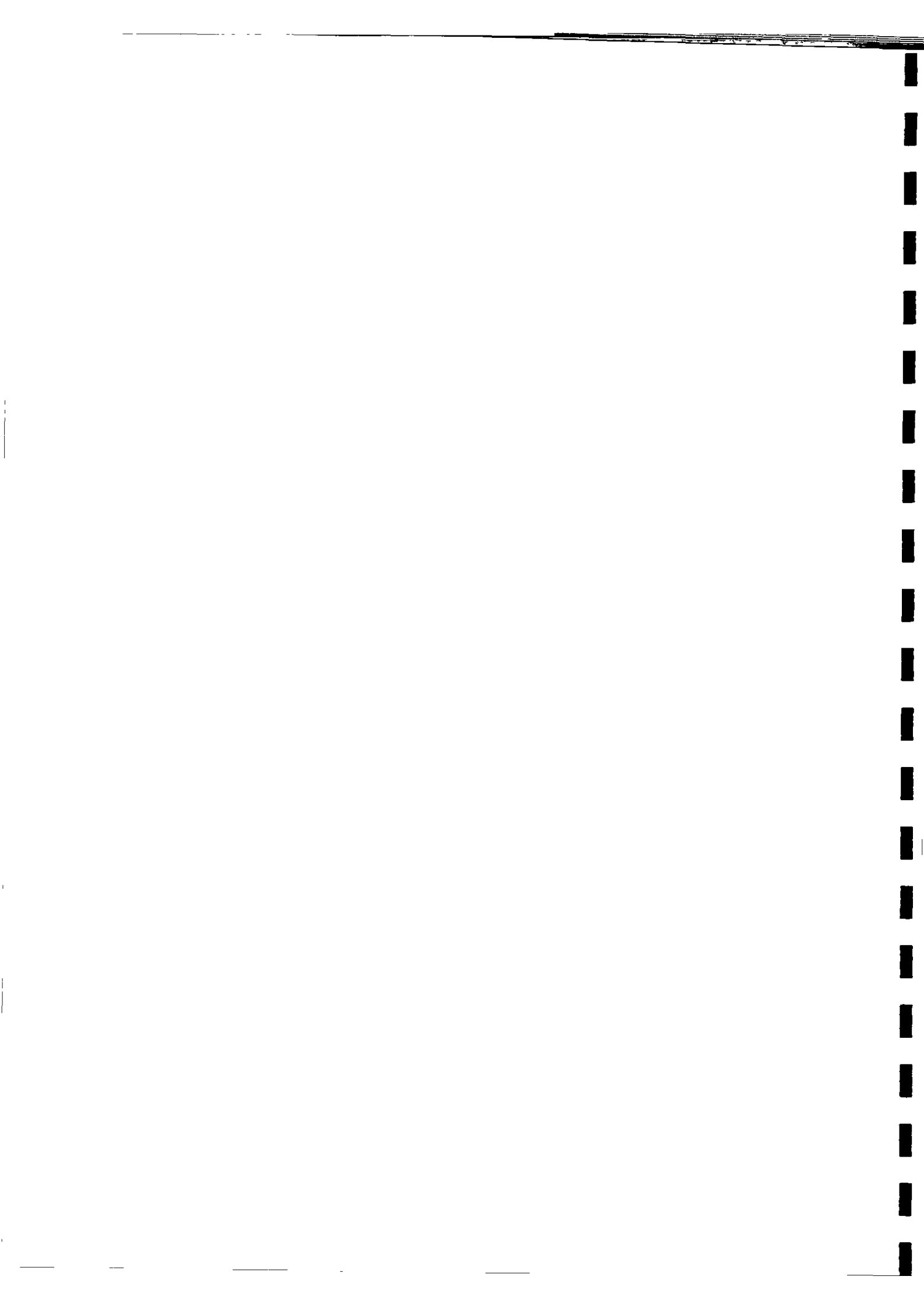
	2013	2012
	Land and Buildings	Land and Buildings
	£	£
Expiring within 1 year	126,946	79,046
Expiring between 1 and 2 years	84,832	24,403
Expiring between 2 and 5 years	-	84,383

14 Subsidiaries

Advantage has been taken of the exemptions available under FRS8 from the disclosure of certain intra group transactions. The charity is represented by legal entities incorporated in the United States (registered on 5 March 2004), Australia (registered on 19 May 2005), China (registered on 7 December 2007) and Hong Kong (registered on 10 January 2008). The charity also has a trading subsidiary in the UK called The Climate Change Organisation Services Ltd (registered on 1 May 2007). These entities operate in close conjunction with the UK charity with a relationship maintained via places on the boards for members of the charity's management team. All of these entities have a year-end date of 30 June except for the Chinese entity which has a 31 December year end due to local regulations.

United States – The Climate Group Inc

	2013	2012
Net assets as at 1 July 2012	£(53,082)	£290,681
Income for the year to 30 June 2013	£684,966	£531,708
Net surplus/(deficit)/ for the year to 30 June 2013	£38,365	£(343,763)
Net assets as at 30 June 2013	£(14,717)	£(53,082)



NOTES TO THE ACCOUNTS (CONTINUED)

For the year ended 30 June 2013

14 Subsidiaries (continued)

Australia – The Climate Group Limited

	2013	2012
Net assets as at 1 July 2012	£164,535	£276,815
Income for the year to 30 June 2013	£18,829	£115,422
Net deficit for the year to 30 June 2013	£(164,535)	£(112,280)
Net assets as at 30 June 2013	-	£164,535

China – The Climate Group (China) Limited

	2013	2012
Net assets as at 1 July 2012	£93,963	£126,837
Income for the year to 30 June 2013	£613,733	£1,014,541
Net surplus/(deficit) for the year to 30 June 2013	£31,411	£(32,874)
Net assets as at 30 June 2013	£125,374	£93,963

Hong Kong – The Climate Group (Hong Kong) Limited

	2013	2012
Net assets as at 1 July 2012	£(88,184)	£69,683
Income for the year to 30 June 2013	£147,309	£194,636
Net (deficit)/surplus for the year to 30 June 2013	£(178,225)	£(157,867)
Net assets as at 30 June 2013	£(266,409)	£(88,184)

UK – The Climate Change Organisation Services Limited

	2013	2012
Net assets as at 1 July 2012	£100	£100
Income for the year to 30 June 2013	£2	£29,898
Net deficit for the year to 30 June 2013	£(34)	-
Net assets as at 30 June 2013	£66	£100

India – The Climate Group (India) Limited

	2013	2012
Net assets as at 1 July 2012	£36,973	£40,831
Income for the year to 30 June 2013	-	£6,916
Net (deficit)/surplus for the year to 30 June 2013	£(22,965)	£3,858
Net assets as at 30 June 2013	£14,008	£36,973