THE CLIMATE CHANGE ORGANISATION

t/a

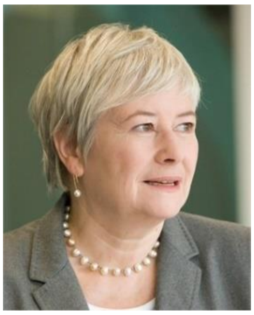
THE CLIMATE GROUP

Annual Report and Accounts 2017/18
12 months to 30 June 2018

COMPANY NUMBER: 4964424
CHARITY NUMBER: 1102909

Board of Trustees' Report

A message from our Chair



In our last Annual Report I noted my optimism about the state of climate action and the positive prospects for The Climate Group's own activities. A year on, I am pleased to say this optimism was largely justified, despite some all too visible headwinds in certain parts of the world. The organisation ended the financial year with some important successes under its belt and a strong pipeline of prospects for more.

Programmatically, our work with government and corporate partners continued to expand. The Under2 Coalition grew to over 200 government signatories, representing some 40% of global GDP. An independent analysis led by Yale University concluded that it was the international initiative with the greatest potential for emission reduction through to 2030, underlining both its growing importance and its future potential. Our RE100 initiative welcomed nearly 40 new major corporates, each committing to using 100% renewable power. By year-end, RE100 companies were generating global demand equivalent to more than half of the UK's annual power supply. Our energy productivity campaign, EP100, continues to grow and pleasingly includes companies in some of the most energy intensive sectors. The rapid buy-in to EV100, launched at Climate Week in 2017, exceeded expectations and augurs well for the challenge of delivering low carbon mobility.

Financially, we also saw significant improvement in performance. Climate Week NYC – our premier global event in New York each September - generated a record level of sponsorship in 2017 and our 2018 event was on track to exceed that figure. By year-end we were approaching the conclusion of long-standing bidding processes and negotiations with the German and Norwegian governments relating to seven-figure, multi-year grants to support our Under2 Coalition work. I am pleased to say that these were subsequently confirmed in September 2018, along with another major grant for our energy transition work with state and regional governments.

This new investment will make a significant difference to our ability to accelerate practical climate action. It is also timely given the mounting evidence of climate impacts witnessed this year, such as wildfires in California and devastating floods and typhoons across Asia. These events are translating into growing public awareness and demand for action. This public mood now needs to be harnessed so that national governments commit to greater climate ambition in 2020 as part of the first 'ratchet' moment under the Paris Agreement. Much of our work over the coming year will be focused on helping to make this happen.

The new investment also brings the (positive) challenges of managing growth. Improvements in our governance and operational arrangements in FY17-18 will help mitigate many challenges. Our Audit & Finance Committee, for example, has been strengthened with the addition of Victoria Keilthy and Andrew Clark, both finance professionals. We also restructured the governance of our India operation, setting up a new entity wholly owned by the UK Office to improve operational effectiveness. Another significant governance change was the closure of our China office, followed by work to re-establish our operations there in compliance with China's 2017 'Foreign NGO Law'. This effort is now well under way, with a view to opening a new office during FY18-19.

The recent Intergovernmental Panel on Climate Change (IPCC) report on limiting warming to 1.5ºC has underlined just how vital a rapid low carbon transition is. The Climate Group's work shows what can be done and will contribute significantly to ensuring national governments ratchet up their climate ambition in 2020. I am extremely grateful to all our Board members and our staff, under the leadership of Helen Clarkson, for their unstinting efforts in this regard. These have enabled us to make tremendous progress during the year, laying a firm foundation to scale-up and accelerate the mitigation efforts we support.

A message from our Chief Executive

Helen Clarkson,
Chief Executive

It has been a rewarding year for The Climate Group and its staff, so it is with some satisfaction that we look back at our achievements through FY17-18. This time last year, I characterised the preceding year as a challenging one of 'transition and renewal', but noted that we had laid a firm basis on which to grow and develop our work. Reviewing our activities over the last 12 months, this prediction has proven to be largely accurate. Across all aspects of the organisation, from strategy, to programmes, to fundraising, to HR, we have made measurable improvements in how we operate and in the impact we create.

We rolled out and embedded our new three-year strategy early in the year, giving us four clear strategic goals for 2020, a new theory of change, and a set of KPIs and annual milestones to measure progress against. The strategy provided the basis for developing a new culture and values statement for the organisation, that underpins the practical delivery of all our work and ultimately our strategic goals. The management team also dedicated a lot of time in the first half of the year to reviewing and updating many of our HR policies to ensure we have a working culture and environment aligned with both our strategy and values. Practical outcomes included a revised staff appraisal process, a new cloud-based HR management system, a new pay policy, and a clear and transparent staff matrix. We also conducted a staff satisfaction survey in order to provide a baseline to measure progress against relevant KPIs and annual milestones.

Programmatically, I was very proud of what our teams and offices achieved over the year. In India, for example, the team had secured over US$1m in new funding by year-end to support initiatives in electric mobility, energy access financing and scaled up engagement with Indian states as part of the Under2 Coalition. In the UK, our RE100 initiative won BusinessGreen's 'Environmental Awareness Campaign of the Year' award and was recognised by researchers as one of the top five international initiatives for driving global emissions reductions through to 2030. Our work on electric vehicles, energy productivity and LED lighting also continued to attract attention and support, with a new EV project established with the Scottish government and new partnerships developed to support our EP100 programme.

A defining feature of the second half of the year was our involvement in the planning and delivery of the Global Climate Action Summit (GCAS) hosted by Gov. Jerry Brown, which took place in San Francisco in September 2018. Attracting some 7000 delegates, this was the largest ever non-state actor conference on climate action and was designed to showcase support for enhanced global ambition under the Paris Agreement. By year-end we had successfully raised some US$500K to support our engagement, which included running the 'Healthy Energy Systems' challenge, one of the five key themes of the Summit. Our ability to deliver a substantial part of GCAS in parallel with preparing for Climate Week 2018 (held just 10 days later) was a huge testament to the professionalism, dedication and hard work of our staff.

The urgency and importance of all our work was underscored by another year of severe climate impacts around the world, while the IPCC's special report on limiting warming to 1.5ºC provided a stark warning of the future. Reflecting the latest in climate science, the IPCC report highlights the significant benefits (and costs avoided) through achieving a lower level of warming compared to even a 2ºC rise. The report notes that it remains *technically possible* to achieve the 1.5ºC goal, but that the window for action is closing quickly. With the world currently on track to nearly 3ºC of warming, the need for a step-change in action and ambition is now unequivocal. Over the coming year, The Climate Group will be doing all it can to make this shift a reality. I look forward to working with our partners in business and government, our funders, trustees and colleagues to ensure we deliver.

1. Why we're here

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, 195 countries committed under the Paris Agreement in 2015 to keep the raise in global temperature "well below 2ºC…and pursue efforts to limit the increase to 1.5ºC". They also committed to cut global greenhouse gases to achieve 'net-zero' emissions in the second half of the century[1]. Achieving these goals 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 a net-zero 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 and our role

The Climate Group's mission is to accelerate climate action. Since our incorporation in 2003, we have been at the forefront of communicating the benefits and opportunities from tackling climate change, working with the world's leading businesses and subnational governments to drive practical action.

Today, our goal is a world of no more than 1.5ºC of global warming and greater prosperity for all. We do this by bringing together powerful networks of business and governments that shift global markets and policies, such as the RE100 initiative driving corporate commitment to 100% renewable energy and the Under2 Coalition of over 200 state and regional governments.

Our role is to act as a catalyst to bring innovation and solutions to scale, using the power of communications to build ambition and pace. We focus on the greatest global opportunities for change. We have offices in London, Beijing, New Delhi and New York.

Our charitable objectives

Our objectives, as set out in our Governing Document (Memorandum and Articles of Association), 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 think fit;
- To advance the education of the public and interested parties in the effective reduction of greenhouse gases;
- To promote and carry out, for the public benefit, research into the effects of climate change;
- To publish and widely disseminate the useful results of such research.

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

Box 1. Our philanthropic supporters

As a charity, 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 programmes 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.

In FY17-18 our philanthropic and government supporters included the Climate-KIC, ClimateWorks Foundation, the Dutch Postcode Lottery, European Climate Foundation, Goldman Sachs Center for Environmental Markets, Heising-Simons Foundation, the Initiative for Climate Action Transparency (ICAT), the International Climate Initiative (IKI) of the Federal Republic of Germany, John D. and Catherine T. MacArthur Foundation, Nand & Jeet Khemka Foundation, New York Community Trust, Rockefeller Brothers Fund, Rockefeller Foundation, Energy & Climate Change Directorate of the Scottish Government, Shakti Foundation, Stiftung Mercator, Ministry of Environment & Energy of the Government of Sweden, the IKEA Foundation through the We Mean Business coalition, and the William & Flora Hewlett Foundation, 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.

2. What we're doing

Our strategic framework

In FY17-18 we introduced a **new 3-year strategic framework** to guide all our work through to 2020. This framework is comprised of the elements described below, beginning with our Vision and cascading down to our Annual Deliverables.

Our **Mission** is accelerating climate action.

Our **Goal** is a world of no more than 1.5ºC of warming, and greater prosperity for all.

Our **Theory of change:**

- We **bring companies and governments together** around ambitious goals to shift markets and policies
- We **create network initiatives**, defined by ambition, scale and pace to achieve these goals
- We **convert commitment to action** through po9licy tools and peer learning
- We use **transparency mechanism to hold to commitments**
- We use **communications to share success**, raise profile and influence to **drive even more ambitious action**

Our **four Strategic Goals for 2020**:

Goals	Description
1. Make Under2 World-Leading	*"We will establish the Under2 Coalition as the pace-setting global hub for enabling and accelerating well below 2ºC climate action at scale, led by state and regional governments"*
2. Accelerate the Clean Energy Transition	*"We will drive the next shift towards a clean energy system by building ambitious coalitions of action"*
3. Deliver Inspiring Climate Communications	*"We will be the leader, and an innovator, in telling the positive story of how a world of no more than 1.5ºC can and is being achieved"*
4. Be Fit-for-Purpose	*"We will deliver excellence in all internal and support functions to provide value to funders, improve financial stability and ensure The Climate Group is a rewarding, supporting and fun place to work"*

Each of our Strategic Goals is broken down into a set of **Key Performance Indicators** (KPIs) for 2020 and then by **Annual Global Milestones** by financial year (i.e. 1 July to 30 June). The Strategic Goals and KPIs serve as the basic organisational roadmap through to 2020, and are ultimately delivered through the initiatives that we run (see 'Our Key Initiatives' table below). The Annual Global Milestones also provide the basis for annual business planning at both the regional office and team level. This planning process (through our fourth quarter i.e. April-June) in turn generates **Annual Deliverables** for each team and office from which individual staff objectives are then set.

Our key initiatives in FY17/18

	Initiative	Description
1	Under2 Secretariat	Acting as Secretariat for the Under2 Coalition (see Box 2) including stakeholder engagement, event delivery, communications, and administration of Under2 'Future Fund' (see Box 3).
2	Under2 Pathways workstream	Supporting Under2 governments to develop robust medium and long-term (2050) emissions reduction plans in line with the goals of the Paris Climate Agreement.
3	Under2 Policy workstream	Spreading today's best climate policies and developing new policies to ensure full decarbonization by Under2 governments.
4	Under2 Transparency workstream	Supporting Under2 governments so they have the expertise and systems in place to assess their emissions accurately, track progress and ensure policies remain fit for delivering against climate targets. Includes production of the Annual Disclosure Report.
5	Energy Transition Platform (ETP)	A two-year project with 11 energy-intensive state and regional governments working together to address common barriers to decarbonising their economies.
6	RE100	A global initiative, in partnership with CDP, of over 140 influential businesses committed to 100% renewable electricity, working to massively increase demand for - and delivery of - renewable energy.
7	EP100	A global initiative, in partnership with the Alliance to Save Energy, of energy-smart companies committed to using energy more productively, to lower greenhouse gas emissions and accelerate a clean economy.
8	EV100	A global initiative of forward looking companies committed to accelerating the transition to electric vehicles (EVs) and making electric transport the new normal by 2030.
9	LED Programme	Our long-running programme to help cities and businesses switch to highly energy efficient LED lighting.
10	Shifting the Narrative Project	A communication driven initiative to inform and inspire policy and decision makers about the role of distributed renewable energy in bringing power to millions in India.
11	Mainstreaming Finance for DRE - Distributed Renewable Energy	A two-year project supported by Goldman Sachs to help develop the financing infrastructure for scaling distributed renewable energy in India.
12	Climate Week NYC	Our premier annual international summit in New York and a key moment in the global climate calendar, convening climate leaders from business, government and civil society.
13	India Energy Access Summit	An annual event that uniquely brings together all players from India's energy access community working to bring power to the 300 million people without electricity in India.
14	Fast-tracking e-mobility and clean electrification	A collaborative project with our We Mean Business Coalition partners, CDP and WBCSD, to engage Indian businesses in the accelerate adoption of electric vehicles and renewable energy.
15	Global Climate Action Summit (GCAS)	Acting as lead organisation for delivery of 'Health Energy Systems' component of GCAS and helping shape overall agenda as a member of Summit's Steering Committee.
16	Accounting and project management system	Development and implementation of a project management and accounting system across all our offices to create an integrated financial management system.

Box 2. Under2 Coalition: a global 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 Under2 Coalition. Our role builds on more than a decade of work with the States & Regions Alliance, the world's first climate leadership forum for state and regional governments.

The Under2 Coalition represents a globally significant aggregation of economic power, political influence and greenhouse gas emissions. The 220 signatories account for 43% of global GDP and a combined population of 1.3 billion. Annual greenhouse gas emissions are comparable to those of the EU.

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.

Our key achievements in FY17/18

Goal 1: Make the Under2 Coalition world-leading

Our broad aims for Goal 1 in FY17/18 were to solidify the foundations we had laid for the Under2 Coalition in the previous year, and begin to execute key programmes and secure funding out to 2020. Key achievements in the year included:

- Membership of the Coalition grew from 175 to 206, including endorsement from four national governments. We also simplified the governance structure, integrating our long-standing 'States & Regions Alliance' programme fully within the Coalition;
- We developed two multi-year, multi-regional, seven figure proposals to underpin our Transparency and Pathways workstreams. By year-end we had secured in-principle agreement from the German Federal Environment Ministry for a 4-year, £3.1 million[2] grant for our Transparency workstream and a 4-year, £4.5 million grant from the Norwegian government for the Pathways workstream. Both grants were formally confirmed in September 2018.
- Under our Transparency workstream, we launched our third Annual Disclosure Report in partnership with CDP at COP23. Some 100 state and regional governments disclosed their emissions, representing a 50% increase on the previous year, meaning that more and more governments are able to manage the emissions they are now measuring. See the report for further details https://www.theclimategroup.org/sites/default/files/disclosure_update_2017_digital.pdf
- We wrapped up our 2-year 'Energy Transition Platform' initiative with 11 energy intensive state and regional economies in May, securing positive feedback from participating governments, our funder (Mercator) and the project auditors. A successor project is expected to be implemented in FY18/19 as a result of the ETP's success.

[2] Where grants are received in foreign currency, these have been converted to GBP in line with conversion rates applied for YE accounting purposes

- We secured a major grant (£230,000) from the MacArthur Foundation to properly develop our Under2 engagement work in India. Our first event secured participation by 14 of India's 28 states, underlining the potential opportunity for growth and impact of the Coalition in India.
- Under our Policy Workstream we launched a digital policy map to profile all the work of Coalition members in an engaging and interactive way.
- With the generous, in-kind support of the government of Baden-Württemberg we secured the use of a serviced office space in Brussels for two years to help enhance our engagement with European coalition members.

Box 3. Under2 Future Fund

A unique aspect of the Under2 Coalition is its 'Future Fund'. The Future Fund aims to accelerate climate action through strategic funding to support climate activities in developing and emerging economy regions. The Fund is supported by grants from several Under2 governments and is administered by The Climate Group. An Advisory Board provides overall direction for the initiative, advising on strategic priorities, overseeing the allocation of funds and steering the decision-making processes. Resources from the Future Fund are intended to be used for some of the following priorities agreed with the Advisory Board:

- Support outreach activities to expand engagement with a focus on key emerging economies (in Asia-Pacific, Africa and Latin America)
- Identifying and providing direct funding to developing and emerging economy jurisdictions to implement the Under2 Coalition's 2050 goals
- Support capacity-building workshops or secondment of staff from other jurisdictions
- Support the convening of stakeholders from developing and emerging economies
- Fund research activities and reports on topics of strategic importance to the jurisdictions and the Coalition through external experts as well as engagement with the Coalition
- Support travel costs for selected state and regional government elected officials and senior policy experts to attend Under2 Coalition events
- Fund management and growth, administration, translation services

In FY17/18 the Fund's budget was £115,000 all of which was allocated for the kind of purposes described above. By year-end the Fund had been replenished at the same level for FY18/19.

Goal 2: Accelerate the clean energy transition

Our broad aim for Goal 2 in FY17/18 was to increase and broaden the impact of our suite of energy related initiatives (RE, EP, and EV100, our LED programme and ETP). Our key achievements included:

- RE100 reached 100 members early in FY17/18 and by year-end the figure had increased to nearly 140, representing a level of aggregate renewable electricity demand greater than the UK's national power supply. The geographic spread of membership also increased, most notably in Japan with five new corporate members.
- We also released our latest RE100 Insight & Progress report. Highlights included confirmation that 25 members had already achieved their 100% target, including Microsoft, Starbucks and M&S. Across the membership as a whole, use of renewable power averaged 32%. Economics was cited by 89% of companies as the most important driver for making the commitment.
- We significantly increased our policy engagement through RE100 during the year. We worked with partners in Europe, for example, to ensure the EU's new energy directive was as ambitious as possible, including key provisions on Power Purchase Agreements (PPAs) sought by RE100 members.

- At Climate Week NYC 2017, we officially launched our EV100 initiative with 10 founding companies. By year end the number had reached 20, including Unilever, IKEA and perhaps most notably, Baidu – China's internet search engine giant. Baidu's involvement ensured EV100's exposure in China – the world's largest EV market – was significantly amplified. During the year, EV100 member, LendLease, committed to promoting the transition of its 1.8 million customer vehicles, electrifying its entire employee fleet by 2021.
- We conducted a review and restructuring of our EP100 initiative to increase its appeal to a broader business audience. The new structure, which formalises a partnership with the World Green Building Council, allows for sector-specific commitments for buildings and industry and will be fully rolled out in FY18/19.
- As part of the EP100 revamp, we enhanced the link with our LED lighting programme given the obvious shared interest in energy efficiency but also due to increasing engagement with corporates on LED procurement. We also renewed our long-running partnership with Signify (formerly Philips Lighting).
- Our India office was particularly active in driving our clean energy transition work during the year. A new initiative to accelerate e-mobility and renewable energy scale-up was begun with partners CDP and WBSCD which in part built on our 'Shifting the Narrative' initiative that concluded in January. The team also secured funding from Goldman Sachs for a project aimed at enhancing finance for distributed renewable energy. The team also hosted the India Energy Access Summit in February (see Goal 3 below).
- A common thread connecting much of our Goal 2 work through the year was the We Mean Business Coalition, of which The Climate Group is a founding partner. The Coalition – through the support of the IKEA Foundation – provided renewed funding for all three '100' initiatives and the new India initiative with CDP and WBCSD.

Box 4. 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? The reasons are simple: 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.

Goal 3: Deliver inspiring climate communications

Our broad aim for Goal 3 in FY17/18 was to rebuild internal capacity to properly support our programmes and events. Key achievements for the year included:

- We successfully delivered Climate Week NYC 2017, our premier international event, in terms of budget, contractual outputs and media profile. Despite having an almost completely new communications team, we ensured that Climate Week NYC maintained its reputation as one of the key points in the international climate calendar for business, governments and civil society alike. Social media coverage amounted to over 370 million media impressions. The week was covered by stories in the New York Times, by the BBC and Bloomberg.

- We subsequently invested heavily in planning through FY17/18 for Climate Week NYC 2018 and by year-year-end this had resulted in significantly improved sponsorship levels, a revamping of activities and enhanced integration of our key initiatives across the week.
- Our India Energy Access Summit in February was another high-profile event for us this year. At this summit, we brought together some 300 practitioners from across the energy access sector, including senior government officials – the only conference of its kind to do so in India.
- Parallel with our Climate Week NYC 2018 work, we also played a central role in the planning and content delivery for the Global Climate Action Summit (GCAS) held in San Francisco in September 2018. Hosted by Governor Jerry Brown of California, the Summit was conceived to demonstrate to national governments non-state actor support for greater climate action ahead of the first 'ratchet' moment under the Paris Agreement in 2020. Through FY17/18 we helped to shape the overall agenda as a member of the Steering Committee and planned the 'Healthy Energy Systems' component – one of the five key 'challenge areas' that formed the heart of the Summit.

Goal 4: Be fit-for-purpose

Our broad aim for Goal 4 in FY17/18 was to strengthen all key operational aspects of the organisation, including financial management, HR and governance. Key achievements / activities for the year included:

- We succeeded in implementing the majority of the back-end of our new accounting system by year-end and went live post year end.
- We undertook an in-depth HR review in our UK office and subsequently implemented several changes, including: a new pay policy; an online HR system; a new staff competency-matrix; and a new organisational culture and values statement. Training opportunities were also expanded for all staff through the online 'Courses for Good' programme which global learning provider, IME, offers to charities on a pro-bono basis.
- In India we moved offices to provide the staff with a quieter and more functional workspace, and in the UK there was a staff-led office redesign, which has enhanced the working environment and moved us to full hotdesking in anticipation of a significant increase in staff in FY18/19.
- Following legal advice and in order to comply with China's 2017 'Foreign NGO Law', we took the decision to close down our China office in March 2018 and re-establish our operations under a new 'Representative Office' (RO) structure. As a consequence of this decision all our operations in China ceased from March and 4 members of staff were made redundant. Our China director has been retained as a consultant, employed by our UK office, and is tasked with the reestablishment of operations under the new structure. Our expectation is that we will be able to resume our work in China some time in FY18/19.
- We successfully complied with the key requirements of the EU's new General Data Protection Regulation (GDPR) which came into effect on May 25th.

Our FY18/19 plans

1. Make the Under2 Coalition world leading

In FY17/18 our Goal 2 activities will be focused on delivery of existing and newly funded initiatives and managing the challenges that come with significant and rapid growth generated by these projects. Specific plans include:

- Execute the first phases of the new Transparency and Pathways projects
- Launch the successor initiative to the ETP project
- Secure new funding to initiate a new 'Climate Diplomacy' workstream to complement and leverage the existing workstreams to help build the level of global climate ambition
- Launch an online 'Knowledge & Networking' platform to support and enhance all our Under2 initiatives
- Increase the level of government engagement (both in numbers and quality) across all baseline activities, including the Annual Disclosure Report, member webinars and events
- Develop and, when possible, execute re-engagement plans and activities in China (NB: timing dependent on confirmation of Representative Office (RO) status).

2. Accelerate the clean energy transition

In FY18/19 our overall Goal 2 aim is to continue our efforts to increase membership of corporate campaigns and further develop their geographic reach and clean energy impact. Specific plans include:

- Increase the total number of corporate commitments to over 300 (from 174 at end of FY17-18)
- Increase the quality and depth of engagement, including by increasing the number of companies participating in two or more campaigns (50% of total), developing a vanguard of companies (5%) that demonstrate the greatest level of ambition and action on clean energy, and expanding our policy work.
- Continue to explore and develop linkages between our corporate and government clean energy initiatives to leverage and accelerate climate action
- Increase geographic reach of the '100' campaigns, with an emphasis on recruitment in Japan, East and South East Asia.
- Increase and achieve high level (90%) of disclosure reporting by companies across all '100' campaigns

3. Deliver inspirational climate communications

Our overall aim in FY18/19 for Goal 3 is to continue to build a fully functional, integrated communications operation in all areas (digital, social and traditional) and across all programmes by year-end. Specific plans / activities include:

- Audience engagement plan fully operational (i.e. target audiences by programme defined, hit rates achieved)
- Strong story content consistently delivered and used regularly by stakeholders / media
- Global events plan in place that integrates programmes and creates connecting narrative over next 12-24 months
- Public profile and reputation increased through positioning the organisation as the 'go-to' media commentator on positive climate action
- New brand strategy developed and in place that maximises the profile, and leverages the connections, between The Climate Group and its related brands (e.g. Climate Week NYC, RE100, Under2 Coalition etc)

4. Be fit-for-purpose

In FY18/19 the focus of our Goal 4 work will be to complete a number of key activities begun in FY17/18, notably the full implementation of our new accounting and project management system across all offices. Other major activities and plans include:

- All recommended actions from our FY17/18 HR review implemented in UK and rolled out in other offices as appropriate
- Aim for 3-5% of our income to be directed into our unrestricted reserves to support our reserves policy and provide sufficient financial stability for unexpected shifts in programmatic, operational or funding activity.
- 50% of income for FY19/20 and 30% for FY20/21 secured by year-end
- New 'Representative Office' status officially confirmed for our China office
- Any impacts, in terms of staff and funding, of Brexit successfully negotiated

3. How we work and are governed

Managing 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 Board and circulated to Trustees for their review.

The major risks reported to the EMT and Board 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. The significant uplift in confirmed income for FY18/19 compared to FY17/18 has confirmed the validity of this approach. 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 associated 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 12-24 months 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 also initiated a major HR review in FY17/18 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. Key actions from this review have already been carried out and others will be in FY18/19.

- **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 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 a material number of staff if they feel their future in the UK is uncertain. We conducted individual consultations with all our EU staff in September 2018 which confirmed that none had any short terms plan of relocating as a result of Brexit. 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 a formal, registered office in the EU (e.g. Brussels), which could also employ any EU staff that are able and willing to relocate.

- **Cyber risk.** Our reliance on IT systems to support our programmatic and operational work, and the growing sophistication of cyber attacks has meant that cyber risk is now an increasing concern for the organisation. We conducted a penetration test (PEN test) during the year to test our computer and system networks for any vulnerabilities which attackers could exploit. Together with these annual PEN tests and regular system reviews, we will update our information security risk management strategy which will enable us to take a systematic approach to managing cyber risk and associated risks to our information assets.

Financial review and strategy

The Statement of Financial Activities (page 28) 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 2017/18 financial year was £5,964,113 (2017: £4,830,524). As at 30 June 2018 we had £645,549 (2017: £484,708) of deferred income.

Our income in the year came from the following main sources:

- Government and Philanthropic Grants of £4,214,500 (2017: £3,661,693) which included the Dutch Postcode Lottery, We Mean Business, ClimateWorks, Rockefeller Brothers Fund, Heising Simons Foundation, John D. and Catherine T. MacArthur Foundation, Stiftung Mercator and Climate-KIC.
- Sponsorship incomes for our events including Climate Week NYC, India Energy Access Summit and other smaller events totalling £790,626 (2017: £409,706).
- Membership and partnership incomes for our key initiatives of £958,987 (2017: £679,644).

In the year we strengthened the funding for our 100's campaigns and secured new funding for the Under2 Coalition initiatives, which was critical to enable us to implement the ambitions and our goals. Since the year end we have secured multi year grants with the German and Norwegian governments and a major grant for our energy transition work with state and regional governments. These run from late 2018 to early 2021.

Development
We continue to grow our pipeline of opportunities for securing income from grants, sponsorship and membership by strengthening The Climate Group's value proposition across all of our areas of programmatic delivery.

We have meanwhile invested in improving our internal systems and capacities for producing higher-quality funding proposals, and our processes for engaging with a wider range of funders so as to better understand market trends and build mutually-beneficial partnerships. On this basis we are seeing increasing diversification of income sources, and more multi-year funding agreements for ambitious new project-based initiatives.

The Dutch Postcode Lottery remains a vital and significant source of unrestricted funding for our core costs, and we have recently signed a new agreement that runs until 31st December 2023.

We continuously invest in our financial and project management support systems to ensure compliance with contractual delivery obligations, manage risk and meet full cost recovery requirements. Whilst improving systems is an important component of this work, we place great emphasis on training staff to better understand and respond to the financial and commercial risks we face and help ensure The Climate Group's financial sustainability.

Expenditure

During the accounting period we spent a total of £5,387,452 (2017: £4,166,531).

Our total costs are analysed by the nature of the expenses as follows:

	2018	2017
	£	£
Staff costs	**3,433,932**	2,887,680
Other direct costs	**987,778**	554,082
Support costs	**965,742**	724,769
	5,387,452	4.166,531

Expenditure increased mainly through the growth and generation of funded new initiatives. This led to increased staff numbers and related project and office costs. These funds included additional collaborative subgrants to other organisations which included CDP, WBCSD and World Green Building Council.

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 £557,730 (2017: surplus of £646,070).

The balance of funds at 30 June 2018 was a surplus of £1,610,052 (2017: £1,052,322) comprising restricted funds of £1,178,283 (2017: £884,112) and unrestricted funds of £431,769 (2017: £168,210).

China remains critical to our ambitious plans and we expect our new Representative Office to be opened during the next financial year, subject to local approvals. Our existing China entity, The Climate Group (China) Limited, closed the year with net assets of £nil (2017: negative net assets of £659,440), the full debts have been written off, and is in the process of dissolution.

Our Indian operations have become self-sustaining in the year and we have a strong pipeline of programmatic work and an expanding local team.

Reserves policy

The Climate Group's long-term objective is now to maintain unrestricted reserves equivalent to at least 3 months of core net expenditure, to secure The Climate Group's long-term viability. This represents a change from our previous policy of maintaining 3 months of expenditure as unrestricted reserves.

As we undertake significant programmatic activity the executive management team have considered that most project costs can be reduced in line with any project funding downturns. We expect to require about £250,000 per month to cover core operational costs, net of current unrestricted funding and to be able to absorb a proportion of project staff costs, in case there was a sudden unexpected drop in income. This would result in a target level of at least £750,000 and we are currently showing unrestricted reserves at £431,769 as at 30th June 2018 (2017: £168,210). Whilst we have not been able to reach this level, our unrestricted reserves have been continually rebuilt over the last few years and we remain committed to achieving our target by 2020 or earlier.

Going concern

The Climate Change Organisation, like many charities, is dependent on voluntary contributions from funders to meet its future commitments. The Climate Change Organisation's ability to generate this voluntary income going forward is significantly dependent on the charity's strategy and planned income generation from strategic partners and trusts.

At the time of this report we have positively secured and signed agreements totally ~80% of our income target of £9m for the year ended 30th June 2019 and ~50% of an initial £10m target for the year ended 30th June 2020.

We deem that we have sufficient levels of secure income to manage our fixed costs and risks.

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 continue to pursue opportunities to secure both one-off and recurring income streams and now have several large multi-year grants that run to early 2021.

The Trustees have considered the charity's strategic plan and current income forecasts for the years ending 30th June 2019 and 30th June 2020.

The Trustees are confident in the charity's strategy for income generation and cost management for at least the 12 months following the approval of these financial statements. They have therefore prepared the Financial Statements on a going concern basis.

Governance 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 charitable 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. During 2018/19 we aim to set up a Representative Office in China to conform with new international NGO regulations. These legal entities 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 during the reporting period.

Trustees

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 23.

The Climate Group Board of Trustees currently comprises ten 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. Trustees also meet with members of the Executive Management Team to fully understand The Climate Group's programmes, and the systems and processes which support them. 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 regular meetings of the Board of Trustees.

Scheme of delegation

The Trustees have set out a scheme of delegation, delegating authority from the Trustees to the Chief Executive and thereon to the Executive Management Team in the organisation. The scheme of delegation is reviewed annually and formally approved by the Trustees each year.

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.

Governance code

The Trustees are aware of the Charity Governance Code published in 2017 which sets out the principles and recommended practice for good governance within the sector. The Charity is reviewing its current governance arrangements against the principles within the code and will address any issues raised where required in 2019.

Fundraising code
The Climate Group is a member of the Fundraising Regulator. Although we do not undertake any street, door-to-door or private site fundraising, and do not engage with commercial partners or volunteers to raise funds on our behalf, we work to ensure that those fundraising activities we do undertake comply with the law as it applies to charities and fundraising.

We also take our responsibilities to protect vulnerable people seriously and where any fundraising activities involve vulnerable people, we follow issued guidance on this to ensure fair and reasonable treatment of our donors.

During the reporting period, The Climate Group received no fundraising complaints from members of the public.

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
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 CO_2 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 29 November 2018 and were signed on its behalf by:

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

Key people and advisors

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 2017 and 29 November 2018, the date of the signing of the accounts.

Board of Trustees
Trustees during the year ended 30 June 2018 were as follows:
Joan MacNaughton (Chair of the Board of Trustees; Chair of the Nominations Committee)
Zoë Ashcroft
Greg Barker (*to 14 November 2018*)
Richard Gledhill (Chair of the Finance & Audit Committee)
Abyd Karmali
Dominic Waughray
Viki Cooke
Mike Rann
Victoria Keilthy

Since the year end, the following have been appointed to the Board:
Robin Kaiser Gish – *appointed 15 October 2018*

Finance and Audit Committee
Members during the year ended 30 June 2018 were as follows:
Richard Gledhill (Chair of the Finance & Audit Committee – *to 26 October 2018*)
Joan MacNaughton
Mike Rann
Victoria Keilthy (Interim Chair of the Finance & Audit Committee – *from 26 October 2018*)

Since the year end, the following have been appointed to the Committee:
Andrew Clark – *appointed 4 October 2018*

Executive Management Team (EMT)
The Executive Management Team during the year ended 30 June 2018 was as follows:
Tim Ash Vie, Director, Under2 Coalition – *from 4 September 2017*
Helen Clarkson, Chief Executive
Amy Davidsen, Executive Director US (The Climate Group, Inc.)
Jack Frangou, International Finance Director
Luke Herbert, International Communications Director
Yuming Hui, China Programme Director (The Climate Group (China) Ltd) – *from 4 September 2017*
Mike Peirce, Corporate Partnerships Director
Damian Ryan, Strategy & Impact Director
Jarnail Singh, India Director

Principal Professional Advisers

Accountants

JS2 Limited
One Crown Square
Woking
Surrey GU21 6HR

Solicitors

Winston & Strawn London LLP
CityPoint
One Ropemaker Street
London EC2Y 9AW

Bankers Auditor

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

Crowe U.K. LLP
St. Brides House
10 Salisbury Square
London EC4Y 8EH

Trustees / Directors of our International Boards

4. Audited Accounts

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 2018 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 2018 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 where:

- 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 U.K. LLP

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

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

For the year ended 30 June 2018

Consolidated statement of financial activities

	Notes	Restricted	Unrestricted	**Year ended 30 June 2018**	Year ended 30 June 2017
Income from:		£	£	**£**	£
Donations and legacies					
Donations & similar funding		1,115	37,516	**38,631**	172,306
Grants	2	3,155,193	1,020,676	**4,175,869**	3,489,387
		3,156,308	1,058,192	**4,214,500**	3,661,693
Charitable Activities					
Membership and partnership income		-	958,987	**958,987**	679,644
Sponsorship and other		-	790,626	**790,626**	409,706
		-	1,749,613	**1,749,613**	1,089,350
Other trading activities					
Other		-	-	**-**	78,408
Investment income		-	-	**-**	1,073
Total income		3,156,308	2,807,805	**5,964,113**	4,830,524
Expenditure on:					
Raising funds		-	642,723	**642,723**	636,137
Charitable activities		2,862,137	1,882,592	**4,744,729**	3,530,394
Total expenditure	3	2,862,137	2,525,315	**5,387,452**	4,166,531
Net income		294,171	282,490	**576,661**	663,993
Other recognised gains and losses					
(Losses) on revaluation of foreign subsidiaries		-	(18,931)	**(18,931)**	(17,923)
Net movement in funds		294,171	263,559	**557,730**	646,070
Reconciliation of funds:					
Total funds brought forward		884,112	168,210	**1,052,322**	406,252
Total funds carried forward	12	1,178,283	431,769	**1,610,052**	1,052,322

All of the above results derive from continuing activities. There are no gains and losses other than those disclosed above. Movements in funds are disclosed in Note 12 to the financial statements.

Balance sheets

	Notes	Group 30 June 2018 £	Group 30 June 2017 £	Charity 30 June 2018 £	Charity 30 June 2017 £
Fixed assets					
Tangible fixed assets	7	**86,134**	6,725	**71,604**	2,440
Investments	8	**85,000**	85,000	**95,916**	85,000
		171,134	91,725	**167,520**	87,440
Current assets					
Debtors	9	**676,511**	284,622	**1,012,949**	426,217
Cash at bank and in hand		**2,202,357**	1,806,279	**1,571,919**	1,207,098
		2,878,868	2,090,901	**2,584,868**	1,633,315
Creditors: amounts falling due within one year	10	**(1,439,950)**	(1,130,304)	**(1,176,615)**	(872,291)
Net current assets		**1,438,918**	960,597	**1,408,253**	761,024
Net assets	11	**1,610,052**	1,052,322	**1,575,773**	848,464
Represented by					
Restricted funds		**1,178,283**	884,112	**1,115,566**	720,005
Unrestricted funds		**431,769**	168,210	**460,207**	128,459
Total funds	12	**1,610,052**	1,052,322	**1,575,773**	848,464

The accompanying notes form an integral part of these financial statements.

The accounts on pages 28 to 45 were approved by the Board of Trustees and authorised for issue on 29 November 2018 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 2018

Consolidated cash flow statement

	Year ended 30 June 2018 £	Year ended 30 June 2017 £
Cash flows from operating activities:		
Net cash provided by operating activities (Note a)	**487,472**	985,162
Cash flows from investing activities:		
Bank interest received	**-**	1,073
Payments to acquire tangible fixed assets	**(91,394)**	(3,253)
Purchase of investments	**-**	(85,000)
Net cash used in investing activities	**(91,394)**	(87,180)
Increase in cash and cash equivalents in the reporting period	**396,078**	897,982
Cash and cash equivalents at the beginning of the year	**1,806,279**	908,297
Cash and cash equivalents at the end of the year	**2,202,357**	1,806,279

NOTES TO THE CASH FLOW STATEMENT

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

	2018 £	2017 £
Net income for the year	**576,661**	663,993
Adjustments for:		
Bank interest received	**-**	1,073
Depreciation charges	**5,050**	5,830
Foreign exchange differences, excluding gains arising on revaluation of fixed assets	**(14,216)**	(15,251)
Loss on sale of fixed asset	**2,220**	-
(Increase)/ Decrease in debtors	**(391,889)**	579,412
Increase / (Decrease) in creditors	**309,646**	(249,895)
Net cash provided by operating activities	**487,472**	985,162

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 17). 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.

Total income for the charity was £4,964,446 (2017: £3,733,789) and the surplus for the year was £727,309 (2017: £482,453 surplus).

Going concern

The Climate Change Organisation, like many charities, is dependent on voluntary contributions from funders to meet its future commitments. The Climate Change Organisation's ability to generate this 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), the Trustees consider that the level of secured income, actions and measures in place will sustain the financial position of the charity in the coming two financial years and so 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 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 2018**	Year ended 30 June 2017
	£	£	**£**	£
Corporations	224,097	-	**224,097**	300,950
Government	252,005	45,678	**297,683**	164,076
Foundations & NGOs	2,679,091	974,998	**3,654,089**	3,024,361
	3,155,193	1,020,676	**4,175,869**	3,489,387

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 2018**	Year ended 30 June 2017
	£	£	**£**	£	£	**£**	**£**	£
Cost of raising funds	344,323	19,780	**364,103**	138,831	139,789	**278,620**	**642,723**	636,137
Charitable activities	2,096,788	967,998	**3,064,786**	853,990	825,953	**1,679,943**	**4,744,729**	3,530,394
Total 2018	2,441,111	987,778	**3,428,889**	992,821	965,742	**1,958,563**	**5,387,452**	4,166,531
Total 2017	2,191,313	554,082	**2,745,395**	696,367	724,769	**1,421,136**		

Notes to the accounts

For the year ended 30 June 2018

3 Analysis of total expenditure (continued)

Other support costs comprise:

	Year ended 30 June 2018 £	Year ended 30 June 2017 £
Premises	**244,001**	297,760
Other office costs	**72,876**	74,109
IT	**49,148**	61,520
Audit	**52,517**	50,214
Legal and Professional	**132,535**	140,335
Other	**349,665**	100,831
	900,742	724,769

4 Net income / (expenditure)

is stated after charging:

	Year ended 30 June 2018 £	Year ended 30 June 2017 £
Operating lease rentals – buildings	**192,995**	202,389
Depreciation	**5,050**	8,541
Fees payable to charity auditors: audit of the charity's annual accounts	**25,500**	25,500
	223,545	236,430

5 Staff costs

Staff costs during the period amounted to:	**Year ended 30 June 2018 £**	Year ended 30 June 2017 £
Wages & salaries	**2,641,391**	2,142,675
Social security costs	**197,993**	147,926
Employer's pension contributions	**219,768**	142,106
Other staff costs	**141,918**	198,981
	3,201,070	2,631,688
Temporary staff	**232,862**	255,992
	3,433,932	2,887,680

5 Staff costs (continued)

Included within staff costs above is £37,568 (2017: £nil) relating to redundancy costs in connection with the closure of the China office.

The average number of employees in the year was 63 (2017:53)

During the year 5 (2017: 4) volunteers contributed to the delivery of our core programmatic work.

Number of employees with emoluments exceeding £60,000 in the year was:

		2018		2017
	UK	**Rest of World**	UK	Rest of World
		Number		Number
£60,000 - £70,000 p.a.	**-**	**3**	1	2
£70,001 - £80,000 p.a.	**3**	**1**	1	1
£80,001 - £90,000 p.a.	**2**	**-**	1	-
£100,001 - £110,000 p.a.	**1**	**-**	-	-
£110,001 - £120,000 p.a.	**-**	**-**	-	-
£120,001 - £130,000 p.a.	**-**	**-**	-	-
£130,001 - £140,000 p.a.	**-**	**-**	-	-
£1440,001 - £150,000 p.a.	**-**	**-**	-	-
£150,001 - £160,000 p.a.	**-**	**-**	-	-
£160,001 - £170,000 p.a.	**-**	**-**	-	-
£170,001- £180,000 p.a.	**-**	**1**	-	1

The growth in the numbers in the UK is attributable to the growth in the Executive Management Team (EMT) following resignations in the preceding reporting period. Currency fluctuations have resulted in increasing staff costs on conversion to GBP, leading to an increase in the number of staff falling into the bandings in offices outside the UK.

Retirement benefits are accruing to the higher paid staff under defined contribution schemes. Employer contributions of £58,235 (2017: £31,136) were made during the year.

The key management personnel of the group are the members of the Executive Management Team (EMT), as noted on page 23. The total employee benefits for the EMT was £884,358 (2017: £766,744) inclusive of employer's pension and national insurance costs.

6 Trustees' remuneration and expenses

No Trustee received any remuneration during the year (2017: nil). Expenses totalling £545 (2017: £2,174) were reimbursed to one Trustee (2017: two Trustees) solely for travel costs incurred in attending meetings and events.

7 Tangible fixed assets (Group)

	Office equipment	Leasehold improvements	**Total**
Cost	£	£	**£**
At 1 July 2017	250,203	4,035	**254,238**
Revaluation on consolidation	(5,450)	-	**(5,450)**
Additions	91,394	-	**91,394**
Disposals	(102,029)	(4,035)	**(106,064)**
At 30 June 2018	234,118	-	**234,118**
Depreciation			
At 1 July 2017	243,478	4,035	**247,513**
Revaluation on consolidation	(734)	-	**(734)**
Charge for the period	5,050	-	**5,050**
Disposals	(99,810)	(4,035)	**(103,845)**
At 30 June 2018	147,984	-	**147,984**
Net book value			
At 30 June 2018	86,134	-	**86,134**
At 1 July 2017	6,725	-	**6,725**

7 Tangible fixed assets (Charity)

	Office equipment	Leasehold improvements	**Total**
Cost	£	£	**£**
At 1 July 2017	197,701	4,035	**201,736**
Additions	75,311	-	**75,311**
Disposals	(94,730)	(4,035)	**(98,765)**
30 June 2018	178,282	-	**178,282**
Depreciation			
At 1 July 2017	195,261	4,035	**199,296**
Charge for the period	3,927	-	**3,927**
	(92,510)	(4,035)	**(96,545)**
At 30 June 2018	106,678	-	**106,678**
Net book value			
At 30 June 2018	71,604	-	**71,604**
At 1 July 2017	2,440	-	**2,440**

8 Investments

	Group 30 June 2018 £	Group 30 June 2017 £	**Charity 30 June 2018 £**	Charity 30 June 2017 £
Seed capital investment fund	**85,000**	85,000	**85,000**	85,000
Subsidiary - TCCO India Projects Pvt. Ltd	**-**	-	**10,916**	-
	85,000	85,000	**95,916**	85,000

9 Debtors

	Group 30 June 2018 £	Group 30 June 2017 £	**Charity 30 June 2018 £**	Charity 30 June 2017 £
Trade debtors	**422,374**	120,766	**265,493**	67,687
Other debtors	**55,038**	19,278	**31,231**	-
Due from subsidiary companies	-	-	**545,191**	235,276
Prepayments	**125,757**	79,683	**97,692**	58,359
Accrued income	**73,342**	64,895	**73,342**	64,895
	676,511	284,622	**1,012,949**	426,217

10 Creditors: amounts falling due within one year

	Group 30 June 2018 £	Group 30 June 2017 £	**Charity 30 June 2018 £**	Charity 30 June 2017 £
Trade creditors	**186,029**	91,884	**158,218**	82,894
Taxation & social security	**104,424**	98,192	**80,425**	79,843
Other creditors	**17,069**	99,913	**7,514**	8,869
Accruals	**286,879**	105,607	**225,546**	63,090
Short term loans	**200,000**	250,000	**200,000**	250,000
Deferred income	**645,549**	484,708	**504,912**	387,595
	1,439,950	1,130,304	**1,176,615**	872,291

Deferred income

	At 1 July 2017 £	Released to income £	Deferred in the year £	**At 30 June 2018 £**
Membership	**248,530**	(239,692)	320,909	**329,747**
Grants	**139,065**	(139,065)	175,165	**175,165**
Charity total	**387,595**	(378,757)	496,074	**504,912**
The Climate Group Inc	**97,113**	(97,113)	140,637	**140,637**
Group total	**484,708**	(475,870)	636,711	**645,549**

11 Analysis of net assets between funds (Group)

	Restricted funds £	Unrestricted funds £	**Total funds £**
Tangible assets	-	86,134	**86,134**
Investments	85,000	-	**85,000**
Current assets	1,093,283	1,785,585	**2,878,868**
Current liabilities	-	(1,439,950)	**(1,439,950)**
Net assets at 30 June 2018	**1,178,283**	**431,769**	**1,610,052**

Analysis of net assets between funds (Charity)

	Restricted funds £	Unrestricted funds £	**Total funds £**
Tangible assets	-	71,604	**71,604**
Investment in subsidiary	-	10,916	**10,916**
Investments	85,000	-	**85,000**
Current assets	1,030,566	1,554,302	**2,584,868**
Current liabilities	-	(1,176,615)	**(1,176,615)**
Net assets at 30 June 2018	**1,115,566**	**460,207**	**1,575,773**

Prior year 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	1,291,789	**2,090,901**
Current liabilities	-	(1,130,304)	**(1,130,304)**
Net assets at 30 June 2017	**884,112**	**168,210**	**1,052,322**

Prior year 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**

Notes to the accounts

For the year ended 30 June 2018

12 Movement in funds (Group)

	Balances as at 1 July 2017	Income	Expenditure	Transfers & exchange differences	**At 30 June 2018**
	£	£	£	£	**£**
Restricted funds					
Bringing Light to India's Rural Poor	35,000	-	(35,000)	-	**-**
Energy Transition Platform (ETP)	245,000	-	(245,000)	-	**-**
RE100	-	439,753	(321,197)	-	**118,556**
EP100	89,000	614,833	(489,647)	-	**214,186**
Fast-tracking e-mobility & clean electrification	-	188,795	(188,795)	-	**-**
EV100	107,000	764,371	(630,955)	-	**240,416**
Under2 Coalition	125,000	252,314	(241,217)	-	**136,097**
Under2 Coalition MRV (Transparency)	-	74,759	(74,759)	-	**-**
Future Fund	34,005	126,420	(79,935)	-	**80,490**
Compact of States & Regions (Transparency)	-	80,860	(80,860)	-	**-**
Seed capital investment fund	85,000	-	-	-	**85,000**
Under2 ZEV (Policy)	-	105,000	(26,250)	-	**78,750**
Under2 Coalition India US	-	111,945	(68,411)	-	**43,534**
DRE India		198,739	(99,853)	-	**98,886**
DRE India US	-	25,356	(10,152)	-	**15,204**
GCAS US	-	75,330	(43,052)	-	**32,278**
Under2 Coalition US	87,007	94,131	(133,626)	-	**47,512**
RE100 US	77,100	-	(77,100)	-	**-**
GCAS – WMB/BSR	-	-	(12,626)	-	**(12,626)**
China restricted	-	3,702	(3,702)	-	**-**
Total restricted funds	**884,112**	**3,156,308**	**(2,862,137)**	**-**	**1,178,283**
Unrestricted Funds					
General Funds	168,210	2,807,805	(2,525,315)	(18,931)	**431,769**
Total unrestricted funds	**168,210**	**2,807,805**	**(2,525,315)**	**(18,931)**	**431,769**
Total funds	**1,052,322**	**5,964,113**	**(5,387,452)**	**(18,931)**	**1,610,052**

Prior year movement in funds of the Group

	Restated 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 (ETP)	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**

Bringing Light to India's Rural Poor	Funding to reduce greenhouse gas emissions and enhance the lives of rural inhabitants across three states in India.
Under2 Coalition	Funding that includes acting as Secretariat to the Under2 Coalition and projects working directly with government signatories and partners of the Under2 MOU to drive net-zero ambition and action.
Future Fund	Funding for subnational governments to accelerate the shift towards a world of under 2°C of warming, through strategic funding that supports climate activities in developing and emerging economy regions.

13 Financial assets and liabilities

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

	Group 30 June 2018 £	Group 30 June 2017 £	**Charity 30 June 2018 £**	Charity 30 June 2017 £
Financial assets measured at amortised cost:				
- Trade and other debtors	**550,754**	204,939	**915,257**	367,858
- Cash	**2,202,357**	1,806,279	**1,571,918**	1,207,098
	2,753,111	2,011,218	**2,487,175**	1,574,956
Financial liabilities measured at amortised cost:				
- Trade and other creditors	**794,401**	645,596	**671,703**	484,696

14 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.

15 Related party transactions

Trustees and other related parties, including key management personnel, made donations to the Charity during the year totalling £5,200 (2017: £6,000).

16 Leasing commitments

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

	2018 Land and buildings £	2017 Land and buildings £
Expiring within 1 year	**161,196**	187,700
Expiring between 1 and 2 years	**146,870**	270,252
Expiring between 2 and 5 years	**21,193**	-
	329,259	457,952

17 Grant Commitments

At 30 June 2018 The Climate Change Organisation had the following grant commitments:

	2018 £	2017 £
Future Fund	**17,881**	-

18 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 India (registered on 21 May 2018). The charity also has a trading subsidiary in the UK called The Climate Change Organisation Services Ltd (registered on 1 May 2007). These entities operate in close conjunction with the UK charity with a relationship maintained via places on the Boards for members of the charity's management team. All of these entities have a year-end date of 30 June except for the Chinese entity which has a 31 December year end and Indian Entities 31 March, due to local regulations.

	Balance as at 1 July 2017	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 2018
	£	£	£	£	£	£	£	**£**
Organisation								
The Climate Group Inc	235,094	715,007	(100,231)	-	(328,814)	(287)	-	520,769
The Climate Group (China) Ltd	-	-	-	-	305,935	(28,602)	(277,333)	-
The Climate Change Organisation India	-	-	-	14,240	10,000	-	-	24,240
The Climate Change Organisation Services Ltd	182	-	-	-	-	-	-	182
	235,276	715,007	(100,231)	14,240	(12,879)	(28,889)	(277,333)	545,191

Prior year transactions between the charity and related organisations

	Balance as at 1 July 2016	Subgrant received	Subgrant made	Expenses incurred	Payments made/ (received)	Exchange differences	Provision against balance	Balance as at 30 June 2017
	£	£	£	£	£	£	£	**£**
Organisation								
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	182							182
	169,723	(745,221)	225,967	3,704	227,209	16,099	337,795	235,276

Notes to the accounts

For the year ended 30 June 2018

United States – The Climate Group Inc

	2018	2017
	£	£
Net assets as at 1 July 2017	155,792	133,228
Income for the year to 30 June 2018	1,782,729	1,245,925
Net surplus for the year to 30 June 2018	(138,735)	29,157
Net assets as at 30 June 2018	17,057	162,385

China – The Climate Group (China) Limited

	2018	2017
	£	£
Net assets as at 1 July 2017	(667,234)	(434,693)
Income for the year to 30 June 2018	965,184	43,752
Net surplus/(deficit) for the year to 30 June 2018	667,234	(224,747)
Net assets as at 30 June 2018	-	(659,440)

Hong Kong – The Climate Group (Hong Kong) Limited

	2018	2017
	£	£
Net assets as at 1 July 2017	-	(794,381)
Income for the year to 30 June 2018	-	823,352
Net surplus/(deficit) for the year to 30 June 2018	-	794,381
Net assets as at 30 June 2018	-	-

UK – The Climate Change Organisation Services Limited

	2018	2017
	£	£
Net assets as at 1 July 2017	(76)	(76)
Income for the year to 30 June 2018	-	-
Net surplus/(deficit) for the year to 30 June 2018	-	-
Net assets as at 30 June 2018	(76)	(76)

India – Climate Change Association India

	2018	2017
	£	£
Net assets as at 1 July 2017	9,911	11,607
Income for the year to 30 June 2018	29,828	33,023
Net surplus/(deficit) for the year to 30 June 2018	9,585	(991)
Net assets as at 30 June 2018	19,496	10,616

India – TCCO India Projects Pvt. Ltd.

	2018	2017
	£	£
Net assets as at 1 July 2017	-	-
Income for the year to 30 June 2018	-	-
Net surplus/(deficit) for the year to 30 June 2018	(1,155)	-
Net assets as at 30 June 2018	9,761	-

The Charity invested £10,916 in equity in TCCO India Projects Pvt. Ltd. This is a wholly owned organisation set up in May 2018. Post year end the organisation has secured project income.

19 Prior year Consolidated Statement of Financial Activities

	Restricted	Unrestricted	**Year ended 30 June 2017**
Income from:	£	£	£
Donations and legacies	4,665	167,641	**172,306**
Donations & similar funding	2,624,261	865,126	**3,489,387**
Grants			
	2,628,926	1,032,767	**3,661,693**
Charitable Activities	-	679,644	**679,644**
Membership and partnership income	238,901	170,805	**409,706**
Sponsorship and other			
	238,901	850,449	**1,089,350**
Other trading activities	-	78,408	**78,408**
Other			
	-	1,073	**1,073**
Investment income			
	2,867,827	1,962,697	**4,830,524**
Total income			
Expenditure on:			
Raising funds	-	636,137	**636,137**
Charitable activities	2,329,429	1,200,965	**3,530,394**
Total expenditure	2,329,429	1,837,102	**4,166,531**
Net (expenditure) / income	**538,398**	**125,595**	**663,993**
Transfers between funds	-	-	**-**
Other recognised gains and losses Gains on revaluation of foreign subsidiaries	16,918	(34,841)	(17,923)
Net movement in funds	**555,316**	**90,754**	**646,070**
Reconciliation of funds:			
Total funds brought forward	328,796	77,456	406,252
Total funds carried forward	**884,112**	**168,210**	**1,052,322**