

# THE °CLIMATE GROUP

**ACCOUNTS FOR THE 12 MONTHS TO 30 JUNE 2008**

**COMPANY NUMBER: 4964424**

**CHARITY NUMBER: 1102909**



## BOARD, MANAGEMENT TEAM & ADVISORS

<b>UK registered name</b>	The Climate Change Organisation
<b>UK charity number</b>	1102909
<b>UK company number</b>	4964424

### Principal office & Registered office

The Tower Building, 3<sup>rd</sup> Floor, York Road, London SE1 7NX

### Charity Trustees & Company Directors

Mr. J Coomber (Chair)	Mr. D Gregson
Mr. S Archibald	Ms. C Heaton
Mr. J Cameron (resigned May 2008)	Mr. M Anderson (appointed April 2008)
Ms. R Crossley	<i>Regional directors are listed in Section 1.5, page 5</i>

### Company Secretary

Dr. S Howard

### Leadership Council

The Lord Browne of Madingley (Chair)	Sir Richard Branson
Dr. Sultan Al Jaber*	Sunil Bharti Mittal*
Clésio Antonio Balbo*	Jim Rogers*
Thor Björgólfsson	Dr. SHI Zhengrong*
John R Coomber	Jeff Swartz
Stephen Green	The Hon. John Thwaites
Susan Hockfield*	Jianzhou Wang *
James Murdoch	Yue Zhang *
Boudewijn Poelman*	<i>*joined since June 2008</i>
Niklas Zennström	

### International Management Team

Dr. S Howard**	CEO
Ms. E Farnworth	Director, Corporate Leadership Programme
Ms. J Gray	Director, International States & Regions
Mr. D Hall	Director, <i>Together</i> Campaign
Mr. P Jessup	Director, Cities and Technology Programme
Mr. M Kenber**	Policy Director
Ms. A Lucas**	Communications Director
Ms. P Malhotra	India Director
Mr. S McDonald**	International Development Director
Mr. R Posner	Australia Director
Mr. C Walker**	North America Director
Mr. J Walker**	COO
Ms. C Wu	Greater China Director

\*\* Executive Management Committee

## **BOARD, MANAGEMENT TEAM & ADVISORS**

### **Accountants**

JS2 Limited  
One Crown Square  
Woking  
Surrey GU21 6HR

### **Bankers**

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

### **Lawyers**

Winston & Strawn London  
99 Gresham Street  
London EC2V 7NG

### **Auditors**

Horwath Clark Whitehill LLP  
St. Brides House  
10 Salisbury Square  
London EC4Y 8EH

## **REPORT OF THE BOARD OF TRUSTEES**

(For the 12 months ended 30 June 2008)

### **1 STRUCTURE, GOVERNANCE & MANAGEMENT**

#### **1.1 The nature of our governing document**

The °Climate Group is an international not-for-profit organisation with offices in London, New York, San Francisco, Beijing, Hong Kong and Melbourne. We also have representatives stationed in Florida, Chicago, Brussels, Mumbai, Delhi and Toronto. This report is produced by our international headquarters, which is a UK charitable company limited by Guarantee and registered under the legal name of The Climate Change Organisation. We were incorporated on 14 November 2003 and registered as a UK charity on 26 March 2004. Our statutory objects and powers are established in a Memorandum of Association, and the company is governed under its Articles of Association. In the event of the company being wound up the statutory members of the company may be required to contribute an amount not exceeding £10.

#### **1.2 Recruitment & appointment of trustees**

The directors of the company are also trustees for the purposes of charity law. Under the requirements of the charity, our trustees are elected to serve for a period of three years after which they must be re-elected at the next Annual General Meeting. After six years trustees must take a minimum of 12 months' break before re-appointment for a third term. Trustees meet quarterly, with additional meetings if required.

Due to the nature of our work, the trustees look for a range of skills for representation on the board, including familiarity with the ways that leading businesses and governments should respond to climate change, of which we aim to raise awareness. Our current Board also includes members with communications, business and legal expertise. During the period reported herein, James Cameron stepped down as a trustee due to time commitments. The Board would like to express their gratitude to James for his contribution as a trustee of the charity. In the coming year the trustees will continue to build the board's fundraising expertise in particular.

During the year the Board nominated a Finance Committee to strengthen oversight of our finances, budgeting, fundraising performance and governance. This committee also meets quarterly, in addition to the regular trustee meetings.

#### **1.3 Trustee induction**

Our Chairman and CEO brief new trustees on our recent progress, future plans, legal structure and finances, as well as trustees' obligations in the role. We also encourage prospective trustees to observe one or two trustee Board meetings to familiarise themselves with our work before formal election.

The UK Charity Commission publication *The Essential Trustee* is distributed to all new trustees along with the Memorandum and Articles of Association, the current business plan and minutes of the three most recent trustee meetings.

### **3 THE °CLIMATE GROUP**

## REPORT OF THE BOARD OF TRUSTEES (CONTINUED)

(For the 12 months ended 30 June 2008)

### 1.4 Organisational structure & decision-making

Over the reporting period, we grew from 35 to 80 staff as follows:

Region	June 30, 2007	June 30, 2008
UK (international programme staff)	18	28
UK (UK / Europe programme staff)	6	6
North America	7	26
China	2	15
India	0	3*
Australia	2	2
<b>Total</b>	<b>35</b>	<b>80</b>

\* Registration of The°Climate Group in India is pending - these individuals are engaged on a consultancy basis.

Our Chief Executive Officer (CEO) Steve Howard is responsible for our day-to-day management, supported by an International Management Team. The CEO and Chief Operating Officer (COO) Jim Walker report regularly to the Board of trustees on progress, our financial position and future plans. Our financial adviser and accountant (JS2 Limited) also reports to the trustees at Board meetings.

### 1.5 International network

The°Climate Group is represented by legal entities in the United States (registered on 21 January 2004), Australia (19 May 2005), mainland China (7 December 2007) and Hong Kong (10 January 2008), and since June 2008 we have established a legal entity in Brussels. These entities enable us to hire staff and raise and direct funds towards our work internationally. They work closely with the UK charity; with local board positions for members of our management team strengthening international relationships (the CEO sits on the US corporation board, and CEO and COO on the board of the Australian, Chinese and Hong Kong companies). Our head office's relationship with the regional offices is underpinned with legal contracts between the UK and the regional representative in each case. These contracts cover co-ordination of work programmes and licensing of the name and trademarks to the subsidiary representatives.

In May 2007 we also established a UK trading subsidiary of The Climate Change Organisation, called The Climate Change Organisation Services Limited, which will carry out any trading or service activities of the charity.

Details of our subsidiary organisations are shown below.

## **REPORT OF THE BOARD OF TRUSTEES (CONTINUED)**

(For the 12 months ended 30 June 2008)

### **UNITED STATES**

#### *The°Climate Group Inc*

Incorporated in Delaware on 5 March 2004  
Federal Employer Identification Number (FEIN) 43-2073566

Registered office address:  
444 Park Avenue South  
Second Floor  
New York, NY 10016, USA

Directors:  
Prof. W Moomaw (President)  
Mr. J Swartz (Chair)  
Mr. C Walker (Secretary)  
Dr. S Howard (Treasurer)  
Mr. P Dolan (joined September 2008)

### **AUSTRALIA**

#### *The°Climate Group Limited*

Registered under the Companies Act 2001 in Victoria  
on 19 May 2005  
Australian Company Number (ACN) 113 993 856

Registered office address:  
c/o Baker & McKenzie Limited  
Level 39, Rialto  
525 Collins Street  
Melbourne VIC 3000

Directors:  
The Hon. J Thwaites (Chair)  
Prof. T Flannery (Deputy Chair)  
Dr. S Howard  
Mr. K Scott (resigned November 2007)  
Mr. A Stock  
Mr. J Walker

### **CHINA**

#### *The°Climate Group (China) Limited*

Registered 7 December 2007

Registered office address:  
Suite 1502, Building 4  
1 Xibahe South Road,  
Chaoyang District, Beijing

Directors:  
Ms. C Wu (Legal Representative)  
Dr. S Howard (Supervisor)  
Mr. J Walker  
Mr. M Kenber

## **REPORT OF THE BOARD OF TRUSTEES (CONTINUED)**

(For the 12 months ended 30 June 2008)

### **HONG KONG**

*The°Climate Group (Hong Kong) Limited*

Registered 10 January 2008

Registered Office address:

Unit B, 21st Floor, CNT Tower,  
338 Hennessy Road,  
Wanchai, Hong Kong

Directors:

Ms. C Wu (Chair)

Mr. J Walker (Treasurer)

Mr. P Yip (Secretary)

Dr. S Howard (General Member)

### **UNITED KINGDOM TRADING SUBSIDIARY**

*The°Climate Change Organisation Services Limited*

Registered 1 May 2007

Company number 06233503

Registered Office address:

The Tower Building, 3<sup>rd</sup> Floor  
York Road  
London SE1 7NX

Director:

The Climate Change Organisation

Company Secretary:

JS2 Limited

## **REPORT OF THE BOARD OF TRUSTEES (CONTINUED)**

(For the 12 months ended 30 June 2008)

### **2 OBJECTIVES & ACTIVITIES**

#### **2.1 Objectives**

The°Climate Group's objectives, as set out in our governing document, are:

- (a) *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; and*
- (b) *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.*

#### **2.2 Mission & vision**

The°Climate Group's mission is to accelerate the low carbon economy. We use the term "low carbon economy" to mean a world where growth, human development and prosperity can be achieved without dangerous impacts on the climate system. A large part of this challenge will be to drastically reduce the reliance on oil, gas and coal to meet the world's energy needs – both by building alternative sources of energy and becoming more efficient in the use of current resources. We work with large companies and sub-national governments (states, regions, provinces and cities) to develop approaches to reduce greenhouse gas emissions and slow down climate change. We spread the word about their successes to increase the impact of successful examples of legislation and business strategy. We work to bring the ambitions of business and government leaders in line with the levels of global emissions cuts needed to avoid dangerous climate change effort called for by the latest science. We also work to help overcome obstacles that stand in the way of the effective political agreement urgently required to follow the United Nations' Kyoto Protocol, which expires in 2012.

Our vision of the future is for a prosperous, low-carbon and sustainable world economy. This drives the objectives and strategies in all underpins our core areas of our work programmes. In 2004 we set out the following elements of our vision for 2010:

- (i) 'Smart' climate policies<sup>1</sup> to achieve ambitious emissions reduction targets, supported by the necessary legislation, implemented in the world's major economies;
- (ii) Robust climate strategies are adopted by the majority of FT Global 500 (and equivalent) companies, backed up by medium- (5-10 year) and long-term (20-30 year) targets in line with the overall emission reductions demanded by the latest climate science;
- (iii) Investment in sustainable energy and energy efficiency is a core business activity for the world's largest financial institutions (top 20 banks and institutional investors);

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<sup>1</sup> 'Smart' policies are defined as directed at controlling or reducing greenhouse gas emissions in line with scientific understanding of the level of action required, whilst minimising impacts on the economy and maximising opportunities for growth of new technology and service solutions sectors.



## **REPORT OF THE BOARD OF TRUSTEES (CONTINUED)**

(For the 12 months ended 30 June 2008)

- (iv) The general public in the G8 + 5 nations is actively engaged<sup>2</sup> on the path to solving climate change; and
- (v) A robust international global deal on climate change agreement<sup>3</sup> is in place.

### **2.3 Strategies to achieve objectives**

We set the following strategies to achieve our objectives in 2007-8:

- (i) Building capacity to deliver in the US through our California and New York offices;
- (ii) Continuing to develop business programmes in Europe and North America, setting a baseline for leadership amongst existing business members and beginning to track the programmes' performance and value added for participants. Recruit ten additional corporate members;
- (iii) Setting up offices and programmes in China, India and mainland Europe;
- (iv) Continuing to develop our programme of work with our business and government partners and continuing to make strategic recruitments to the membership coalition;
- (v) Engaging high-level business and political leaders on opportunities to reduce greenhouse gas emissions;
- (vi) Taking forward our leadership programmes that help businesses and governments improve performance on climate change at a strategic organisational level;
- (vii) Developing our research programme, including a third edition of the report *Carbon Down Profits Up*, new work to track the growing sector of companies developing technologies and other solutions to tackle climate change, and continued development of the *Low Carbon Leader* awards for leadership on climate within business and government;
- (viii) Finalising and releasing the Voluntary Carbon Standard;
- (ix) Building our awareness-raising programme, including media outreach, online communications and events;
- (x) Surveying our members and their peers to understand better their perceptions of The°Climate Group and how we can support their progress towards low carbon leadership;
- (xi) Continuing to support the Climate Academy initiative run by Cambridge Programme for Industry and Duke University, and exploring possibilities to extend the programme to leading universities in India and China; and
- (xii) Become carbon neutral in our own operations.

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<sup>2</sup> i.e. making voting and purchasing decisions on the basis of climate change and implementing changes in their own behaviour to limit energy use.

<sup>3</sup> Defined as a policy framework ratified by all the major emitting nations that, if enforced, will lead to global emissions reductions of at least 60% over the next half century. Also incorporating meaningful strategies, commitments and incentives to: provide low carbon solutions in the energy, industrial and transport sectors; stimulate a step-change improvement in energy efficiency; significantly reduce tropical deforestation; and reduce the vulnerability and enhance the adaptive capacity of the world's poorest nations/people and most fragile ecosystems.

## **REPORT OF THE BOARD OF TRUSTEES (CONTINUED)**

(For the 12 months ended 30 June 2008)

Newly emerging strategies since the previous reporting period include:

- (i) Partnering in Tony Blair's 'Breaking the Climate Deadlock' initiative to accelerate a global deal on climate change within the UNFCCC framework;
- (ii) Focusing on development and scale-up of low carbon technologies in major cities worldwide, including the use of Information and Communications Technologies (ICT) to reduce emissions in target sectors; and
- (iii) Broadening and deepening our States and Regions programme to include more partners in China, India, the US South and Midwest and Europe, and increasing communication and collaboration between them on tackling climate change.

Performance against these objectives is assessed in Section 3.7 on page 17.

### **2.4 Significant activities**

For the purposes of financial reporting, our activities are divided into the following categories:

#### *Research into corporate & government best practice*

Gaining vital insights into how organisations have succeeded in cutting emissions. Our research team identifies and documents case-studies which showcase the financial and economic benefits of cutting greenhouse gases and developing low carbon technologies. Our case studies come from all over the world and cover both the public and private sectors. See section 3.2 for more information about our research and publications achievements.

#### *Raising awareness of solutions*

Many of the technologies needed to tackle climate change are available now, and many organisations are already benefiting from them. We use publications, media briefings and events to raise awareness of the different ways to cut greenhouse gas emissions today, and the benefits that come with taking action. The content draws strongly on the outputs of the research programme and the leadership activities (below).

#### *Building leadership*

Business and government leaders' confidence to move rapidly towards a low carbon future is critical if we are to avoid dangerous climate change. To help build that confidence we work with leading big business and governments to develop an understanding of what can be done, to share strategies and ideas, and to collaborate to get faster progress.

#### *Accelerating international policy agreement*

A politically workable international agreement to cap greenhouse gas emissions is essential. We are a lead partner in The Rt. Hon. Tony Blair's 'Breaking the Climate Deadlock' initiative that seeks practical solutions to the political obstacles standing in the way of an effective global deal (see below).

#### *Governance & generating funds*

As with all charities we constantly strive to raise funds to support our international work, and to build sound mechanisms to ensure that these funds are wisely spent.

## REPORT OF THE BOARD OF TRUSTEES (CONTINUED)

(For the 12 months ended 30 June 2008)

### 3 ACHIEVEMENTS & PERFORMANCE

This section gives an overview of our achievements during the year, beginning with our major initiatives and moving on to cover our research, awareness-raising and corporate and government leadership programmes.

#### 3.1 Major Initiatives



### Breaking the Climate Deadlock

#### ***BREAKING THE CLIMATE DEADLOCK***

We are working with former UK Prime Minister Tony Blair to build understanding and support for a politically workable agreement on climate change amongst the leaders of the world's main economies. The Kyoto Protocol, the current international agreement on climate change, expires in 2012. A new, wider and more ambitious global deal is needed by the United Nations meeting in Copenhagen in late 2009 to give enough time for the agreed actions to be in place by 2012 when the old agreement runs out. All United Nations members must agree to the final deal, but the main parties shaping the outcome - the US, China, the EU, India, Russia and Japan – are still some way from agreement. The initiative, *Breaking the Climate Deadlock*, was launched in March 2008 and is supported by an international group of climate policy experts. Two months later we published *A Global Deal for Our Low-Carbon Future* targeting G8+5 leaders, policy makers, business leaders, and opinion formers. The report details the actions and questions that need to be addressed to achieve a successful deal by the Copenhagen meeting.



#### ***THE HSBC CLIMATE PARTNERSHIP***

We lead the HSBC Climate Partnership's Cities Programme, which focuses on building support for action on climate change amongst government and influential business in a range of world cities - Hong Kong, London, Mumbai, Delhi, New York, Chicago, Beijing and Shanghai. In 2007 we joined HSBC, Earthwatch, The Smithsonian Tropical Research Institute and WWF to form the Partnership. HSBC's US\$100 million investment in the five-way Partnership supports a five-year programme to reduce impacts of climate change on people, forests, water and cities by inspiring action by individuals, business and governments worldwide.

The cities chosen are financial, business and government centres with significant influence on the world economy and encompass a large proportion of our work internationally. This year we carried out research, awareness raising and leadership building activities, and developed strategic plans to scale up a range of disruptive low-carbon technologies, beginning with energy-efficient street lighting, in partnership with city governments and business.

[http://www.theclimategroup.org/major\\_initiatives/hsbc\\_climate\\_partnership](http://www.theclimategroup.org/major_initiatives/hsbc_climate_partnership)

## REPORT OF THE BOARD OF TRUSTEES (CONTINUED)

(For the 12 months ended 30 June 2008)



### **TOGETHER – EASY WAYS TO FIGHT CLIMATE CHANGE**

Our research has shown that consumers are keen to do their bit when it comes to reducing emissions. But surveys also show that people feel frustrated by the lack of easy, practical and accessible ways to tackle climate change in their own lives. We launched the Together campaign in the UK in April 2007, to work with major British consumer brands to deliver practical solutions for consumers seeking to reduce their household emissions, from energy saving light bulbs to loft insulation, public transport to 'green' insurance. By the end of the year the campaign's partners and their consumers had avoided approximately 630,000 tonnes of carbon dioxide in the UK. In the meantime we launched the campaign in the US with the help of UN

Secretary General Ban Ki-moon and New York Mayor Michael Bloomberg, and in Australia with leading CEOs and government leaders including acting Prime Minister Julia Gillard. Leading businessmen, politicians and celebrities including UK Prime Minister Gordon Brown, London Mayor Boris Johnson, singer Annie Lennox, footballer David James and model Claudia Schiffer helped celebrate the first anniversary of the campaign through a series of video messages. Partners in the campaign include Tesco, B&Q, O<sub>2</sub>, The Church of England, Marks & Spencer, Target, Coca-Cola, Smart, Timberland, Nestle Waters, Dell, Chase Bank, Lenovo, and Origin Energy.

[www.together.com](http://www.together.com)

## STATES & REGIONS

### **SUPPORTING STATE & REGIONAL GOVERNMENT ACTION**

State and regional governments have wide ranging responsibilities for energy policy, transport, the use of public lands, building codes and subsidy policies for businesses. We work with a network of leading "sub-national" governments to exchange best practices in all these areas, to improve access to low carbon technologies, and to build partnerships between regional leaders and business and national governments.

This year support from the Netherlands Postcode Lottery enabled us to develop this programme substantially, including:

- Building new links with Chinese Provinces and Indian States;
- Supporting Florida's announcement of its 80% emissions reduction target;
- Bringing the Governors of Florida and Illinois together with influential business leaders;
- Supporting 30 regional leaders and senior officials to share experiences and seek opportunities to collaborate at the 13<sup>th</sup> United Nations climate summit;
- Building understanding of regional government action on climate, published in *Low Carbon Leader: States and Regions*.

[http://www.theclimategroup.org/major\\_initiatives/states\\_and\\_regions](http://www.theclimategroup.org/major_initiatives/states_and_regions)

## REPORT OF THE BOARD OF TRUSTEES (CONTINUED)

(For the 12 months ended 30 June 2008)



### THE VOLUNTARY CARBON STANDARD

Voluntary carbon offsets have taken off in recent years, offering individuals and organisations the opportunity to neutralise the climate impacts of their own energy use by supporting projects that reduce greenhouse gas emissions elsewhere in the world. But the rapid growth of the market has presented a problem: with little oversight, how could buyers trust that the offsets they purchase have real environmental benefit? The voluntary carbon markets needed a global standard for quality assurance. And in 2005, The Climate Group teamed up with the International Emissions Trading Association and the World Economic Forum to develop just that. The World Business Council for Sustainable Development (WBCSD) joined the partnership in 2007. The first version of the VCS was launched in March 2006. The VCS 2007 - the next version - was then launched at the London Stock Exchange on 19 November 2007. The result of an intensive two year engagement with industry, NGOs and market specialists, the VCS provides a global assurance standard for offset projects. Since its launch it is becoming the most popular global offset standard, with 30% of market share according to research. We have now established a non-profit VCS Association to take over management of the standard, although we will continue to Chair the VCS Board and support the association from time to time.

[http://www.theclimategroup.org/major\\_initiatives/vcs](http://www.theclimategroup.org/major_initiatives/vcs)

### 3.2 Research into corporate & government best practice

To build a clear picture of best-practice on climate change, we track the work of leading companies and city, regional and national governments to reduce greenhouse gas emissions. Our findings are published in a range of reports and case studies that we promote through events and an on-line campaign. We dedicated 11% (2006/7: 10%) of our expenditure to research activities this year.

#### *China's Clean Revolution*

China is the world's largest greenhouse gas emitter and, if current trends continue, its emissions per person will be twice those of the European Union by 2020. But this is not the whole story. Our research shows that far from ignoring climate change, the Chinese government and business leaders are now acutely aware of both the dangers the issue presents, and the opportunities associated with moving to a low carbon economy. Our report *China's Clean Revolution* highlights the positive changes already occurring in the region, including rapid growth in renewable energy investment and energy efficient transport, growing market leadership in low-carbon technology manufacture, strong steps in industrial energy efficiency and an emerging ambitious policy framework. Our research also uncovered numerous examples of progressive Chinese companies developing clean technologies like electric cars and bikes, solar water heaters, and carbon capture and storage. The report was published in English and Mandarin in August 2008 and received extensive media coverage. Our *China's Clean Revolution* project was supported by the HSBC Climate Partnership and Thor Björgólfsson.

The Pearl River Delta in southern China is the country's most industrially developed region, holding the key to some of China's biggest challenges and opportunities on climate change. Working with a leading agency of the Chinese government we are carrying out an in depth evaluation of technology and policy options available that could cut greenhouse gas emissions and improve air quality in the area. Our research has already highlighted some powerful examples of cities actively seeking low-carbon development pathways. The research and subsequent activities are

## **REPORT OF THE BOARD OF TRUSTEES (CONTINUED)**

(For the 12 months ended 30 June 2008)

being carried out in partnership with the Energy Research Institute of National Development and Reform Commission, and the Guangzhou Institute of Energy Conversion of Chinese Academy of Sciences, and are funded by the HSBC Climate Partnership, the Rockefeller Brothers Fund and the British Consulate-General in Guangzhou.

### ***The Role of Information & Communications Technology***

From mobile phones to laptops, video conferencing to the internet, the world of information and communications technology (ICT) has already transformed the way we live, work, learn and play. This year we showed how the sector can also transform the way we tackle climate change. Whilst we often think of technologies such as efficient buildings, solar energy and hybrid cars when we consider approaches that can reduce global warming, our latest research shows that ICT also has significant potential to enable long term reductions in greenhouse gas emissions. Over recent decades the ICT sector has been consistently innovative, growing to touch many areas of our lives in the developed world. The impact of this growth is not insignificant – emissions resulting from operation of data centres, PCs, handheld devices, chargers and other hardware now constitutes 2%<sup>4</sup> of the world's total (similar, for example, to aviation) and this is set to double in the next 12 years. But our research shows that the smart application of IT to manufacturing, building management, transport systems, electricity grid management and “dematerialisation” (e.g. substituting DVDs with movie downloads, business travel with videoconferencing) could help reduce the world's business-as-usual emissions by up to 15%<sup>5</sup> by 2020, equivalent to 7.8 billion tonnes of carbon dioxide avoided every year. Moreover we believe that this opportunity could represent €600Bn of cost savings to the economy. We worked with the Global e-Sustainability Initiative (GeSI) and McKinsey & Co on the research for this project, the findings of which are published in the report Smart 2020. The European Commission publicly welcomed the Smart 2020 report in December 2008 as part of an announcement of forthcoming legislation to promote the use of ICT as a solution to climate change.

### ***Consumers, Brands & Climate Change***

Recent research shows that consumers are receptive to ‘doing their bit’ to tackle climate change, but that the efforts of companies to differentiate ‘green’ products and brands are still not resonating with their customers. We carried out research into British and American consumers’ opinions, both on the issue and on specific ‘green’ products and services on the market. Our research developed a range of insights into how companies might communicate more successfully through their products and corporate messaging. We also launched our Climate Brand Index, showing who consumers perceive to be the leading brands in the market on climate change. The research was run in partnership with BSKyB and Lippincott.

### ***Tracking Best Practice:***

During the year we published two new editions of our Low Carbon Leader report series, the first on state and regional government (December 2007) and the second on the top public and private sector organisations in Texas (February 2008). We also researched and published a guide for businesses in California, where the state government has developed one of the world's leading examples of climate policy. The state's Global Warming Solutions Act (known as AB32) sets ambitious goals for cutting greenhouse gas emissions. Our report – The Business Guide to the Low

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<sup>4</sup> SMART 2020: enabling the low carbon economy in the information age by The °Climate Group on behalf of Global e-Sustainability Initiative (GeSI), with independent analysis by international management consultants McKinsey & Company. (Published June 19, 2008)

<sup>5</sup> Reference as per footnote 4.

## **REPORT OF THE BOARD OF TRUSTEES (CONTINUED)**

(For the 12 months ended 30 June 2008)

Carbon Economy in California – was produced in partnership with member company Arup and gives practical advice to Californian businesses on developing climate strategies.

During the year, subscription to our monthly e-bulletin 360° grew to 6,000 (2006/7: 5,800). The bulletin covers news items on climate change, case studies and interviews with opinion formers. We also launched regional newsletters in China and Hong Kong to provide regular updates on significant developments in those regions for international and domestic audiences.

### **3.3 Raising awareness of the solutions to climate change**

We continued our awareness-raising activities directed at the international business and government communities, directing 32% (2006/7: 28%) of expenditure towards this. This campaign centred on a series of events designed to bring together influential individuals within city, state and national governments and Fortune 500 (or equivalent) companies, to provide a platform to encourage new commitments on climate change and to provide an opportunity for more accurate coverage of the issue by mainstream business media. The international profile of our work and our partners grew this year with mentions in over 650 items of international coverage (2006/7: approx 500). Our *Breaking the Climate Deadlock* initiative on international policy generated more than 350 additional items of international news. Other events organised during the year include the following:

#### *Business & Climate Change: Challenge & Opportunities in a Carbon-Constrained World, Houston, USA*

The °Climate Group hosted a conference in March for the business, government and finance community at the Federal Reserve Bank in Houston, Texas on the link between shareholder value and carbon footprint, insurance risk from climate change, and practical steps companies can take to reduce their carbon footprint.

#### *Annual North America Members Meeting, Miami, USA*

We hosted our first annual North America Members Meeting in March in Miami, Florida. The purpose of the meeting was to brief our members on our plans for the year and to encourage collaboration amongst the group.

#### *Midwest Climate & Energy Summit, Chicago, USA*

We held our first major event in Chicago in June to highlight the challenges and opportunities for the region in adapting to the low-carbon economy. More than 100 business, government, NGO and academic leaders from the greater Chicago area participated. The event was held in partnership with the UK Foreign Office and the Netherlands government.

#### *Low Carbon Economy & Development Forum, Guangzhou, China*

The °Climate Group organised this event in June focused on the Greater Pearl River Delta Region (Guangdong & Hong Kong). The objective of the forum was to consult government agencies, businesses, academic institutes and non-governmental bodies on the opportunities to improve energy efficiency and promote 'green' technologies in the region. The event was held in partnership with the Energy Research Institute (part of the National Development and Reform Commission) and the Guangzhou Institute of Energy Conversion (part of the Chinese Academy of Sciences).

## REPORT OF THE BOARD OF TRUSTEES (CONTINUED)

(For the 12 months ended 30 June 2008)

### 3.4 Building leadership

We continued our work to build capacity for action on climate change in business and governments, by sharing best practice and developing of new approaches, with this effort focused on our coalition of member companies and governments. During the reporting period 44% of our funds were directed to this programme (2006/7 44%).

Each member signs our Membership Principles at board or equivalent political level on joining. Before this we carry out due diligence to understand each organisation's position on climate change and their wider priorities. In each case we seek a clear understanding of objectives and ensure that the organisation is involved in our work programmes.

#### **Corporate members**

Arup	Duke Energy	Pratt Industries
Austin Energy	Florida Power & Light	Pepsi Cola*
Baker & McKenzie	Google	Standard Chartered Bank
Barclays	HDR	Starbucks
Better Place*	HSBC Holdings	Suntech*
Bloomberg	IBM*	Swire Group
BP	Interface**	Swiss Re Group
British Sky Broadcasting	Johnson & Johnson	Target*
Broad*	JP Morgan Chase	Tesco
BT Group	Lenovo*	Timberland
Dr Pepper Snapple Group*	Man Group	United Technologies*
Catalyst Paper	Marks & Spencer	Virgin Group
CB Richard Ellis*	McKinsey & Co	
China Mobile*	Munich Re	[Total: 34 (June 2008)]
Coca-Cola*	MWH	* <i>joined since June 2008</i>
Dell	Nestle Waters*	** <i>left since June 2008</i>
Deutsche Bank*	News Corporation	
Dow Chemical	Nike	

#### **Government members**

Province of British Columbia	State of New South Wales	State of South Australia
State of California	State of New York	State Government of Victoria
City of Chicago	New York City	State of Western Australia.
Greater London Authority	Province of Ontario	
Province of Manitoba	Province of Quebec	(Total: 15)
City of Miami	State of Queensland	



## **REPORT OF THE BOARD OF TRUSTEES (CONTINUED)**

(For the 12 months ended 30 June 2008)

### ***Associate Organisations & Network Partners***

In addition to our members we worked with a wide range of organisations on specific initiatives including our Together campaign and our partnership with World Resources Institute on green power procurement in Europe. These organisations are listed below.

B&Q	City of Boston	NRMA Insurance
Barclaycard	City of Chicago	Origin
British Gas	City of Las Vegas	SGIC
Business in the Community	City of Los Angeles	SGIO
Church of England	City of Miami	Sport 4 the Environment
Coca-Cola	City of Seattle	Channel Ten
Man Group	Global Footprint Network	The Brotherhood of St Laurence
MORE TH>N	MTV	The Climate Institute
MySpace	MercyCorps	Westpac
National Express	MySpace	DuPont
O <sub>2</sub>	National Wildlife Federation	General Motors
The Energy Saving Trust	New American Dream	Holcim
Act on CO <sub>2</sub>	Recyclebank	IKEA
The National Trust	American Red Cross	Michelin
Warner Bros	Smart	Staples
WRAP	TimeWarner	Tetra Pak
WWF	Australia Post	Unilever
Chase	GE	Vodafone
ClimateCounts	Green Wheels	Wal-Mart
Climate Savers	ICLEI	Nortel

We regularly bring our member companies and governments together to encourage them to interact, share ideas and gain insights into how their peers are addressing climate change. During the year we held regional membership meetings in Hong Kong, Miami, London and Mumbai. We have also improved online communication with our members including a series of webinars (web-based interactive seminars) on investment in low carbon technology, the voluntary carbon markets, low carbon buildings, low carbon transport and carbon disclosure.

In addition we have launched a secure online area for members to access working groups on managing carbon in the supply chain, understanding clean power and developing best practice in the finance sector. We work with these groups to identify and address critical issues in each area. For example, with our partners we identified the need for suppliers better to understand carbon management, energy efficiency and how to respond to related questions from their customers. In response to this we partnered with Business for Social Responsibility on a pilot series of workshops with senior executives and operational managers of supplier companies in the Pearl River Delta region of China.

During the year we continued to work to develop green energy sources – for example, wind, solar and energy efficient co-generation of heat and electricity – through our partnership with leading European companies and the World

## REPORT OF THE BOARD OF TRUSTEES (CONTINUED)

(For the 12 months ended 30 June 2008)

Resources Institute. Since its launch in 2005, the Green Power Market Development Group (Europe) of sixteen companies has shared its expertise on developing on-site sources of alternative energy and worked with power companies and governments to develop new renewable energy capacity. During the year we welcomed Wal-Mart and Vodafone as new members of the group and announced the first suite of projects and purchases totaling 100 megawatts of renewable energy, spanning 51 corporate facilities in 16 European countries.

We also continued to support action on climate change within the institutional investor community through the Institutional Investors Group on Climate Change (IIGCC). This forum, managed from our London offices, allows more effective collaboration between asset owners and asset managers and encourages investors to address the risks and opportunities associated with climate change. New members joining this year included ABP Investments, Church Commissioners for England, Credit Agricole Asset Management, HSBC Investments and PGGM Investments. A full list of IIGCC members can be viewed at [www.iigcc.org/membership.aspx](http://www.iigcc.org/membership.aspx)

### 3.5 Development

Our support comes mainly from individuals, charitable foundations, government grants, corporate philanthropy, sponsorship and membership contributions. Our goal is to continue to develop our programmes with a diverse group of funders in order to keep our independence and manage risk. This year we appointed a Development Director to oversee and coordinate fundraising activities globally and our management team continued to take a role in raising support for our work. Since the end of the year, we grew our development team to seven with the addition of staff in Hong Kong and California. We directed 8% (2006/7: 13%) of our budget towards generating funds, with this going in the main to staff costs. Our performance against our fundraising targets is discussed in section 3.7.

### 3.6 Governance

We committed 5% of our funds to governance (2006/7: 4%) with this effort predominantly directed toward staff time.

### 3.7 Performance against strategic objectives

Overall we made good progress against our objectives for the year. The following table assesses our performance against the objectives set at the outset of the reporting period.

Objective	Performance
Engaging high-level business and political leaders on opportunities to reduce greenhouse gas emissions. Partnering Tony Blair's 'Breaking the Climate Deadlock' Initiative	<b>Good progress.</b> We have made good progress in building dialogue with political leaders this year, particularly through our involvement in <i>Breaking the Climate Deadlock</i> where we supported Mr Blair's outreach to Heads of State in China, India and Japan, as well as our directly engaging the main political advisors and business leaders in each country (see page 10). During the year we also expanded our Leadership Council of CEOs under the Chairmanship of Lord Browne of Madingley (the full list of members is presented on page 1).
Finalising and releasing the Voluntary Carbon Standard.	<b>Good progress.</b> The Voluntary Carbon Standard was released in November 2007 and has since become the leading voluntary carbon offset standard (see box on page 12).

## REPORT OF THE BOARD OF TRUSTEES (CONTINUED)

(For the 12 months ended 30 June 2008)

Building capacity to deliver in the United States	<b>Good progress.</b> We grew our North America team from seven to 26 staff this year to meet a growing demand for our work in this region.
Continuing to develop business programmes in Europe and North America, setting a baseline for leadership amongst existing business members and beginning to track the programmes' performance and value added for participants. Recruit ten additional corporate members.	<b>Good progress.</b> All our corporate members are now assigned a relationship manager to ensure that we understand where our partnership can best assist our members' action on climate change. We ensure wherever possible that each member participates in one or more of our programmes, and we are improving our ability to track performance of membership against a set of standardised metrics. We were joined by seven new corporate members this year, with others joining since the year end (see page 15).
Setting up offices and programmes in China, India and mainland Europe.	<b>Good progress.</b> Following our launch in China we have expanded our Beijing team and established a team in Hong Kong. Our Greater China team includes corporate strategy, government policy and communications professionals. Since the year end we have recruited a representative in Brussels to focus on EU Policy and European regional government.
Continuing to develop our programme of work with our business and government partners and continuing to make strategic recruitments to the membership coalition.	<b>Good progress.</b> As detailed in section 3.4 we have continued to grow and diversify our membership this year to 34 companies and 15 governments, leading in particular to eleven new members joining in since the year end including three in China (for a full list please see page 15).
Taking forward leadership programmes that help businesses and governments improve performance on climate change at a strategic organisational level.	<b>Good progress.</b> The growth of The°Climate Group during the year has allowed for a significant increase in the level of engagement and business leadership facilitated by the organisation.
Developing the research programme.	<b>Good progress:</b> Our research capacity in China has been significantly enhanced this year, with our team producing the <i>China's Clean Revolution</i> report (see page 12) and tracking policy developments in the region. We have also engaged external research institutes internationally to bolster our capacity here, including McKinsey & Co., Lippincott and the Chinese Energy Research Institute.
Building The°Climate Group's awareness-raising programme.	<b>Good progress</b> including expanded media coverage, an expanded webinar programme and other online communications opportunities, and events attracting leading political and business figures in China, North America and Europe (see section 3.3, page 14 for further details).
Surveying our members and their peers to understand better their perceptions of The°Climate Group and how we can support their	<b>Moderate progress.</b> We conducted our first member survey in 2007 using an independent survey company. 50% of our members participated and provided feedback firstly on the performance of our partnerships and secondly on their perceptions of climate change as the issue is evolving.

## REPORT OF THE BOARD OF TRUSTEES (CONTINUED)

(For the 12 months ended 30 June 2008)

progress towards low carbon leadership.	Feedback from members was generally positive, with areas for improvement focused on our capacity to initiate more contact with relationship managers. We plan to improve the survey methodology in the future to give us better geographical segmentation and closer focus on the functioning of our partnerships.
Continuing to support the Climate Academy initiative.	<b>Moderate progress</b> We developed the Climate Academy concept in 2005 as an executive education course on climate change for business and government leaders. We subsequently transferred management of the programme to executive education specialists at Cambridge Programme for Industry and Duke University who held the first courses in the UK and US in 2007. We continue to provide information for the course and participate in seminars on an as-needed basis.
Development and scale-up of low carbon technologies in major cities worldwide, including the use of Information and Communications technologies to reduce emissions in target sectors.	<b>Good progress:</b> Our <i>Smart 2020</i> report (see page 13) received strong attention from the Information and Communications Technology sector. We have also completed an internal scoping study on the potential for selected technologies to scale up in the cities where we have a presence and have begun to build our internal expertise on this issue led by a senior hire.
Broadening and deepening our States and Regions programme.	<b>Good progress:</b> See box on page 11.
Become carbon neutral.	<b>Good progress:</b> We became carbon neutral for 2007, working with EcoSecurities who provided their services on a pro bono basis.

### 3.8 Risk identification & management

We review periodically the major risks to which we are exposed. These risks and the systems and procedures that we use to manage them are outlined below.

Risk	Explanation	Level of significance	Management
<b>Reputation risk</b>	The °Climate Group has a wide range of associations with corporations, governments and other non-profit bodies, and in many cases works to raise awareness of the efforts of these partners on climate change. Events or announcements that damage partners' reputations can similarly damage ours by association.	High	We require business and government partners to commit to leadership at the highest level (CEO, highest Elected Official) and such partners are signatory to Membership Principles. Reputation risk is considered early in all partnerships.
<b>Funding risk</b>	As a recently-formed organisation, funding is still typically uncertain beyond a twelve-month (sometimes less) time horizon. Funding has been the main limiting factor	High	Our efforts to develop our programmes are co-ordinated by a team of experienced professional fundraisers. Prior to the start of the global banking

## REPORT OF THE BOARD OF TRUSTEES (CONTINUED)

(For the 12 months ended 30 June 2008)

	on our growth and effectiveness to date. Individual giving tends to be relatively resilient in recessions, but the current sharp economic downturn is already impacting the fundraising environment, particularly for corporate and foundation donors.		crisis we had started to strengthen our financial planning and fundraising capacity, including hiring an International Development Director and regional development managers. In the current economic climate we and our trustees are closely tracking our income and expenditure.
<b>Exchange rate risk</b>	We receive and expend core funding in various currencies. Our programmes are exposed to risk from exchange rate fluctuations, as have been observed in late 2008 between the Pound Sterling and the Euro, Dollar and Yuan.	Medium	We strive to manage exchange rate risk within our budget and regularly review the impact of rate fluctuations on income and expenditure flows within the organisation.
<b>Human resource risk</b>	We rely heavily on the relationships we develop with partners and supporters, creating risk of impact from turnover of staff. Recruitment is a continuing challenge in India and China, given the high demand for individuals with the skills and experience we seek.	High	We maintain a contact database to co-ordinate relationship information. We continue to review, develop and implement comprehensive employment policies (laid out in our Employee Handbook) in all regions.
<b>International expansion</b>	Since the start of the reporting period, The°Climate Group has grown rapidly, increasing our presence in the UK, US, Australia and China, and expanding into Hong Kong and India. Rapid expansion presents risks to our overall effectiveness in delivering against objectives.	Medium	Our International Management Team convenes regularly (in person or via teleconference) to focus on international and regional strategies, ensuring alignment with our core objectives. Since the year end we have recruited a Chief Financial Officer to strengthen our overall management capacity.

### 3.9 Performance against fundraising objectives

This year we exceeded our fundraising targets, with successes late in the year bringing total funds raised to £7,212,874 (2006/7: £2,989,219). Unrestricted funding totalled £2,200,205 and this resulted in a surplus of £1,387,061 at the year end, including £630,146 unrestricted and £756,915 restricted funds. The surplus enabled us to move closer to our target for financial reserves in place ahead of what promises to be a challenging period for charitable fundraising. As of February 2009, funds committed or received for 2009/10 were £4.5m with commitments for future years of an additional £5.2m

The trustees would like to express their gratitude to the individuals, foundations, companies and governments for their generous support to the work of the charity.

## **REPORT OF THE BOARD OF TRUSTEES (CONTINUED)**

(For the 12 months ended 30 June 2008)

### **3.10 Investment performance**

No material investments were made by our UK charity during the reporting period. Our Group reserves are held in short term deposit accounts.

### **3.11 Factors affecting overall performance**

As in 2006/7, the strong support for our work from our network, particularly our members and funders, has been a positive factor in our performance. One of the greatest challenges this year was that of scaling up our capacity and international reach whilst maintaining effectiveness and management focus. The global economic downturn had started to take effect at the end of the year and has subsequently deepened, and we will continue to monitor its impact on our ability to raise resources to support our work.

### **3.12 Reserves Policy**

During the previous financial year the trustees reviewed the level of reserves held and established a provisional target to build free reserves to cover three months' worth of operating costs. This target has been used for the assessment of reserves during the 2007/8 financial year. Applying this target, the estimate level of required reserves at 30 June 2008 was £1,376,000. Total reserves at year end were £1,387,061 of which £630,146 were unrestricted reserves.

## **4 FINANCIAL REVIEW**

Financial information presented in this report relates to both the UK charity (indicated by "Charity" in the accounts) and the consolidated accounts of the UK, US, Australia, China and Hong Kong (indicated by "Group"). Figures in this section reflect the consolidated "Group" figures.

During the accounting period the charity expended £6,767,810 (2006/7: £2,659,061), including £845,665 on research activities (2006/7: £286,152), £2,146,399 on raising awareness of climate change and its solutions (2006/7: £733,649), and £2,953,793 on education of business and government partners on leadership opportunities associated with 'low carbon' policy and strategy solutions (2006/7: £1,186,859). These movements in the 2007/8 financial year represented a 196% increase in research expenditure, a 193% increase in awareness-raising spend and a 149% increase in educating in business and government partners compared to the previous year.

Overall expenditure increased by 155% between 2006/7 and 2007/8.

The charity closed the reporting period with a positive position of £1,387,061 (2006/7: £940,699) comprising a restricted funds position of £756,915 (2006/7: £402,428) and an unrestricted funds position of £630,146 (2006/7: £538,271). It is planned that unrestricted reserves will increase over time to match our organisational policy.

## **REPORT OF THE BOARD OF TRUSTEES (CONTINUED)**

(For the 12 months ended 30 June 2008)

### **5 FUTURE PLANS**

Our plans for the financial year 2008/9 focus on increasing the reach of our work programmes across the geographical areas highlighted in its vision statement (section 2, page 7) and further developed in our three-year business plan, including capitalising on our presence in China and whilst continuing to build on the impact of work in Europe, North America and Australia.

Our work priorities for 2008/9 are to:

- Continue to support progress towards a workable and ambitious global deal on climate change to succeed the Kyoto Protocol;
- Actively promote the implementation of promising new technologies that can make a significant impact on climate change – LED (light emitting diode) lighting, electric vehicles, carbon capture and storage, renewable energy and smart application of IT to buildings and electricity grids;
- Continue to help consumers find easy ways to fight climate change, and to assist global brands in developing and communicating ‘low carbon’ products and services in the UK, USA and Australia; and
- Support better understanding and exchange of information amongst leading businesses and governments on development and implementation of successful climate strategies and policies.

## REPORT OF THE BOARD OF TRUSTEES (CONTINUED)

(For the 12 months ended 30 June 2008)

### TRUSTEES' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

Company law requires the Board of Trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company as at the balance sheet date and of its incoming resources and application of resources, including income and expenditure, for the financial year.

In preparing those financial statements, the management committee should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue on that basis.

The trustees are responsible for maintaining proper accounting records which 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 1985. The trustees are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### 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 the trustee is aware, there is no relevant audit information of which the company's auditors are unaware;
- 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.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

### Members of the Board of 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 1.

### Auditors

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

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

Approved by the Board of Trustees on 20 January 2009 and signed on its behalf by:

Mr J R Coomber  
Chair





## **INDEPENDENT AUDITOR'S REPORT**

(For the 12 months ended 30 June 2008)

### **To the Members of The Climate Change Organisation**

We have audited the group and parent company financial statements of The Climate Group for the year ended 30 June 2008 set out on pages 26 to 40. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditors**

The trustees' (who are also directors of The Climate Group for the purpose of company law) responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if in our opinion the information given in the Trustees' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit or if information specified by law regarding trustees' remuneration and other transactions with the charity is not disclosed.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to other information.

### **Basis of opinion**

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

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

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

(For the 12 months ended 30 June 2008)

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the affairs of the charitable company and of the group as at 30 June 2008 and of the group's incoming resources and application of resources, including the group's income and expenditure, for the year then ended;
- the financial statements have been prepared in accordance with the Companies Act 1985; and
- the information given in the Trustees Report is consistent with the financial statements.

*Horwath Clark Whitehill LLP*

**Horwath Clark Whitehill LLP**

**Chartered Accountants & Registered Auditors**

10 Salisbury Square

London, EC4Y 8EH

*26 February 2009*

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

For the year ended 30 June 2008

	Notes	Restricted	Unrestricted	Year ended 30 June 2008	Year ended 30 June 2007
		£	£	£	£
<b>Incoming resources</b>					
Incoming resources from generated funds					
<i>Voluntary income</i>					
Donations & similar funding		511,813	1,128,277	<b>1,640,090</b>	669,168
Grants	2	3,795,410	228,927	<b>4,024,337</b>	1,534,149
Membership		391,692	211,261	<b>602,953</b>	537,860
		<u>4,698,915</u>	<u>1,568,465</u>	<b>6,267,380</b>	2,741,177
<i>Activities for generating funds</i>					
Together campaign		292,819	482,357	<b>775,176</b>	180,000
Other		11,117	116,468	<b>127,585</b>	56,060
		<u>303,936</u>	<u>598,825</u>	<b>902,761</b>	236,060
<i>Investment income</i>		9,818	32,915	<b>42,733</b>	11,982
<b>Total incoming resources</b>		<u>5,012,669</u>	<u>2,200,205</u>	<b>7,212,874</b>	2,989,219
<b>Resources expended</b>					
<i>Costs of generating funds</i>					
Costs of generating voluntary income		135,504	375,856	<b>511,360</b>	354,881
<i>Charitable activities</i>					
Research		545,058	300,607	<b>845,665</b>	286,152
Communications		1,615,405	530,994	<b>2,146,399</b>	733,649
Education & engagement		2,324,658	629,135	<b>2,953,793</b>	1,186,859
		<u>4,485,121</u>	<u>1,460,736</u>	<b>5,945,857</b>	2,206,660
<i>Governance costs</i>		38,855	271,738	<b>310,593</b>	97,520
<b>Total resources expended</b>	3	<u>4,659,480</u>	<u>2,108,330</u>	<b>6,767,810</b>	2,659,061
<b>Net incoming resources for the period (being the net income) before other recognised gains and losses</b>	4	353,189	91,875	<b>445,064</b>	330,158
<b>Other recognised gains and losses</b>					
Gain/(Loss) on revaluation of foreign currency subsidiary		1,298	-	<b>1,298</b>	(25,574)
<b>Net movement in funds</b>		354,487	91,875	<b>446,362</b>	304,584
Funds at 30 June 2007		402,428	538,271	<b>940,699</b>	636,115
<b>Funds at 30 June 2008</b>	10	<u>756,915</u>	<u>630,146</u>	<b>1,387,061</b>	940,699

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

# BALANCE SHEETS

As at 30 June 2008

	Notes	Group 30 June 2008 £	Group 30 June 2007 £	Charity 30 June 2008 £	Charity 30 June 2007 £
<b>Fixed assets</b>					
Tangible fixed assets	6	<u>162,406</u>	<u>84,924</u>	<u>74,034</u>	<u>70,600</u>
<b>Current assets</b>					
Debtors	7	732,030	248,546	791,596	244,928
Short term deposits		1,303,846	-	1,303,846	-
Cash at bank & in hand		1,678,692	1,081,942	96,097	616,563
		<u>3,714,568</u>	<u>1,330,488</u>	<u>2,191,539</u>	<u>861,491</u>
<b>Creditors: amounts falling due within one year</b>	8	<u>(2,489,913)</u>	<u>(474,713)</u>	<u>(1,438,954)</u>	<u>(436,851)</u>
<b>Net current assets</b>		<u>1,224,655</u>	<u>855,775</u>	<u>752,585</u>	<u>424,640</u>
<b>Net assets</b>	9	<u>1,387,061</u>	<u>940,699</u>	<u>826,619</u>	<u>495,240</u>
<b>Represented by</b>					
Restricted funds		756,915	402,428	124,716	94,167
Unrestricted funds		630,146	538,271	701,903	401,073
<b>Total funds</b>	10	<u>1,387,061</u>	<u>940,699</u>	<u>826,619</u>	<u>495,240</u>

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

The accounts on pages 26 to 40 were approved by the Board of trustees on 20 January 2009 and signed on its behalf by:



Mr J R Coomber  
Chair

## **NOTES TO THE ACCOUNTS**

For the year ended 30 June 2008

### **1 Accounting policies**

#### *a) Basis of accounting*

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards and follow the recommendations in Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2005) and the Companies Act 1985.

The statement of financial activities (SOFA) and balance sheet consolidate the financial statements of the charity and its subsidiary undertakings (see note 15). The results of the subsidiary are consolidated on a line-by-line basis. No separate SOFA has been prepared for the charity alone as permitted by Section 230 of the Companies Act 1985 and paragraph 304 of the SORP.

#### *b) Income*

Voluntary income is received by way of donations and gifts and is included in full in the Statement of Financial Activities when receivable. Intangible income and gifts in kind are not included unless they represent goods or services which would have otherwise been purchased, in which case they are valued and brought in as income and the appropriate expenditure.

Income is credited to incoming resources on the earlier date of when it is received or when it is receivable, unless it relates to a specific future period, in which case it is deferred.

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

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

#### *c) Expenditure*

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

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

Note 3 shows how support costs have been allocated to the projects.

## **NOTES TO THE ACCOUNTS (CONTINUED)**

For the year ended 30 June 2008

### **1 Accounting policies (continued)**

#### *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 management and support costs.

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

#### *f) Governance costs*

Governance costs include the management of the charitable company's assets, central, non-project and organisational management and compliance with constitutional and statutory requirements.

#### *g) Pension costs*

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

#### *h) Operating leases*

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

#### *i) Foreign currencies*

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

#### *j) Group financial statements*

These financial statements consolidate the results of the charity and its five subsidiaries on a line by line basis.

## NOTES TO THE ACCOUNTS (CONTINUED)

For the year ended 30 June 2008

### 2 Grants

	Restricted £	Unrestricted £	Year ended 30 June 2008 £	Year ended 30 June 2007 £
Corporations	1,861,661	51,488	<b>1,913,149</b>	459,450
Government	186,523	-	<b>186,523</b>	203,615
Foundations & NGOs	1,747,226	177,439	<b>1,924,665</b>	871,084
	<u>3,795,410</u>	<u>228,927</u>	<u><b>4,024,337</b></u>	<u>1,534,149</u>

### 3 Analysis of total resources expended

	Direct staff costs £	Other direct costs £	Total direct costs £	Support staff costs £	Other support costs £	Total support costs £	Year ended 30 June 2008 Total £	Year ended 30 June 2007 Total £
Cost of generating funds	223,590	149,497	<b>373,087</b>	49,922	88,351	<b>138,273</b>	<b>511,360</b>	354,881
Research	207,800	518,431	<b>726,231</b>	42,210	77,224	<b>119,434</b>	<b>845,665</b>	286,152
Communications	728,759	966,538	<b>1,695,297</b>	156,872	294,230	<b>451,102</b>	<b>2,146,399</b>	733,649
Education & engagement	1,038,971	1,434,805	<b>2,473,776</b>	173,066	306,951	<b>480,017</b>	<b>2,953,793</b>	1,186,859
Governance	132,980	91,032	<b>224,012</b>	30,587	55,994	<b>86,581</b>	<b>310,593</b>	97,520
<b>Total 2008</b>	<u>2,332,100</u>	<u>3,160,303</u>	<u><b>5,492,403</b></u>	<u>452,657</u>	<u>822,750</u>	<u><b>1,275,407</b></u>	<u><b>6,767,810</b></u>	<u>2,659,061</u>
Total 2007	<u>1,332,564</u>	<u>790,541</u>	<u>2,123,105</u>	<u>144,330</u>	<u>391,626</u>	<u>535,956</u>	<u>2,659,061</u>	

Support costs are apportioned to activities based on staff time, which is an estimate of the amount of effort attributable to each activity. Support costs include such expenditure as rent, office running costs and financial and legal services. The increase in Governance costs of 154% on the previous year was due to a team of finance staff being put in place across the organisation, plus associated support costs this entailed. The increased size and complexity The Climate Group's global network resulted in increased costs of governance and reporting.

## NOTES TO THE ACCOUNTS (CONTINUED)

For the year ended 30 June 2008

### 4 Net incoming/(outgoing) resources

is stated after charging/(crediting):

	Year ended 30 June 2008 £	Year ended 30 June 2007 £
Operating lease rentals – other	175,649	34,233
Depreciation	73,414	25,885
Fees payable to charity auditors: audit of the charity's annual accounts	16,750	15,000
Fees payable to charity auditors: audit of the charity's subsidiaries pursuant to legislation	1,250	-
Donated services - staff	<u>(123,687)</u>	<u>(238,024)</u>

The trustees received neither remuneration nor expenses during either period.

### 5 Employees

Staff costs during the period amounted to:

	Year ended 30 June 2008 £	Year ended 30 June 2007 £
Wages & salaries	1,882,456	994,124
Social security costs	195,097	88,194
Employer's pension contributions	129,846	75,843
Other staff costs	55,129	47,454
	<u>2,262,528</u>	<u>1,205,615</u>
Freelance staff	129,838	-
Temporary staff	268,704	33,255
Donated services	123,687	238,024
	<u>2,784,757</u>	<u>1,476,894</u>

Number of employees with emoluments exceeding £60,000

	2008 Number	2007 Number
£60,000 - £70,000 p.a.	2	-
£70,001 - £80,000 p.a.	3	2
£110,001 - £120,000 p.a.	1	1



## NOTES TO THE ACCOUNTS (CONTINUED)

For the year ended 30 June 2008

### 5. Employees (continued)

Retirement benefits are accruing to the six higher paid staff under defined contribution schemes. Employer contributions of £26,000 (2007: £24,775) were made during the year.

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

	Year ended 30 June 2008	Year ended 30 June 2007
Fundraising & publicity	3.9	3.4
Research	4.9	2.4
Communications	10.0	5.3
Education & engagement	25.5	10.0
Support	7.1	2.2
Governance	2.0	0.9
	<u>53.4</u>	<u>24.2</u>

### 6 Tangible fixed assets (Group)

	Office equipment £	Leasehold improvements £	Total £
<b>Cost</b>			
1 July 2007	103,085	34,108	<b>137,193</b>
Additions	<u>146,129</u>	<u>4,767</u>	<b>150,896</b>
<b>30 June 2008</b>	<u>249,214</u>	<u>38,875</u>	<b>288,089</b>
<b>Depreciation</b>			
1 July 2007	46,462	5,807	<b>52,269</b>
Charge for the period	<u>56,002</u>	<u>17,412</u>	<b>73,414</b>
<b>30 June 2008</b>	<u>102,464</u>	<u>23,219</u>	<b>125,683</b>
<b>Net book value</b>			
<b>30 June 2008</b>	<u>146,750</u>	<u>15,656</u>	<b>162,406</b>
1 July 2007	<u>56,623</u>	<u>28,301</u>	<b>84,924</b>

## NOTES TO THE ACCOUNTS (CONTINUED)

For the year ended 30 June 2008

### 6 Tangible fixed assets (Continued) (Charity)

	Office equipment £	Leasehold improvements £	Total £
<b>Cost</b>			
1 July 2007	87,174	31,921	<b>119,095</b>
Additions	60,088	-	<b>60,088</b>
<b>30 June 2008</b>	<b>147,262</b>	<b>31,921</b>	<b>179,183</b>
<b>Depreciation</b>			
1 July 2007	42,688	5,807	<b>48,495</b>
Charge for the period	39,242	17,412	<b>56,654</b>
<b>30 June 2008</b>	<b>81,930</b>	<b>23,219</b>	<b>105,149</b>
<b>Net book value</b>			
<b>30 June 2008</b>	<b>65,332</b>	<b>8,702</b>	<b>74,034</b>
1 July 2007	44,486	26,114	<b>70,600</b>

### 7 Debtors

	<b>Group 30 June 2008 £</b>	Group 30 June 2007 £	<b>Charity 30 June 2008 £</b>	Charity 30 June 2007 £
Trade debtors	<b>516,608</b>	142,411	<b>152,696</b>	142,411
Other debtors	<b>41,134</b>	22,018	<b>29,500</b>	20,832
VAT recoverable	-	39,866	-	39,866
Due from subsidiary companies	-	-	<b>452,927</b>	-
Prepayments	<b>52,919</b>	17,582	<b>35,105</b>	15,150
Accrued income	<b>121,369</b>	26,669	<b>121,368</b>	26,669
	<b>732,030</b>	248,546	<b>791,596</b>	244,928

## NOTES TO THE ACCOUNTS (CONTINUED)

For the year ended 30 June 2008

### 8 Creditors: amounts falling due within one year

	<b>Group</b> <b>30 June</b> <b>2008</b> £	Group 30 June 2007 £	<b>Charity</b> <b>30 June</b> <b>2008</b> £	Charity 30 June 2007 £
Trade creditors	<b>783,432</b>	94,739	<b>531,880</b>	69,619
Taxation & social security	<b>47,083</b>	39,182	<b>3,475</b>	38,421
Other creditors	<b>78,810</b>	11,876	<b>14,961</b>	10,827
Due to subsidiary companies	-	-	<b>7,153</b>	84,601
Accruals	<b>280,678</b>	72,801	<b>268,478</b>	53,383
Deferred income	<b>1,299,910</b>	256,115	<b>613,007</b>	180,000
	<b><u>2,489,913</u></b>	<u>474,713</u>	<b><u>1,438,954</u></b>	<u>436,851</u>

### Deferred income

	At 1 July 2007 £	Released to incoming resources £	Deferred in the year £	<b>At 30 June</b> <b>2008</b> £
Together Campaign	180,000	(180,000)	-	-
Membership	-	-	172,520	172,520
Grants	-	-	440,487	440,487
<b>Charity total</b>	180,000	(180,000)	613,007	613,007
Climate Change Organisation Services Ltd	-	-	354,173	354,173
The Climate Group Inc	-	-	234,704	234,704
The Climate Group Ltd	76,115	(76,115)	86,643	86,643
The Climate Group (Hong Kong) Ltd	-	-	11,383	11,383
<b>Consolidated total</b>	<b><u>256,115</u></b>	<b><u>(256,115)</u></b>	<b><u>1,299,910</u></b>	<b><u>1,299,910</u></b>

## NOTES TO THE ACCOUNTS (CONTINUED)

For the year ended 30 June 2008

### 9 Analysis of net assets between funds (Group)

	Restricted funds £	Unrestricted funds £	Total funds £
Tangible assets	88,372	74,034	<b>162,406</b>
Current assets	1,525,661	2,188,907	<b>3,714,568</b>
Current liabilities	(857,118)	(1,632,795)	<b>(2,489,913)</b>
<b>Net assets</b>	<b>756,915</b>	<b>630,146</b>	<b>1,387,061</b>

### Analysis of net assets between funds (Charity)

	Restricted funds £	Unrestricted funds £	Total funds £
Tangible assets	13,500	60,534	<b>74,034</b>
Current assets	111,216	2,080,323	<b>2,191,539</b>
Current liabilities	-	(1,438,954)	<b>(1,438,954)</b>
<b>Net assets</b>	<b>124,716</b>	<b>701,903</b>	<b>826,619</b>

## NOTES TO THE ACCOUNTS (CONTINUED)

For the year ended 30 June 2008

### 10 Movements in funds (Charity)

	At 1 July 2007 £	Incoming resources £	(Outgoing Resources) £	At 30 June 2008 £
<b>Restricted funds</b>				
Voluntary Carbon Standard	40,000	43,215	(83,215)	-
ICT Study	-	271,773	(271,773)	-
IT & Communications	-	95,570	(82,070)	<b>13,500</b>
<i>Deadlock</i>	-	558,226	(558,226)	-
World Cities Programme	29,167	80,000	(102,126)	<b>7,041</b>
<i>Together</i>	-	86,125	(86,125)	-
States & Regions	-	146,828	(119,622)	<b>27,206</b>
India Programme	-	109,206	(81,535)	<b>27,671</b>
China Programme	25,000	75,319	(51,021)	<b>49,298</b>
Communication & Education		194,054	(194,054)	-
HSBC Climate Partnership	-	1,561,662	(1,561,662)	-
<b>Total restricted funds</b>	<b>94,167</b>	<b>3,221,978</b>	<b>(3,191,429)</b>	<b>124,716</b>
<b>Unrestricted funds</b>	<b>401,073</b>	<b>2,480,819</b>	<b>(2,179,989)</b>	<b>701,903</b>
<b>Total funds</b>	<b>495,240</b>	<b>5,702,797</b>	<b>(5,371,418)</b>	<b>826,619</b>

The charity surplus for the year was £331,378 (2007: £186,030).

## NOTES TO THE ACCOUNTS (CONTINUED)

For the year ended 30 June 2008

### 10 Movement in funds (continued) (Group)

	At 1 July 2007 £	Incoming resources £	(Outgoing Resources) £	At 30 June 2008 £
<b>Restricted Funds</b>				
Voluntary Carbon Standard	40,000	43,215	(83,215)	-
ICT Study	-	271,773	(271,773)	-
IT & Communications	-	95,570	(82,070)	<b>13,500</b>
<i>Deadlock</i>	-	558,226	(558,226)	-
World Cities Programme	29,167	80,000	(102,126)	<b>7,041</b>
<i>Together</i>	-	86,125	(86,125)	-
States & Regions	-	146,828	(119,622)	<b>27,206</b>
India Programme	-	109,206	(81,535)	<b>27,671</b>
China Programme	25,000	75,319	(51,021)	<b>49,298</b>
Communication & Education		194,054	(194,054)	-
HSBC Climate Partnership	-	1,561,662	(1,561,662)	-
Hong Kong Programme	-	11,385	(5,165)	<b>6,220</b>
US Programme	254,081	1,590,453	(1,343,831)	<b>500,703</b>
Australia Programme	54,180	188,853	(117,757)	<b>125,276</b>
<b>Total restricted funds</b>	<b>402,428</b>	<b>5,012,669</b>	<b>(4,658,182)</b>	<b>756,915</b>
<b>Unrestricted funds</b>	<b>538,271</b>	<b>2,200,205</b>	<b>(2,108,330)</b>	<b>630,146</b>
<b>Total funds</b>	<b>940,699</b>	<b>7,212,874</b>	<b>(6,766,512)</b>	<b>1,387,061</b>

## NOTES TO THE ACCOUNTS

For the year ended 30 June 2008

### 10 Movement in funds of the Group (continued)

#### Purpose of funds

<b>China Programme</b>	Funding to engage Chinese government, cities and businesses.
<b>Communications &amp; Education</b>	Funding to raise awareness of the financial and economic opportunities associated with reducing greenhouse gas emissions and to highlight examples of leading organisations' strategies and policies.
<b>ICT Study</b>	Report and events demonstrating how information and communications technologies could reduce business-as-usual emissions.
<b>HSBC Climate Partnership</b>	To promote low carbon solutions and practices in five world cities: Hong Kong, London, Mumbai, New York and Shanghai, engaging businesses, governments and consumers in carbon emissions reduction.
<b>IT &amp; Communications</b>	Funding to improve and enable the global IT systems and resources of The°Climate Group.
<b>Breaking the Climate Deadlock</b>	To deliver an international climate change initiative led by former UK Prime Minister Tony Blair, in partnership with The°Climate Group.
<b>States &amp; Regions</b>	To allow The°Climate Group to work with sub-national governments to exchange best practices, to improve access to low carbon technologies, and to build partnerships between regional leaders and business and national governments.
<b>India Programme</b>	Funding to engage India's government, cities and businesses.
<b>Hong Kong Programme</b>	Funding to engage Hong Kong's government, cities and businesses.
<b>Australia Programme</b>	Funding to engage Australia's government, cities and businesses.
<b>Together</b>	Funding to launch and implement the <i>Together</i> campaign in the UK, and to develop it in the USA and elsewhere.
<b>US Programme</b>	Funding to develop The°Climate Group's outreach to US state governments and businesses. The programme includes the development of relationships with key US states and corporations.
<b>Voluntary Carbon Standard</b>	To develop a widely recognised standard for the verification of carbon credits on the voluntary market ("voluntary carbon units").
<b>World Cities Programme</b>	Focusing in particular on facilitating partnerships between city governments and corporations that address the threat of climate change.

## NOTES TO THE ACCOUNTS (CONTINUED)

For the year ended 30 June 2008

### 11 Taxation

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

### 12 Related party transactions

There were no related party transactions during the 12 month period to 30 June 2008. Caroline Heaton, a trustee of the charity and an employee in Winston & Strawn London, has provided pro-bono legal services during the financial period.

### 13 Cash flow statement

The charity has taken advantage of the exemptions available to small companies and not published a cash flow statement.

### 14 Leasing commitments

The annual commitments under non cancellable operating leases are as follows:

	<b>2008</b>	2007
	<b>Land and Buildings</b>	Land and Buildings
	<b>£</b>	£
Expiring between 1 and 2 years	191,542	68,500

### 15 Subsidiaries

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

#### **United States – The Climate Group Inc**

	<b>2008</b>	2007
Net assets as at 1 July 2007	£393,832	£282,416
Income for the year to 30 June 2008	£1,961,016	£541,851
Net (deficit)/surplus for the year to 30 June 2008	(£18,916)	£111,416
Net assets as at 30 June 2008	£374,916	£393,832



## NOTES TO THE ACCOUNTS (CONTINUED)

For the year ended 30 June 2008

### 15 Subsidiaries (continued)

#### *Australia – The Climate Group Ltd*

	<b>2008</b>	2007
Net assets as at 1 July 2007	£51,627	£14,488
Income for the year to 30 June 2008	£190,094	£115,193
Net surplus for the year to 30 June 2008	£75,097	£37,139
Net assets as at 30 June 2008	£126,724	£51,627

#### *China - The°Climate Group (China) Limited*

	<b>2008</b>	2007
Net assets as at 1 July 2007	-	-
Income for the year to 30 June 2008	£177,627	-
Net surplus for the year to 30 June 2008	£45,309	-
Net assets as at 30 June 2008	£45,309	-

#### *Hong Kong - The°Climate Group (Hong Kong) Limited*

	<b>2008</b>	2007
Net assets as at 1 July 2007	-	-
Income for the year to 30 June 2008	£50,418	-
Net surplus for the year to 30 June 2008	£15,253	-
Net assets as at 30 June 2008	£15,253	-

#### *UK - The°Climate Change Organisation Services Limited*

	<b>2008</b>	2007
Net assets as at 1 July 2007	-	-
Income for the year to 30 June 2008	£401,228	-
Net surplus for the year to 30 June 2008	-	-
Net assets as at 30 June 2008	-	-