

THE CLIMATE CHANGE ORGANISATION



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THE °CLIMATE GROUP

Annual Report and Accounts 2016/17
12 months to 30 June 2017

COMPANY NUMBER: 4964424
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Board of Trustees' Report

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A message from our Chair



**Joan MacNaughton,
CB Hon FEI,
Chair of the Board of
Trustees**

One great lesson of history – and one which is often forgotten – is that sometimes major change can happen quickly and in ways that we don't expect. A positive example of this was the Paris Climate Agreement in 2015. Years in the making, many doubted that such an ambitious and comprehensive deal would ever be reached. The agreement is in many ways a perfect illustration of Nelson Mandela's observation that "it always seems impossible until it is done".

But history doesn't move in straight lines. Since the diplomatic triumph of Paris, unexpected and turbulent developments, epitomised by Brexit here in the UK and the new Trump administration in US, have caused some to question the global appetite for delivering the Paris goals. Certainly, President Trump's decision to withdraw the US from the Paris Agreement has been met with widespread dismay, while Brexit has raised uncertainty about the UK's domestic and international climate policies beyond 2019.

Happily, however, it is increasingly clear that we are entering a new era of climate action where the weight of public opinion, business leadership and government policy is swinging unequivocally in favour of accelerating decarbonisation. Domestic and international reaction to the US' new climate agenda, for example, has confounded predictions of climate gloom, with countries, states, cities and businesses doubling down on their climate efforts. Costs of clean technologies, meanwhile, have continued their inexorable decline, while fossil fuels continue to struggle with price volatility and growing investor wariness, providing a visible economic case for acting.

These developments leave me optimistic and excited about the speed and scale of change that is within our grasp. I am also more confident than ever that The Climate Group can play a key role in helping catalyse this change. Our role as secretariat for the Under2 Coalition, for example, puts us front and centre of a huge community, already covering 40% of the global economy, dedicated to delivering the goals of the Paris Agreement. Working with the likes of Governor Jerry Brown of California, and former UN climate chief, Christiana Figueres (who we were delighted to announce as an Under2 Global Ambassador in May) the Coalition represents a major new force in international climate affairs.

Our work with businesses also continues to forge ahead. Our high profile RE100 campaign, for example, which commits large corporates to using 100% renewable power, was just shy of 100 members by year end (and has now exceeded what we had thought was an ambitious target for 2020). Collectively, the demand for renewable energy created by this group is now equivalent to the annual electricity consumption of Poland (and growing). Such action is having a real influence, as I observed myself at the Clean Energy Ministerial in Beijing in May, where the campaign was name-checked several times as an important driver of change.

Delivering such high impact initiatives is of course a testament to the hard work and dedication of our staff, as well as the generosity of our funders. I have been particularly impressed by the effective transition in our Executive Management Team over the last 12 months. Helen Clarkson, our new CEO, and new directors in our China and India offices, as well as our communications, states and regions, and corporate partnership teams, have hit the ground running, injecting new ideas and momentum across the organisation. On behalf of the Board I wish to thank all of the staff for their contribution, and in particular Damian Ryan whose leadership as interim CEO was vital to the success of this transition. As the report shows, we have also been fortunate in attracting some important new members to further strengthen our Board. I am grateful to them for agreeing to serve and

to all of the Board for their unstinting support to The Climate Group and to me personally. Board and staff are at one in their excitement about the opportunities that lie ahead and their determination to make the most of them.

This has been a tumultuous period for climate action, but it is also a time to be optimistic and hopeful. I am delighted to chair an organisation that continues to play such a vital role in accelerating climate action and creating greater prosperity for all.

A message from our Chief Executive



*Helen Clarkson,
Chief Executive*

In March this year, I was excited and honoured to be appointed the new Chief Executive of The Climate Group. Having followed the work of the organisation for some years, I was attracted by the Group's track record and the potential it had for accelerating climate action following the adoption of the Paris Climate Agreement. In a crowded market place, The Climate Group offers a unique combination of government and business networks, inspiring narrative and global reach, that few can match.

This report provides a comprehensive overview and assessment of our work over the 12 months from July 2016 to June 2017. This was a challenging year for the organisation characterised by transition and renewal, but one which I believe has ultimately put us on firm ground for the current and future financial years.

A key aspect of FY16/17 was the significant turnover in the Executive Management Team, with five new senior appointments (myself included), and a sixth addition in September 2017. While a major adjustment for the organisation, the smoothness of the transition has been a testament to the dedication of staff, the underlying strength of our programs, the ongoing support of our funders and the commitment of our board members.

Importantly, the transition in management also provided an opportune moment for the Trustees and the senior leadership team to undertake a thorough strategy review in the final few months of the financial year. With generous pro bono support from management consultants Bain & Company, we developed a new strategic framework, including a new Vision and Mission, Theory of Change and four new 2020 strategic goals. This new framework is now being rolled out and specific program plans will be developed through FY17/18 to support the delivery of our new strategic goals.

The new framework represents an important shift for us as an organisation. Previously, we have focused on the mission of catalysing leadership based on a simple tipping-point theory of change aimed at mobilising the top 10-20% of leaders in business and governments. Post-Paris, our priority is to harness the power of networks to create scale, pace and ambition for climate action in the political and economic mainstream.

In a number of ways, our new strategy is a reflection of changes already underway across our programs. Our work with both our subnational government and business partners has increasingly been focused on network initiatives. Our ground-breaking '100' campaigns, for example, seek to shift markets by creating powerful corporate networks that drive demand for 100% renewable power (RE100), energy productivity (EP100) and electric vehicles (EV100). Similarly, our work with our government partners through the Under2 Coalition is built around network initiatives on deep decarbonisation, policy and transparency with the nearly 200 members of the coalition.

Our new strategic goals have been developed to give focus to all this work from now until 2020. Our first goal is to make the Under2 Coalition the world-leading hub for sub-national government climate action in support of the Paris Agreement. Our second goal is to accelerate the clean energy transition through building ambitious networks of businesses and governments. Our third goal is to use our expertise in communication to tell inspiring stories about our initiatives to demonstrate that transformative change is occurring and so inspire even greater ambition. Our final goal is to be fit-for-purpose as an organisation to ensure we have the team and resources to deliver our other goals.

This Annual Report outlines our FY17/18 work programme against these new strategic goals, but reports on our FY16/17 achievements against our previous strategic goals. In this respect, the report serves as an important marker in the evolution of The Climate Group as we embark on a new and exciting phase for the organisation. As the world enters a critical time for accelerating climate action, I am delighted to be leading such a transformational organisation.

The context

This century, climate change will challenge the natural, economic and social systems on which humanity's development and prosperity depends. To avoid the worst impacts of climate change countries committed under the Paris Agreement in 2015 to keep the raise in global temperature "well below 2°C" and cut global greenhouse gases to achieve net-zero emissions in the second half of the century¹. Achieving the goals of the Paris Agreement requires changing the way we produce and use energy, restoring our forests, changing our agricultural systems and ending our dependence on fossil fuels to power our economies.

The good news is that large scale investment in the building blocks of an under 2°C economy, supported by smart policies, can cut emissions today and eliminate them tomorrow. Rapid scale-up of renewable energy, the roll out of clean transportation technologies and construction of ultra-energy efficient buildings and homes will also drive business innovation, help create jobs, and deliver healthier, more vibrant, cities, towns and communities. The benefits will accrue to all, but the greatest rewards will go to those who lead.

About us

The Climate Group's mission is to accelerate climate action. Our goal is a world of under 2°C of global warming and greater prosperity for all, achieved without delay. We do this by bringing together powerful networks of business and governments that shift global markets and policies. We act as a catalyst to take innovation and solutions to scale, using the power of communications to build ambition and pace. We focus on the greatest global opportunities for change. Founded in 2004, we have offices in London, Beijing, New Delhi and New York.

¹ Paris Agreement https://unfccc.int/files/essential_background/convention/application/pdf/english_paris_agreement.pdf

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 that we face and the time-limited nature of an effective response.

Philanthropic donations underpin many of our major initiatives. A valuable characteristic of philanthropic funding is that it is often entrepreneurial and catalytic - allowing The Climate Group to kick-start new programs which other funders can support at a later stage. Philanthropic donors also 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.

Our current philanthropic supporters include the BTB Charitable Trust, Climate-KIC, ClimateWorks Foundation, the Dutch Postcode Lottery, Energy Foundation, Energy Foundation China, the Initiative for Climate Action Transparency, the Netherlands Ministry of Infrastructure & Environment, Rockefeller Brothers Fund, Rockefeller Foundation, Shakti Foundation, Stiftung Mercator, the UK Foreign & Commonwealth Office Prosperity Fund, and the IKEA Foundation through the We Mean Business Coalition as well as a number of private donors.

We are fortunate to be one of the 99 long-term 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.



Strategy, objectives, achievements and plans

Our strategic framework

Throughout FY16/17 we operated under a simple strategic framework structured around the core programmatic areas of The Climate Group:

- **States & Regions** – covering all our work with our network of sub-national governments
- **Business Action** – covering all our work with leading corporates and the wider business community
- **Summits** – our major, stand-alone events (such as ‘Climate Week NYC’) that act as platforms for convening our business and government partners and communicating the work of our initiatives

All this work was delivered with the help of our support staff working on fundraising, finance, human resources, governance and IT. Together, these teams provide a strong operational foundation for all our external work.

Our key initiatives in FY16/17

| | |
|----------------------------|--|
| States & Regions Alliance | The world’s premier climate leadership forum for state and regional governments |
| Under2 Coalition | A global community of subnational governments committed to keeping the rise in global warming below 2 degrees Celsius |
| Energy Transition Platform | 11 energy-intensive states and regions working together to address common barriers to decarbonising their economies |
| RE100 | The world’s leading corporates committing to 100% renewable power |
| EP100 | Major international corporates committing to doubling their energy productivity |
| EV100 | Accelerating the shift to 100% electric mobility through ambitious corporate commitments |
| LED Program | Increasing the pace and scale of adoption of LED light in cities and by corporates |
| Climate Week NYC | Our premier international event and a key moment in the annual global climate calendar, convening climate leaders from business, government and civil society. |
| India Energy Access Summit | An annual event that uniquely brings together all players from the energy access community working to bring power to the 300 million people without electricity in India |
| Shifting the Narrative | Informing and inspiring policy and decision makers about the role of distributed renewable energy in bringing power to millions in India. |

Our FY16/17 achievements

In last year’s Annual Report we identified a range of activities and outcomes across our three key workstreams (States & Regions, Business Action, and Summits) that we hoped to deliver as a means of achieving our 2020 strategic objectives. These objectives included: integrating the Under2 Coalition and our existing States &

Regions work and developing the necessary programmatic plans and funding streams; launching our new corporate electric mobility campaign (EV100) and improving the linkages between all our corporate engagement initiatives; refining our corporate strategies for China and India to increase the number of countries from these regions making commitments under our '100' initiatives; exploring with our corporate partners opportunities for greater depth and breadth of engagement (e.g. looking at the potential for a corporate commitment on LED lighting); delivering a successful (i.e. high profile and impactful) suite of three major summits through the year, anchored by Climate Week NYC; and scoping out new financial and reporting systems as well as improving management processes to support the effective delivery of all our work.

The following sections set out our key achievements for FY16/17 as they relate to delivery against our 2020 strategic objectives.

Build the Network

"We will catalyse, support and convene a growing network of business and government leaders to position them at the forefront of 'net-zero' climate action in terms of climate commitments, policies and public profile."

States & Regions workstream

During FY16/17 we continued to build our network of ambitious state and regional governments, supporting them through peer-learning activities, profiling their leadership and ensuring that their voice was heard in key international and national forums. Key achievements for the period included:

- Growing the Under2 Coalition to over 176 jurisdictions with the addition of 42 new subnational government signatories committed to ambitious decarbonisation targets (see Box 1).
- We announced Christiana Figueres, former UNFCCC Executive Secretary, as Global Ambassador for the Under2 Coalition, further increasing the global profile and importance of subnational climate action.
- We welcomed four new members to our States & Regions Alliance, bringing total membership to 39. The new members are: Attica (Greece), Yucatan (Mexico), Western Cape (South Africa) and West Bengal (India).
- We increased the number of state and regional governments disclosing their climate data and actions through CDP's States & Regions platform to 62 – a 41% increase over the previous year. Our subsequent annual Disclosure Report showed that these governments were on track keep their emissions in line with less than 2°C of warming.
- We achieved an 80% participation rate by our members governments in our peer-learning work, including webinars on electric vehicles, adaptation, and energy efficiency in SMEs. We also published our 'Power to Act' report at Climate Week NYC 2016, which shone a spotlight on the role of cooperation between subnational governments in helping to share and scale effective climate policies and measures.
- Throughout the year, we convened our government partners and profiled their activities at major international events, including events at Climate Week NYC 2016, COP23 in Marrakesh and the Clean Energy Ministerial in Beijing in June 2017.
- With grants from six governments from the States & Regions Alliance, we established a 'Future Fund' to support and enhance climate action by states and regions in developing and emerging economies.
- We worked with our government partners in California, New York and other US states to issue a statement from governors, opposing President Trump's executive order to review the US' Clean Power Plan in March.
- Several months later, we worked with other NGOs to coordinate states, cities and other non-state actors to oppose President Trump's decision to withdraw from the Paris Agreement, under the banner of the 'We Are Still In' campaign.

Box 1. Under2 Coalition: a new force for sub-national climate action

The Under2 Coalition is a global community of subnational governments that have made a public commitment to reduce their emissions by 80% on 1990 levels by 2050 or alternatively keep their per capita greenhouse gas emissions below 2 tonnes. The Coalition consists of signatories to the Under2 MoU, an initiative founded by the governments of California and Baden Württemberg in the lead up to the Paris Climate Conference in 2015. The aim of the Coalition is to support delivery of the Paris Agreement's goal of keeping the increase in global warming well below 2 degrees Celsius. The Climate Group acts as the secretariat for the Coalition.

In 2016, we supported a further 42 sub-national governments to commit to ambitious decarbonisation targets through the Under2 Coalition. In 2017, the national governments of Canada, Mexico, Sweden and Denmark also endorsed the Under2 MoU while the states of Brittany, Chhattisgarh, KwaZulu-Natal and Western Cape signed the Under2 commitment. These additions took the total number of signatories and endorsers to 176 jurisdictions across 36 countries covering 1.2 billion people and \$28.8 trillion GDP – equivalent to over 16 percent of the global population and over 39 percent of the global economy.

The Climate Group's role in the Under2 Coalition builds on over a decade of work with subnational governments through the States & Regions Alliance, the world's premier climate leadership forum for state and regional governments.

The work of the Coalition is supported by grants from ClimateWorks Foundation, Energy Foundation, the Netherlands Ministry of Infrastructure & Environment, Rockefeller Brothers Fund, and other private donors.

Focus on Energy

"In particular, we will help accelerate the clean energy transition, including access to clean energy, by overcoming supply and demand barriers for renewable energy and energy efficiency technologies among business, government and communities."

States & Regions workstream

The focus of our States & Regions energy work in FY16/17 was the Energy Transition Platform (ETP) initiative. Funded by Stiftung Mercator, the ETP supports 11 highly industrialised, carbon intensive states and regions to share learning on innovative clean energy policies. Key ETP achievements across the year included:

- We successfully delivered the peer learning phase of ETP via 4 webinars, culminating in a 2-day workshop that focused on engaging energy-intensive industries through the clean energy transition.
- We launched the 'Innovation Lab' phase in 2017. In this phase, governments collaborate in small groups focused on common challenges, and seek to replicate and adapt the most promising energy transition solutions. This work is focused around three themes: Community Renewables, Energy Efficiency in Buildings and Industry Engagement.
- In June 2017, the participants of the three Innovation Labs came together for a 2-day workshop in Bilbao, Spain, to collaborate with their peers, and experts from the UK's Grantham Institute, to advance work on their specific policy challenges.
- Through the year, we produced seven case studies on topics ranging from community renewables, electric vehicles and engaging SMEs on energy efficiency.
- We also presented the work of the ETP to senior European officials at a public event in Brussels in March, showcasing the efforts of the governments of North Rhine-Westphalia, the Basque Country and Silesia.

Business Action workstream

The clean energy transition was the core focus of most of our business engagement work in FY16/17, driven through our '100' programmes and our long running work on LED lighting. Key achievements for the period included:

- At the close of FY16/17, our RE100 campaign was poised to mark a landmark moment with the announcement of its 100th member (and subsequently achieved in July 2017).
- We published our second RE100 Annual Report in January, which found that, on average, companies in the campaign were halfway to meeting their 100% renewable power targets.
- We hosted a major event in Brussels in February in partnership with Google to promote renewable energy in support of the EU's European Winter Package. The European Commission's Vice President in charge of the Energy Union was the keynote speaker.
- We recruited new companies to our EP100 (energy productivity) campaign bringing the total number to 12. Although fewer companies have joined the campaign than had been anticipated by this stage, the current members are helping to build greater awareness around the commercial opportunities and climate impact of energy efficiency measures through participation in a range of sector-specific events and networks, as well as fostering links in new regions, such as Japan.
- We recruited launch members for our new electric mobility initiative (EV100) and refined project plans and deliverables for execution following the project's planned public launch at Climate Week NYC in September 2017.
- Supported by our partner, Philips Lighting, our LED programme entered its sixth year with a particular focus on action in US cities. We participated in a number of national and state level events in the US to help raise awareness of the multiple benefits of LED lights. We released our latest city LED consultation report to help address common questions and misconceptions, and received requests to expand our work to cover indoor corporate lighting.
- We helped to raise the profile and importance of decentralised renewable energy (DRE) systems in India through our Shifting the Narrative for Energy Access initiative, supported by the Shakti Foundation. [We placed a number of articles in high-profile publications and convened several workshops to help raise awareness amongst Indian officials about the importance of DRE in bringing clean power to the 300 million Indians without access to electricity.]
- Led by our China office, we played an active part in the Clean Energy Ministerial (CEM) meeting in Beijing in May. We were a supporting partner of the '30@30' campaign announced as part of the CEM's electric vehicle initiative, allowing us to build connections between governments and companies. We also collaborated with the International Renewable Energy Agency and seven other NGOs to host a Corporate Sourcing of Renewables Day helping to profile how corporates can drive substantial demand for clean energy.

Box 2. Our '100' programmes: driving the clean energy transition through corporate commitments

The Climate Group's '100' programmes – RE100, EP100 and EV100 – are a suite of complementary corporate commitment campaigns. They are designed to create demand signals that can shift markets in the energy, transport, manufacturing, industrial and building sectors in favour of clean technologies, as well as influence the wider policy landscape in this direction. Collectively, these initiatives provide building blocks for 21st-century business models that will help to meet science-based climate targets and deliver net-zero emissions economies.

Why are these campaigns needed? Large companies are major consumers of energy; they are vehicle fleet owners and bulk purchasers; and they are landlords and owners of much of the urban built environment. Through their procurement and management decisions, these businesses – collectively – can quickly shape and

re-configure markets. Our 100 campaigns seek to harness this power to help accelerate the clean energy transition by getting corporates to make ambitious commitments on renewable energy (100% renewable electricity), energy productivity (doubling energy productivity, i.e. a 100% increase) and electric mobility (taking actions to transition 100% of vehicle use and / or install appropriate charging infrastructure at premises).

Members of our 100 programmes include some of the world's biggest companies and most recognised brands, including Apple, General Motors, Google, IKEA, Microsoft, Nestle, Nike, and Walmart. The inclusion of such iconic organisations is helping to normalise the shift to renewables and other clean technologies.

EV100, our latest initiative follows the same basic model as RE100 and EP100 and builds on lessons learnt. It will provide a platform for companies to showcase their electric vehicle leadership, reduce investment cost through best practice sharing, and engage in dialogue with governments and other stakeholders to collaboratively address the remaining barriers. By promoting business cases for EV uptake, EV100 will leverage corporate leadership as a catalyst for building market demand and to establish electro-mobility as a mainstream transport solution.

All three of our 100 programmes are commitments of the We Mean Business Coalition, of which The Climate Group is a founding member. The programmes are partly funded by the Coalition through the support of the IKEA Foundation, with generous funding for EP100 and EV100 also received from ClimateWorks Foundation.

Tell the Story

"We will continue to tell the story, in compelling and innovative ways, of the economic opportunity and social prosperity that comes to all when leaders drive bold climate action."

Summit workstream

In FY16/17, our major summits were again the main vehicles for telling the story of economic opportunity through bold climate action. Climate Week NYC – our annual summit which convenes key business, government and civil society leaders and which runs in parallel to the annual opening of the UN General Assembly in September in New York – anchored our summit programme. We also held a number of smaller events through the year (such as the renewable energy event with Google in Brussels in March) and continued to build our social and digital media capabilities. Key achievements for the year included:

- Delivering another highly successful Climate Week NYC. Taking place just seven weeks before the US presidential election, the theme for the Opening Ceremony was 'America Means Business: US Leadership in a Post-Paris World'. We were delighted to have high profile speakers such as Apple's CSO Lisa Jackson and US Secretary of Energy, Ernest Moniz to speak to this and other topics. Our media figures indicated that Climate Week NYC stories reached an estimated audience of 535 million people, while our social media impact for Twitter alone was 230 million impressions. There were also over 100 affiliate events in and around New York City during the week.
- In August we held our second India Energy Access Summit in New Delhi. The summit served as a platform to showcase both the achievements and best practices of decentralised clean energy entrepreneurs as well as the challenges and issues that need to be overcome to enable DRE to play a truly complementary role to centralised energy providers and move the conversation beyond electrification to include various other productive uses of energy (including thermal, cooling and other processing applications).
- We significantly lifted the profile of our work in China through our close involvement in various events at the Clean Energy Ministerial Meeting in Beijing in May. Key initiatives such as RE100 and the Under2 Coalition were referenced often in public events by third parties.

Strive for excellence

"We will strive for excellence in everything we do and continually seek to improve our operational efficiency and effectiveness in order to provide value to funders, maintain financial stability and ensure The Climate Group is a rewarding, supporting and enjoyable place to work."

FY16/17 was a year of significant internal change for The Climate Group, not least in terms of changes in the Executive Management team. Key achievements for the year included:

- A smooth and successful transition in the Executive Management Team with the appointment of a new CEO and new directors appointed for our China and India offices, our corporate partnerships programme and international communications team.
- With the new EMT in place, we undertook a detailed strategy review with management consultants Bain & Company. This work resulted in a new strategic framework, including new vision, mission, theory of change and strategic objectives. The new framework will be implemented through FY17/18.
- We also began the process of implementing a new and integrated financial and project management system and platform. Full implementation is expected to be completed in early 2018.

Our FY17/18 plans

Our FY17/18 plans are structured around our four new strategic goals:

1. Make the Under2 Coalition world leading

In FY17/18 we aim to solidify the foundations we have already laid for the Under2 Coalition, begin to execute key programmes and secure further funding out to 2020. Specific plans include:

- Simplify the governance structures of the States & Regions Alliance and the Under2 Coalition to enable a stronger voice for state and regional climate leadership.
- Execute the first stages of long-term deep de-carbonisation pathway initiatives including first-ever subnational plans in strategic countries (such as China, India, Brazil, Mexico, Indonesia, and Kenya) and creating a platform for sharing the plans and planning process with other subnational jurisdictions.
- Continue to support peer-to-peer learning and the scale up of the most effective climate actions by facilitating intergovernmental cooperation in key policy areas and collaborating with strategic partners.
- Support government partners in strengthening their GHG emissions inventory capacity; increase the disclosure of their GHG emissions and climate change mitigation progress; and help solve transparency challenges in particular sectors (e.g. land use, land use change, and forestry).
- Continue to showcase the progress that individual state and regional governments are making towards their climate goals and commitments through the annual Disclosure Report, in partnership with CDP.
- Celebrate and profile success to inspire and inform other governments and build recognition of state and regional governments as key climate actors on the international stage.

2. Accelerate the clean energy transition

In FY17/18 we aim to increase and broaden the impact of our suite of energy related initiatives (RE100, EP100, EV100, LED Program and ETP). Specific plans include:

- Work with local partners in China, India and the United States to create locally relevant initiatives across our campaign areas that will attract larger numbers of members to our campaigns - generating and sharing knowledge in support of climate action, enhancing levels of corporate ambition, and supporting a transition from ambition to action.
- Build on the public launch of EV100 (in September 2017) to support practical action planning on EV implementation, sharing critical insights across our wider states and regions and business networks. In particular, we will take a proactive and focused approach in emerging markets given an existing favourable policy environment, particularly in India.
- Deepen our engagement with targeted groups of RE100 members on critical implementation challenges. These will include addressing region-specific issues around the policy and market environment, as well as growing impact along the members' supply chains.
- Explore opportunities to develop deeper-dive projects on high impact issues with clear business relevance. For example, we will extend our engagement on the energy savings potential from LED lighting from city lighting to indoor, corporate lighting - exploring the commercial opportunities from smart connected systems and the Internet of Things.
- Engage with our We Mean Business partners to build a more sophisticated understanding of the unique contribution of each business-focused initiative in support of system change, and work closely with relevant partners on the points of connection across these programs.
- Secure new and additional streams of funding for our campaigns to support their future development and growth over the next 3 years.

3. Deliver inspirational climate communications

In FY17/18 our aim is to continue to strengthen our communication capacity in order to better support the effective delivery of all our external programmes and to position The Climate Group as the leading communicator of ambitious and optimistic climate action. Specific plans include:

- Develop and implement communication strategies for all key programmes and regions.
- Deliver a high impact and high profile Climate Week NYC 2017 and complete the majority of the planning and preparation for Climate Week NYC 2018.
- Launch and develop a new communications campaign to promote the need for climate optimism, building on our long-standing 'climate opportunity' narrative.
- Funding permitting, expand our in-house communication capacity in terms of both staff and resources.
- Help shape, plan and deliver the Global Climate Action Summit, hosted by the Government of California, in San Francisco in September 2018.
- Ensure our India Energy Access Summit 2018 is positioned and profiled as *the* event for distributed renewable energy in south Asia.

4. Be fit-for-purpose

In FY17/18 we will continue our work to make The Climate Group a highly effective and efficient non-profit organisation, which is respected by its peers, valued by its funders and a great place to work for its staff. Specific plans include:

- Roll out and implement the revised three-year strategy developed with Bain & Company.
- Implement a new platform for our global financial and project management system.
- Implement the outcomes of our internal HR review process.
- Develop and embed a new statement of 'how we work' to strengthen a common working culture across the TCG offices.
- Form a cross-team office taskforce to develop practical solutions to enhance the quality of our office environment - in support of our strategic goals, in particular our operational effectiveness, as well as the new 'how we work' statement.

Principal risks and uncertainties

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 continuing 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 of key risks are reported to the Finance and Audit Committee, and circulated to Trustees for their review.

The major risks reported to the EMT and Finance and Audit Committee are:

- **Inability to generate sufficient income streams.** As with many charities, we operate in a crowded and competitive sector meaning that securing unrestricted funding is often challenging. However, we have identified a wider and more diverse range of funding opportunities in the last year, while an increasing number of our initiatives have secured income for multiple years. As a result we are able to approach our core campaigns and business actions more confidently, with less risk of funding gaps. We continue to monitor cash flows and revenue and expenditure forecasts carefully, and to manage our operations to reduce the risk of funding gaps.
- **Managing challenges associate with growth.** The success of our key initiatives in attracting the interest of new funders is likely to translate in an expansion in operations over the coming 12-36 months. Given the specialist and niche nature of our work, we expect some recruitment and management challenges. Rapid growth in the organisation is also likely to place some stress on internal operating systems. Key mitigating actions underway include ensuring our staffing budgets are market competitive in order to attract talent, introducing a new financial and project management system to improve our project and budget management, and moving to a more flexible office environment to cope with increased staff numbers. Failure to properly manage this growth could have a negative impact on our ability to deliver agreed outputs and maintain funding.
- **Retention of key employees.** As a small organisation the depth of our human resources is limited. As a result the loss of key personnel poses an important risk for us, since an individual member of staff may have multiple responsibilities and broad experience across a range of areas. This risk has been mitigated in the last year with various senior appointments which has renewed the management team and ensured a continuity of direction and stability for the organisation. The Executive Management Team has also initiated a major HR review to identify ways and means to improve the working environment, initially in the London office but with a view to rolling it out across the whole organisation.
- **Brexit risks and uncertainty.** The UK's decision to leave the EU poses a number of direct and indirect risks to The Climate Group. Like all other organisations, the possibility that a hard Brexit could negatively affect the broader economy poses an indirect risk through impacts on the UK companies and governments (Scotland & Wales) that we work with. Financially at least, this risk is mitigated by the fact that only a small proportion of our income is currently generated in the UK. A more direct risk posed by Brexit is with respect to our staff, many of whom are EU citizens. It remains unclear what arrangements will be agreed for EU citizens already resident in the UK. Continuing uncertainty could lead to the loss of some staff if they feel their future in the UK is uncertain. Another direct risk posed by Brexit relates to our ability to raise funds in the rest of the EU. Beyond 2019, as a UK headquartered organisation, it is unlikely that we will be able to access any official EU funds. Although we do not currently rely on such funds, the growth of the Under2

Coalition in particular would benefit from having access to such multinational finance. This risk could be mitigated by re-opening an office in the EU (e.g. Brussels), which could also employ any EU staff that are able and willing to relocate.

Financial review and strategy

The Statement of Financial Activities (page 29) and the following Notes show our full financial results for the year. Financial information in this report relates to both the UK charity (indicated by “Charity” in the accounts) and the consolidated accounts of the UK, the US, China and India (indicated by “Group”). Figures in this section reflect the consolidated Group figures.

Income

Our total income for the 2016/17 financial year was £4,830,524 (2016: £4,842,713). As at 30 June 2017 we had £484,708 (2016: £335,703) of deferred income.

Development

Our updated 2020 objectives, with clear campaign branding, had enabled us to build a stronger pipeline of grants, sponsorship and membership incomes, underpinning more resilient and predictable future revenue streams to support the scaling of our work.

We have improved and strengthened our portfolio of grant applications and funding proposals, including a number of important multi-year funding agreements, across a wider range of funders, that are supported by strong campaign propositions.

The Dutch Postcode Lottery remains a vital and significant source of unrestricted funding for our core costs, with an agreement that runs until 31st December 2018, and we are in the process of agreeing a five-year extension.

We continue to implement rolling improvements in financial and project management disciplines that aim to ensure that all our project proposals align contractual delivery obligations with full cost recovery, and to help manage delivery and funding risks. We place continued emphasis on training our staff to better understand the financial and commercial risks we face as a charity.

Expenditure

During the accounting period we spent a total of £4,166,531 (2016: £5,536,246).

Expenditure is reviewed on a rolling monthly basis, with stringent purchasing controls and authority limits to facilitate effective financial controls.

Financial position at year end

The net movement in funds for the year was a surplus of £646,070 (2016: deficit of £667,611).

The balance of funds at 30 June 2017 was a surplus of £1,052,322 (2016: £406,252) comprising restricted funds of £884,112 (2016: £328,796) and unrestricted funds of £168,210 (2016: £77,456).

Our transition plan is being implemented in China and we expect incomes over the next two years to align with income and expenditure incurred. We completed the closure of our Hong Kong office. The Climate Group (China) Limited, closed the year with negative reserves of £659,440 (2016: £419,965), which has been fully provided against.

China and India are both seen as critical to our ambitious plans. Post year end we have strengthened our management teams there and placed a greater emphasis on global team partnerships to optimise the scale up of our campaigns within China and India.

Reserves policy

The Climate Group's long-term objective is to maintain unrestricted reserves equivalent to 2-3 months of expenditure, to secure The Climate Group's long-term viability and enable the organisation to react to a sudden downturn in income. Whilst we have not been able to reach this level, our unrestricted reserves have been rebuilt over the last few years. We remain committed to rebuilding our reserves.

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 strategy and planned income generation from strategic partners and trusts.

We do not have secure income to cover all of our fixed costs, as many of our programmes' funding revolves around annual bidding cycles or securing funding for new programmes of work to support our vision. We have started to work with funders to secure multi-year agreements which will mitigate some of this risk in the future, and we have improved the level of secured funding for future years.

We continue to be disciplined in managing our costs in line with our income, as well as to focus on full cost recovery in proposals. We are pursuing opportunities to secure both one-off and recurring income streams.

The Trustees have considered the charity's strategic plan and current income forecasts for 2018/19. The Trustees are confident in the charity's strategy for income generation and cost management. They have therefore prepared the Financial Statements on a going concern basis.

Governance and statement of Trustees' responsibilities

Structure

The Climate Change Organisation, which is known as and operates as The Climate Group, is a company limited by guarantee registered in England and Wales under company number 4964424 and charity number 1102909. It was incorporated in November 2003, gaining charity status in March 2004. Our statutory objects and powers are established in a Memorandum of Association, and the company is governed under its Articles of Association.

The Climate Group is represented by legal entities in the US, China and India which enable us to hire staff and raise and direct funds towards our work internationally. They work closely with the UK charity, with local board positions for members of our Executive Management Team strengthening international relationships. 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 of the charity, but has remained dormant in 2015/16.

Trustees

The Climate Group Board of Trustees currently comprises nine unpaid Trustees, who are also the directors of the company limited by guarantee. The Memorandum and Articles of Association provide that Trustees may be 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 was 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, government 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. Wherever possible 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 has oversight of our finances, budgeting and fundraising performance, meeting with and obtaining reports from the organisation's auditors. The Committee also reviews and recommends remuneration strategies and policies. The Board Nomination and Appointments Committee advises on matters pertaining to the appointment of Trustees. The committees meet quarterly, or as required, in addition to the regular Trustee meetings.

Statement of Trustees responsibilities

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 is 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 24.

Remuneration policy

The salaries of The Climate Group staff are periodically benchmarked against comparable organisations, including other charities. The Climate Group aims to set salaries equivalent to the median for such organisations. All posts are evaluated based on agreed, organisation-wide criteria that determine the grade and salary for the post.

Public benefit

As part of planning our future programmes the Trustees have taken account of the Charity Commission's guidance on public benefit to ensure that our work programmes continue to contribute to our charitable objects and aims.

The Trustees confirm that they have referred to the information contained in the Charity Commission's general guidance on public benefit when reviewing The Climate Group's aims and objectives, and in planning activities and setting policies and priorities for the year ahead.

The Climate Group's objectives, as 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.*

Carbon management 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.

The Trustees' Report and Strategic Report were approved by the Board of Trustees on 6 December 2017 and were signed on its behalf by:

Joan MacNaughton, CB HON FEI

Chair of the Board of Trustees

Key people and advisers

Principal office & Registered office

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

The Information shown below pertains to the period between 1 July 2016 and 6 December 2017, the date of the signing of the accounts.

Board of Trustees

Trustees during the year ended 30 June 2017 were as follows:

Joan MacNaughton (Chair of the Board of Trustees; Chair of the Appointments Committee)
Zoë Ashcroft
Greg Barker
Richard Gledhill (Chair of the Finance & Audit Committee)
Abyd Karmali
Dominic Waughray
Viki Cooke – *appointed 16 March 2017*

Since the year end, the following have been appointed to the Board of Trustees:

Mike Rann – *appointed 10 July 2017*
Victoria Keilthy – *appointed 10 July 2017*

Executive Management Team (EMT)

The Executive Management Team during the year ended 30 June 2017 was as follows:

Helen Clarkson, Chief Executive – *appointed 6 March 2017*
Damian Ryan, Director of Strategy & Impact
Amy Davidsen, Executive Director US (The Climate Group, Inc.)
Jack Frangou, Finance Director
Mike Peirce, Corporate Partnerships Director – *appointed 9 January 2017*
Liwei Chen, China Programme Director (The Climate Group (China) Ltd) – *resigned 14 April 2017*
Jarnail Singh, India Director – *appointed to EMT 1 December 2016*
Libby Ferguson, States & Regions Director – *resigned from EMT 31 August 2017*
Luke Herbert, International Communications Director – *appointed 1 April 2017*

Since the year end, the following have been appointed to the EMT:

Tim Ash Vie, Director, Under2 Coalition – *appointed 4 September 2017*
Yuming Hui, China Programme Director (The Climate Group (China) Ltd) – *appointed 4 September 2017*

Principal Professional Advisers

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 London EC4Y 8EH

Auditor

Crowe Clark Whitehill LLP
St. Brides House
10 Salisbury Square

Trustees / Directors of our International Boards

The Climate Group, Inc. US

Professor Bill Moomaw (President)

Steve Westly

Douglas P. Lawrence

Jeffrey B. Gracer

Ariane de Vienne

Climate Change Association India

Dr. Rana Kapoor (Chair) – *resigned 6 October 2017*

Uday Khemka

Dr. Kirit Parikh

Ameya Prabhu

The Climate Group (China) Ltd

Mark Kenber (Chair)

Phil Levermore

Damian Ryan

Independent Auditor's Report to the Members and Trustees of The Climate Change Organisation

Opinion

We have audited the financial statements of The Climate Change Organisation for the year ended 30 June 2017 which comprise the Consolidated Statement of financial activities, the group and company balance sheets, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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, and to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's members and Trustees 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, the charitable company's members as a body and the charitable company's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

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 2017 and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you were:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- the parent 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 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees Annual Report.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the Directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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

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

Tim Redwood
Senior Statutory Auditor

For and on behalf of
Crowe Clark Whitehill LLP

Statutory Auditor
St Bride's House
10 Salisbury Square
London
EC4 YE8

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

For the year ended 30 June 2017

Consolidated statement of financial activities

| | Notes | Restricted | Unrestricted | Year ended 30 June 2017 | Year ended 30 June 2016 |
|---|-------|----------------|----------------|-------------------------------|-------------------------------|
| | | £ | £ | £ | £ |
| Income from: | | | | | |
| <i>Donations and legacies</i> | | | | | |
| Donations & similar funding | | 4,665 | 167,641 | 172,306 | 190,137 |
| Grants | 2 | 2,624,261 | 865,126 | 3,489,387 | 3,568,813 |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| | | 2,628,926 | 1,032,767 | 3,661,693 | 3,758,950 |
| <i>Charitable Activities</i> | | | | | |
| Membership and partnership income | | - | 679,644 | 679,644 | 710,337 |
| Sponsorship and other | | 238,901 | 170,805 | 409,706 | 345,008 |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| | | 238,901 | 850,449 | 1,089,350 | 1,055,345 |
| <i>Other trading activities</i> | | | | | |
| Other | | - | 78,408 | 78,408 | 28,144 |
| <i>Investment income</i> | | - | 1,073 | 1,073 | 274 |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| Total income | | 2,867,827 | 1,962,697 | 4,830,524 | 4,842,713 |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| Expenditure on: | | | | | |
| <i>Raising funds</i> | | - | 636,137 | 636,137 | 670,664 |
| <i>Charitable activities</i> | | 2,329,429 | 1,200,965 | 3,530,394 | 4,865,582 |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| Total expenditure | 3 | 2,329,429 | 1,837,102 | 4,166,531 | 5,536,246 |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| Net income / (expenditure) | 4 | 538,398 | 125,595 | 663,993 | (693,533) |
| Transfers between funds | | - | - | - | - |
| Other recognised gains and losses (Losses) on revaluation of foreign subsidiaries | | 16,918 | (34,841) | (17,923) | 25,922 |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| Net movement in funds | | 555,316 | 90,754 | 646,070 | (667,611) |
| Reconciliation of funds: | | | | | |
| Total funds brought forward | | 328,796 | 77,456 | 406,252 | 1,073,863 |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| Total funds carried forward | 11 | 884,112 | 168,210 | 1,052,322 | 406,252 |
| | | <hr/> | <hr/> | <hr/> | <hr/> |

All of the above results derive from continuing activities. There are no gains and losses other than those disclosed above.

As at 30 June 2017

Balance sheets

| | Notes | Group 30 June 2017 £ | Group 30 June 2016 £ | Charity 30 June 2017 £ | Charity 30 June 2016 £ |
|---|-------|-------------------------------|-------------------------------|---------------------------------|---------------------------------|
| Fixed assets | | | | | |
| Tangible fixed assets | 7 | 6,725 | 14,119 | 2,440 | 5,017 |
| Investments | | 85,000 | - | 85,000 | - |
| | | 91,725 | 14,119 | 87,440 | 5,017 |
| Current assets | | | | | |
| Debtors | 8 | 284,622 | 864,035 | 426,217 | 907,800 |
| Cash at bank & in hand | | 1,806,279 | 908,297 | 1,207,098 | 585,390 |
| | | 2,090,901 | 1,772,332 | 1,633,315 | 1,493,190 |
| Creditors: amounts falling due within one year | 9 | (1,130,304) | (1,380,199) | (872,291) | (1,132,197) |
| Net current assets | | 960,597 | 392,133 | 761,024 | 360,993 |
| Net assets | 10 | 1,052,322 | 406,252 | 848,464 | 366,010 |
| Represented by | | | | | |
| Restricted funds | | 884,112 | 328,796 | 720,005 | 300,000 |
| Unrestricted funds | | 168,210 | 77,456 | 128,459 | 66,010 |
| Total funds | 11 | 1,052,322 | 406,252 | 848,464 | 366,010 |

The accompanying Notes form an integral part of these financial statements. The surplus for the year for the Charity only was £482,454 (2016: £634,258 deficit).

The accounts on pages 29 to 47 were approved by the Board of Trustees and authorised for issue on 6 December 2017 and signed on its behalf by:

Joan MacNaughton, CB HON FEI
Chair of the Board of Trustees

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June 2017

Consolidated cash flow statement

| | Year ended 30 June 2017 £ | Year ended 30 June 2016 £ |
|--|------------------------------------|------------------------------------|
| Cash flows from operating activities: | | |
| Net cash used in operating activities (Note a) | 985,162 | (536,355) |
| Cash flows from investing activities: | | |
| Bank interest received | 1,073 | - |
| Payments to acquire tangible fixed assets | (3,253) | (6,000) |
| Purchase of investments | (85,000) | - |
| Net cash provided by investing activities | (87,180) | (6,000) |
| Decrease in cash and cash equivalents in the reporting period | 897,982 | (542,355) |
| Cash and cash equivalents at the beginning of the year | 908,297 | 1,450,652 |
| Cash and cash equivalents at the end of the year | 1,806,279 | 908,297 |

NOTES TO THE CASH FLOW STATEMENT

a) Reconciliation of net income / (expenditure) to net cash inflow from operating activities

| | 2017 £ | 2016 £ |
|--|----------------|------------------|
| Net income / (expenditure) for the year | 663,993 | (693,533) |
| Adjustments for: | | |
| Bank interest received | 1,073 | - |
| Depreciation charges | 5,830 | 2,720 |
| Foreign exchange differences, excluding gains arising on revaluation of fixed assets | (15,251) | 24,945 |
| (Increase)/ Decrease in debtors | 579,412 | (168,573) |
| Increase / (Decrease) in creditors | (249,895) | 298,086 |
| Net cash provided by / (used in) operating activities | 985,162 | (536,355) |

Notes to the accounts

1 Accounting policies

a) Basis of accounting

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The statement of financial activities (SOFA) and balance sheet consolidate the financial statements of the charity and its subsidiary undertakings (see Note 16). 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 strategy and planned income generation from strategic partners and trusts. As discussed in more detail in the Trustees' Report (Under Principal Risks and Uncertainties and Financial Review and Strategy), as at December 2017 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.

However, having considered the charity's income pipeline and ability to reduce costs should targets not be met, the Trustees consider that actions and measures are in place that will sustain the financial position of the charity during 2018 and beyond and expect significant improvements in the coming two financial years. As a result the financial statements have been prepared on the going concern basis.

Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

Sources of estimation uncertainty

The Trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

b) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Donated services and gifts in kind are included at current market value where their value is ascertainable and material. The estimated valuation of gifts in kind is based upon their contribution to the charity.

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

Grants and donations, are credited to restricted income when received or receivable whichever is earlier unless time restricted or performance related in which case they are deferred until these conditions are met.

c) Expenditure

Costs allocated to Raising Funds are those costs incurred in the charity seeking primarily donations and grants.

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

Expenditure is allocated to a particular activity where the cost relates directly to that activity. Support costs are apportioned to activities based on staff time, which is an estimate of the amount of effort 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 income receivable or generated for the objects of the charity.

f) Pension costs

Contributions to the defined contribution scheme are charged to the Statement of Financial Activities as incurred.

g) Operating leases

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

h) 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 and their balance sheets are translated at the closing rates of exchange at the end of the period

i) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

j) Creditors and provisions

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

k) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

2 Grants

| | Restricted £ | Unrestricted £ | Year ended 30 June 2017 £ | Year ended 30 June 2016 £ |
|--------------------|------------------|-------------------|------------------------------------|------------------------------------|
| Corporations | 281,543 | 19,407 | 300,950 | 313,852 |
| Government | 157,887 | 6,189 | 164,076 | 94,646 |
| Foundations & NGOs | 2,184,831 | 839,530 | 3,024,361 | 3,160,315 |
| | <u>2,624,261</u> | <u>865,126</u> | <u>3,489,387</u> | <u>3,568,813</u> |

3 Analysis of total expenditure

| | Direct staff costs £ | Other direct costs £ | Total direct costs £ | Support staff costs £ | Other support costs £ | Total support costs £ | Year ended 30 June 2017 £ | Year ended 30 June 2016 £ |
|-----------------------|----------------------------|----------------------------|-------------------------------|-----------------------------|--------------------------------|--------------------------------|------------------------------------|------------------------------------|
| Cost of raising funds | 365,907 | 20,367 | 386,274 | 120,969 | 128,894 | 249,863 | 636,137 | 670,664 |
| Charitable activities | 1,825,406 | 533,715 | 2,359,121 | 575,398 | 595,875 | 1,171,273 | 3,530,394 | 4,865,582 |
| Total 2017 | <u>2,191,313</u> | <u>554,082</u> | <u>2,745,395</u> | <u>696,367</u> | <u>724,769</u> | <u>1,421,136</u> | <u>4,166,531</u> | <u>5,536,246</u> |
| Total 2016 | <u>2,740,624</u> | <u>1,438,373</u> | <u>4,178,997</u> | <u>661,263</u> | <u>695,986</u> | <u>1,357,249</u> | | |

3 Analysis of total expenditure (continued)

Other support costs comprise:

| | Year ended 30 June 2017 £ | Year ended 30 June 2016 £ |
|------------------------|------------------------------------|------------------------------------|
| Premises | 297,760 | 349,246 |
| Other office costs | 74,109 | 64,802 |
| IT | 61,520 | 41,643 |
| Audit | 50,214 | 53,527 |
| Legal and Professional | 140,335 | 139,003 |
| Other | 100,831 | 47,765 |
| | 724,769 | 695,986 |

4 Net income / (expenditure)

is stated after charging:

| | Year ended 30 June 2017 £ | Year ended 30 June 2016 £ |
|--|------------------------------------|------------------------------------|
| Operating lease rentals – buildings | 202,389 | 271,579 |
| Depreciation | 8,541 | 2,720 |
| Fees payable to charity auditors: audit of the charity's annual accounts | 25,500 | 25,000 |

5 Staff costs

Staff costs during the period amounted to:

| | Year ended 30 June 2017 £ | Year ended 30 June 2016 £ |
|----------------------------------|------------------------------------|------------------------------------|
| Wages & salaries | 2,142,675 | 2,430,334 |
| Social security costs | 147,926 | 186,852 |
| Employer's pension contributions | 142,106 | 178,305 |
| Other staff costs | 198,981 | 171,132 |
| | 2,631,688 | 2,966,623 |
| Temporary staff | 255,992 | 435,264 |
| | 2,887,680 | 3,401,887 |

5 Staff costs (continued)

Included within staff costs above is £nil (2016: £nil) relating to redundancy costs.

The average number of employees during the year was 53 (2016: 60)

During the year 4 (2016: 11) volunteers contributed to the delivery of our core programmatic work.

| Number of employees with emoluments exceeding £60,000 in the year was: | 2017 Number | 2016 Number |
|--|----------------|----------------|
| £60,000 - £70,000 p.a. | 3 | 3 |
| £70,001 - £80,000 p.a. | 2 | 0 |
| £80,001 - £90,000 p.a. | 1 | 1 |
| £90,001 - £100,000 p.a. | 0 | 1 |
| £100,001 - £110,000 p.a. | 0 | 1 |
| £170,001- £180,000 p.a. | 1 | 2 |

Retirement benefits are accruing to the seven higher paid staff under defined contribution schemes. Employer contributions of £31,136 (2016: £43,804) were made during the year.

The key management personnel of the group are the members of the Executive Management Team (EMT). The total employee benefits for the EMT was £724,675 (2016: £889,024).

6 Trustees' remuneration and expenses

No Trustee received any remuneration during the year (2016: nil). Expenses totalling £2,174 (2016: £527) were reimbursed to two Trustees (2016: one Trustee) solely for travel costs incurred in attending meetings and events.

7 Tangible fixed assets (Group)

| | Office Equipment £ | Leasehold improvements £ | Total £ |
|------------------------------|--------------------------|--------------------------------|-----------------|
| Cost | | | |
| At 1 July 2016 | 268,119 | 4,035 | 272,154 |
| Revaluation on consolidation | 1,981 | - | 1,981 |
| Additions | 3,253 | - | 3,253 |
| Disposals | (23,150) | - | (23,150) |
| At 30 June 2017 | 250,203 | 4,035 | 254,238 |
| Depreciation | | | |
| At 1 July 2016 | 254,000 | 4,035 | 258,035 |
| Revaluation on consolidation | 4,087 | - | 4,087 |
| Charge for the period | 8,541 | - | 8,541 |
| Disposals | (23,150) | - | (23,150) |
| At 30 June 2017 | 243,478 | 4,035 | 247,513 |
| Net book value | | | |
| At 30 June 2017 | 6,725 | - | 6,725 |
| At 1 July 2016 | 14,119 | - | 14,119 |

7 Tangible fixed assets (Charity)

| | Office equipment £ | Leasehold improvements £ | Total £ |
|------------------------|--------------------------|--------------------------------|----------------|
| Cost | | | |
| At 1 July 2016 | 198,483 | 4,035 | 202,518 |
| Additions | 3,253 | - | 3,253 |
| 30 June 2017 | 201,736 | 4,035 | 205,771 |
| Depreciation | | | |
| At 1 July 2016 | 193,466 | 4,035 | 197,501 |
| Charge for the period | 5,830 | - | 5,830 |
| At 30 June 2017 | 199,296 | 4,035 | 203,331 |
| Net book value | | | |
| At 30 June 2017 | 2,440 | - | 2,440 |
| At 1 July 2016 | 5,017 | - | 5,017 |

8 Debtors

| | Group 30 June 2017 £ | Group 30 June 2016 £ | Charity 30 June 2017 £ | Charity 30 June 2016 £ |
|-------------------------------|---|---|---|---|
| Trade debtors | 120,766 | 436,942 | 67,687 | 373,399 |
| Other debtors | 19,278 | 52,795 | | 12,020 |
| Due from subsidiary companies | - | - | 235,276 | 169,722 |
| Prepayments | 79,683 | 76,438 | 58,359 | 54,799 |
| Accrued income | 64,895 | 297,860 | 64,895 | 297,860 |
| | 284,622 | 864,035 | 426,217 | 907,800 |

9 Creditors: amounts falling due within one year

| | Group 30 June 2017 £ | Group 30 June 2016 £ | Charity 30 June 2017 £ | Charity 30 June 2016 £ |
|----------------------------|---|---|---|---|
| Trade creditors | 91,884 | 138,819 | 82,894 | 118,979 |
| Taxation & social security | 98,192 | 49,177 | 79,843 | 49,128 |
| Other creditors | 99,913 | 172,988 | 8,869 | 60,862 |
| Accruals | 105,607 | 383,512 | 63,090 | 340,319 |
| Short term loans | 250,000 | 300,000 | 250,000 | 300,000 |
| Deferred income | 484,708 | 335,703 | 387,595 | 262,909 |
| | 1,130,304 | 1,380,199 | 872,291 | 1,132,197 |

Short term loans include £100,000 from related parties (2016: £150,000).

Deferred income

| | At 1 July 2016 £ | Released to income £ | Deferred in the year £ | At 30 June 2017 £ |
|-----------------------|---------------------------------|-------------------------------------|---------------------------------------|----------------------------------|
| Membership | 259,743 | (259,743) | 248,530 | 248,530 |
| Grants | 3,166 | (3,166) | 139,065 | 139,065 |
| Charity total | 262,909 | (262,909) | 387,595 | 387,595 |
| The Climate Group Inc | 72,794 | (72,794) | 97,113 | 97,113 |
| Group total | 335,703 | (335,703) | 484,708 | 484,708 |

10 Analysis of net assets between funds (Group)

| | Restricted funds £ | Unrestricted funds £ | Total funds £ |
|-----------------------------------|--------------------------|----------------------------|---------------------|
| Tangible assets | - | 6,725 | 6,725 |
| Investments | 85,000 | - | 85,000 |
| Current assets | 799,112 | 1,291,790 | 2,090,902 |
| Current liabilities | - | (1,130,304) | (1,130,304) |
| Net assets at 30 June 2017 | 884,112 | 168,210 | 1,052,322 |

Analysis of net assets between funds (Charity)

| | Restricted funds £ | Unrestricted funds £ | Total funds £ |
|-----------------------------------|--------------------------|----------------------------|---------------------|
| Tangible assets | - | 2,440 | 2,440 |
| Investments | 85,000 | - | 85,000 |
| Current assets | 635,005 | 998,310 | 1,633,315 |
| Current liabilities | - | (872,291) | (872,291) |
| Net assets at 30 June 2017 | 720,005 | 128,459 | 848,464 |

Prior year analysis of net assets between funds (Group)

| | Restricted funds £ | Unrestricted funds £ | Total funds £ |
|-----------------------------------|--------------------------|----------------------------|---------------------|
| Tangible assets | 9,102 | 5,017 | 14,119 |
| Current assets | 567,696 | 1,204,636 | 1,772,332 |
| Current liabilities | (248,002) | (1,132,197) | (1,380,199) |
| Net assets at 30 June 2016 | 328,796 | 77,456 | 406,252 |

Prior year analysis of net assets between funds (Charity)

| | Restricted funds £ | Unrestricted funds £ | Total funds £ |
|-----------------------------------|--------------------------|----------------------------|---------------------|
| Tangible assets | - | 5,017 | 5,017 |
| Current assets | 300,000 | 1,193,190 | 1,493,190 |
| Current liabilities | - | (1,132,197) | (1,132,197) |
| Net assets at 30 June 2016 | 300,000 | 66,010 | 366,010 |

11 Movement in funds (Group)

| | Balances as at 1 July 2016 £ | Income £ | Expenditure £ | Transfers & exchange differences £ | At 30 June 2017 £ |
|--------------------------------------|---------------------------------------|------------------|--------------------|---|----------------------------|
| Restricted funds | | | | | |
| Bringing Light to India's Rural Poor | 150,000 | - | (30,000) | (85,000) | 35,000 |
| LED | - | 1,294 | (1,294) | - | - |
| Energy Transition Platform | 170,000 | 256,922 | (181,922) | - | 245,000 |
| RE100 | 56,000 | 150,107 | (206,107) | - | - |
| EP100 | (76,000) | 493,951 | (328,951) | - | 89,000 |
| Climate Week NYC | - | 154,406 | (154,406) | - | - |
| We Mean Business | - | 12,982 | (12,982) | - | - |
| Compact of States & Regions | - | 97,894 | (97,894) | - | - |
| EV100 | - | 387,229 | (280,229) | - | 107,000 |
| Under2 Coalition | - | 718,744 | (533,966) | 27,229 | 212,007 |
| Future Fund | - | 115,272 | (81,267) | - | 34,005 |
| Seed capital investment fund | - | - | - | 85,000 | 85,000 |
| Climate leaders - India | - | 75,509 | (75,509) | - | - |
| Climate Works (US) | 28,796 | - | (29,268) | 472 | - |
| RE100 (US) | - | 78,206 | - | (1,106) | 77,100 |
| Climate Week NYC (US) | - | 325,311 | (315,634) | (9,677) | - |
| Total restricted funds | 328,796 | 2,867,827 | (2,329,429) | 16,918 | 884,112 |
| Unrestricted Funds | | | | | |
| General Funds | 77,456 | 1,962,697 | (1,837,102) | (34,841) | 168,210 |
| Total unrestricted funds | 77,456 | 1,962,697 | (1,837,102) | (34,841) | 168,210 |
| Total funds | 406,252 | 4,830,524 | (4,166,531) | (17,923) | 1,052,322 |

Prior year movement in funds of the Group

| | Restated balances as at 1 July 2015 | Income | Expenditure | Transfers & exchange differences | At 30 June 2016 |
|--------------------------------------|--|------------------|--------------------|--|--------------------|
| | £ | £ | £ | £ | £ |
| Restricted funds | | | | | |
| Bringing Light to India's Rural Poor | 864,518 | - | (714,518) | - | 150,000 |
| India - Shifting the Narrative | - | 161,756 | (161,756) | - | - |
| LED | - | 36,187 | (36,187) | - | - |
| Energy Transition Platform | - | 331,464 | (161,464) | - | 170,000 |
| Business and Climate Summit | - | 200,000 | (200,000) | - | - |
| RE100 | - | 610,344 | (467,604) | (86,740) | 56,000 |
| Rooftop Solar Coalition | - | 59,966 | (59,966) | - | - |
| EP100 | - | 303,887 | (379,887) | - | (76,000) |
| Climate Week NYC | - | 33,082 | (33,082) | - | - |
| We Mean Business | - | 93,681 | (93,681) | - | - |
| Compact of States & Regions | - | 76,911 | (76,911) | - | - |
| EV100 | - | 35,103 | (35,103) | - | - |
| Climate Mobilisation | - | 66,190 | (66,190) | - | - |
| Under2 Coalition | - | - | (69,769) | 69,769 | - |
| Off-Grid Energy Finance | 117,048 | - | (117,048) | - | - |
| US restricted programmes | 84,084 | 502,473 | (572,352) | 14,591 | 28,796 |
| Total restricted funds | 1,065,650 | 2,511,044 | (3,245,518) | (2,380) | 328,796 |
| Unrestricted funds | | | | | |
| General Funds | 8,213 | 2,331,669 | (2,290,728) | 28,302 | 77,456 |
| Total unrestricted funds | 8,213 | 2,331,669 | (2,290,728) | 28,302 | 77,456 |
| Total funds | 1,073,863 | 4,842,713 | (5,536,246) | 25,922 | 406,252 |

| | |
|---|--|
| Bijli – Clean Energy for All | Funding to reduce greenhouse gas emissions and enhance the lives of rural inhabitants across three states in India by deploying renewable energy technologies in addition to identifying sustainable off-grid electrification models whilst addressing the challenges of scalability. |
| EP100 | Funding for global engagement platform which supports corporates to make a public pledge to double their energy productivity. Companies must choose a relevant energy productivity metric, establish a baseline year as early as 2005, and pledge to double energy productivity within 25 years |
| EV100 | Funding to provide a global platform for companies to publicly commit to EV uptake across their various influence areas (fleets, staff, customers, service provision), thereby setting an ambitious definition of corporate EV leadership. |
| Under2 Coalition | Funding to act as Secretariat to the Under2 Coalition and work directly with government signatories and partners of the Under2 MOU to drive climate ambition and action. The Under2 MOU is a commitment by sub-national governments to limit their greenhouse gas (GHG) emissions by 80% on 1990 levels or 2 tons per capita by 2050 |
| Compact of States and Regions | Funding to support a data disclosure platform for states, provinces and regions to measure and manage their greenhouse gas (GHG) emissions. |
| RE100 | Funding to provide a global platform for companies to publicly commit to 100% renewable electricity. |
| Energy Transition Platform | Funding to support a group of highly industrialized state and regional governments to collaborate on developing and implementing clean energy policies. |
| Business and Climate Summit | Funding to enable the delivery of the Business & Climate Summit – the leading annual forum for businesses, investors and policymakers on climate action. |
| States & Regions Future Fund | Funding to empower sub-national governments to accelerate the shift towards a prosperous ‘net-zero’ future for all, through strategic funding that supports climate activities in developing and emerging economy regions. |
| India Energy Access Summit | Funding to enable the delivery of the India Energy Access Summit - bringing together energy access practitioners to discuss future-proofing of energy technology, business models, quality standards, capacity and skill requirements, state and central government policies around energy access, as well as the financial/investment climate of India. |
| Climate Leaders - India | Funding to create business demand in India for low carbon experience, technology and services, including from the UK, by securing Indian business commitments to increased use of renewable energy and improved energy efficiency. |
| LED | Funding to investigate key remaining barriers to scale up of LED public lighting and to produce recommendations for action. |
| We Mean Business | Funding to support participation in a powerful business coalition to advocate ambitious climate action. |
| Climate Week NYC | Funding to enable delivery of the annual Climate Week NYC event. Convening business, government and civil society leaders and communicating their action through a strategic media and digital campaign. |
| US Restricted Programmes | 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. |
| Seed capital investment fund | Investment in OIKO Credit International Share Foundation of £85,000. |

12 Financial assets and liabilities

The financial assets and liabilities of the group are as follow:

| | Group 30 June 2017 £ | Group 30 June 2016 £ | Charity 30 June 2017 £ | Charity 30 June 2016 £ |
|---|---|---|---|---|
| Financial assets measured at amortised cost: | | | | |
| - Trade and other debtors | 204,940 | 787,597 | 367,858 | 853,001 |
| - Cash | 1,806,279 | 908,297 | 1,207,098 | 585,390 |
| Financial liabilities measured at amortised cost: | | | | |
| - Trade and other creditors | 645,596 | 1,044,496 | 484,696 | 869,288 |
| | 2,656,814 | 2,740,390 | 2,059,652 | 2,307,679 |

13 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.

14 Related party transactions

Trustees and other related parties, including key management personnel, made donations to the Charity during the year totalling £6,000 (2016: £90,000).

15 Leasing commitments

The total future minimum lease payments under non-cancellable operating leases are as follows:

| | 2017 | 2016 |
|--------------------------------|-------------------------------|-----------------------|
| | Land and Buildings | Land and Buildings |
| | £ | £ |
| Expiring within 1 year | 187,700 | 167,097 |
| Expiring between 1 and 2 years | 270,252 | 326,057 |
| Expiring between 2 and 5 years | - | 137,258 |

16 Subsidiaries

The charity is represented by legal entities incorporated in the United States (registered on 5 March 2004), China (registered on 7 December 2007) and Hong Kong (registered on 10 January 2008). The charity also has a dormant 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.

| | Balance as at 1 July 2016 | Subgrants received/ (made to) | Funds received on behalf of UK | Expenses incurred | Increase in loan | Exchange difference | (Increase)/ Decrease in provision | Balance as at 30 June 2017 |
|---|---------------------------------|-------------------------------------|---|----------------------|---------------------|------------------------|--|----------------------------------|
| | £ | £ | £ | £ | £ | £ | £ | £ |
| Organisation | | | | | | | | |
| United States – The Climate Group Inc | 14,931 | - | 225,967 | 1,454 | | (7,258) | - | 235,094 |
| The Climate Group (China) Limited | 154,610 | - | - | - | 211,395 | 2,356 | (368,361) | - |
| The Climate Group (Hong Kong) Limited | - | (745,221) | - | 2,250 | 15,814 | 21,001 | 706,156 | - |
| The Climate Change Organisation Services Ltd | 181 | - | - | - | - | - | - | 181 |
| | 169,722 | (745,221) | 225,967 | 3,704 | 227,209 | 16,099 | 337,795 | 235,275 |

Prior year transactions between the charity and related organisations

| | Balance as at 1 July 2015 | Subgrant received | Subgrant made | Expenses incurred | Payments made/ (received) | Exchange differences | Provision against balance | Balance as at 30 June 2016 |
|---|---------------------------------|----------------------|------------------|----------------------|---------------------------------|-------------------------|---------------------------------|----------------------------------|
| | £ | £ | £ | £ | £ | £ | £ | £ |
| Organisation | | | | | | | | |
| United States – The Climate Group Inc | 153,691 | 68,381 | (86,730) | (59,367) | (55,105) | (5,939) | - | 14,931 |
| The Climate Group (China) Limited | 229,799 | - | - | - | 216,019 | 28,292 | (319,500) | 154,610 |
| The Climate Group (Hong Kong) Limited | - | - | - | 5,500 | 66,848 | 110,298 | (182,646) | - |
| The Climate Change Organisation Services Ltd | 181 | - | - | - | - | - | - | 181 |
| | 383,671 | 68,381 | (86,730) | (53,867) | 227,762 | 132,651 | (502,146) | 169,722 |

United States – The Climate Group Inc

| | 2017 | 2016 |
|--|-----------|----------|
| | £ | £ |
| Net assets as at 1 July 2016 | 133,228 | 138,000 |
| Income for the year to 30 June 2017 | 1,245,925 | 907,417 |
| Net surplus for the year to 30 June 2017 | 29,157 | (35,113) |
| Net assets as at 30 June 2017 | 162,385 | 102,887 |

China – The Climate Group (China) Limited

| | 2017 | 2016 |
|--|-----------|-----------|
| | £ | £ |
| Net assets as at 1 July 2016 | (434,693) | (123,665) |
| Income for the year to 30 June 2017 | 43,752 | 218,429 |
| Net surplus/(deficit) for the year to 30 June 2017 | (224,747) | (296,300) |
| Net assets as at 30 June 2017 | (659,440) | (419,965) |

Hong Kong – The Climate Group (Hong Kong) Limited

| | 2017 | 2016 |
|--|-----------|-----------|
| | £ | £ |
| Net assets as at 1 July 2016 | (794,381) | (590,393) |
| Income for the year to 30 June 2017 | 823,352 | 19,787 |
| Net surplus/(deficit) for the year to 30 June 2017 | 794,381 | (83,895) |
| Net assets as at 30 June 2017 | - | (674,288) |

UK – The Climate Change Organisation Services Limited

| | 2017 | 2016 |
|--|------|------|
| | £ | £ |
| Net assets as at 1 July 2016 | (76) | (76) |
| Income for the year to 30 June 2017 | - | - |
| Net surplus/(deficit) for the year to 30 June 2017 | - | - |
| Net assets as at 30 June 2017 | (76) | (76) |

India – Climate Change Association India

| | 2017 | 2016 |
|--|--------|--------|
| | £ | £ |
| Net assets as at 1 July 2016 | 11,607 | 6,695 |
| Income for the year to 30 June 2017 | 33,023 | 32,676 |
| Net surplus/(deficit) for the year to 30 June 2017 | (991) | 3,367 |
| Net assets as at 30 June 2017 | 10,616 | 10,062 |

17 Prior year Consolidated Statement of Financial Activities

| | Restricted | Unrestricted | Year ended 30 June 2016 |
|--|------------------------|------------------------|-------------------------------|
| | £ | £ | £ |
| Income from: | | | |
| <i>Donations and legacies</i> | | | |
| Donations & similar funding | - | 190,137 | 190,137 |
| Grants | 2,511,044 | 1,057,769 | 3,568,813 |
| | <hr/> 2,511,044 | <hr/> 1,247,906 | <hr/> 3,758,950 |
| <i>Charitable Activities</i> | | | |
| Membership and partnership income | - | 710,337 | 710,337 |
| Sponsorship and other | - | 345,008 | 345,008 |
| | <hr/> - | <hr/> 1,055,345 | <hr/> 1,055,345 |
| <i>Other trading activities</i> | | | |
| Other | - | 28,144 | 28,144 |
| <i>Investment income</i> | - | 274 | 274 |
| Total income | <hr/> 2,511,044 | <hr/> 2,331,669 | <hr/> 4,842,713 |
| Expenditure on: | | | |
| <i>Raising funds</i> | - | 670,664 | 670,664 |
| <i>Charitable activities</i> | 3,245,518 | 1,620,064 | 4,865,582 |
| Total expenditure | <hr/> 3,245,518 | <hr/> 2,290,728 | <hr/> 5,536,246 |
| Net (expenditure) / income | <hr/> (734,474) | <hr/> 40,941 | <hr/> (693,533) |
| Transfers between funds | (16,971) | 16,971 | - |
| Other recognised gains and losses | | | |
| Gains on revaluation of foreign subsidiaries | 14,591 | 11,331 | 25,922 |
| Net movement in funds | <hr/> (736,854) | <hr/> 69,243 | <hr/> (667,611) |
| Reconciliation of funds: | | | |
| Total funds brought forward | 1,065,650 | 8,213 | 1,073,863 |
| Total funds carried forward | <hr/> 328,796 | <hr/> 77,456 | <hr/> 406,252 |