

Company Number: 4184478
Charity Number: 1086559

WORLD ENERGY COUNCIL
(A Company Limited by Guarantee)
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

**WORLD ENERGY COUNCIL
YEAR ENDED 31 DECEMBER 2012**

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WORLD ENERGY COUNCIL
LEGAL AND ADMINISTRATIVE INFORMATION
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TRUSTEES

Trustees of the World Energy Council Charity (WEC) are also directors of WEC Services Limited (WSL).

NAME

Birnbaum, Leonhard	Term began 8 November 2012
Choudhury, Arup Roy	
da Costa Carvalho Neto, José	+ # \emptyset \pm \wedge Term began 8 November 2012
Dauger, Jean-Marie	+ # \emptyset \pm \wedge Term began 8 November 2012
Gadonneix, Pierre	* + # \pm \emptyset \wedge
Kim, Joong-Kyum	Term began 1 March 2012
Liu, Tianen	
Meyers, Kevin	
Morris, Michael	+ # \emptyset \pm \wedge Resigned 8 November 2012
Nadeau, Marie-José	* + # \emptyset \pm \wedge
Naqi, Abbas	Term ended 8 November 2012
Sambo, Abubakar	
Shin, Heon-Cheol	Resigned 1 February 2012
Statham, Brian	* + # \emptyset \pm \wedge
Teyssen, Johannes	Term ended 8 November 2012
Vargas Lleras, José Antonio	
Ward, Graham CBE, MA, FCA	* \emptyset \neq
Zatari, Taha	Term began 8 November 2012
<i>* Member of Finance Committee</i>	<i>\emptyset Member of Remuneration Committee</i>
<i>+ Member of Nominations Committee</i>	<i>\pm Member of Studies Committee</i>
<i># Member of Programme Committee</i>	<i>\wedge Member of Communications & Outreach Committee</i>
<i>\neq Indicates Senior Independent Director</i>	

SUBCOMMITTEES OF THE BOARD OF TRUSTEES

REMUNERATION COMMITTEE

The Remuneration Committee is responsible for recommending to the Board the compensation, pension arrangements, performance criteria and performance-related pay for the Secretary General.

Chair: Pierre Gadonneix

Members: José da Costa Carvalho Neto (term began 8 November 2012); Michael Morris (resigned 8 November 2012); Marie-José Nadeau; Brian Statham; Graham Ward, CBE, MA, FCA

FINANCE COMMITTEE

The Finance Committee is responsible for the budget, annual accounts and long-term financial commitments of WEC and for recommending the appointment of the auditor. It also serves as the Audit Committee.

Chair: Graham Ward CBE, MA, FCA

Members: Pierre Gadonneix (ex officio); Klaus-Dieter Barbknecht; Joran Högglund (term began 8 August 2012); Per-Olof Granström (resigned 4 June 2012); Shiguru Muraki (term began 15 June 2012); Marie-José Nadeau; Brian Statham

NOMINATIONS COMMITTEE

The Nominations Committee is responsible for nominating new Trustees/Directors and for developing the slate of nominees for appointment to the Standing Committees.

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Chair: Pierre Gadonneix

Members: José da Costa Carvalho Neto (term began 8 November 2012); Michael Morris (resigned 8 November 2012); Marie-José Nadeau; Brian Statham

SECRETARY GENERAL: Dr Christoph Frei

REGISTERED OFFICE

World Energy Council, Regency House, 1-4 Warwick Street, London, W1B 5LT, UK

AUDITORS

Crowe Clark Whitehill LLP, St Bride's House, 10 Salisbury Square, London, EC4Y 8EH, UK

BANKERS

Barclays Bank, Piccadilly Corporate Business Centre, Pall Mall Corporate Group, PO Box 15165, London SW1A 1QF, UK

SOLICITORS

Archon Solicitors, Martin House, 5 Martin Lane, London, EC4R 0DP, UK (personnel)

Fishman & Co, 131 Baker Street, London W1U 6SE (lease and premises)

Jeffrey Green Russell Solicitors, Waverley House, 7-12 Noel Street, London W1F 8GQ (commercial contracts)

Laura Devine Solicitors, 11 Old Jewry, London EC2R 8DU (immigration and visas)

Nabarro LLP Solicitors, London Office: Lacon House, 84 Theobald's Road, London WC1X 8RW (general)

INVESTMENT MANAGERS

Black Rock (Merrill Lynch) Investment Funds

CCLA Investment Management Ltd (COIF)

HSBC Charity Common Investment Funds

RCM Dresdner (UK) Ltd

Schroders Unit Trusts Limited

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The Board of Trustees, who are also the Directors of the Charity, present their annual report for the year ended 31 December 2012 under the Companies Act 2006 and the Charities Act 2011, together with the audited financial statements for the year.

The financial statements comply with current statutory requirements, the Articles of Association of the Charity and the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (2005).

REFERENCE AND ADMINISTRATIVE DETAILS

The World Energy Council (WEC) is a registered charity (No. 1086559) and a registered company (No. 4184478) limited by guarantee and registered under the laws of England and Wales. Its registered office is as shown on page 2.

The present Trustees and any past Trustees who served during the year are listed on page 1. The Trustees of the Charity serve as its Officers Council and are also Trustees of the WEC Foundation and Directors of WEC Services Limited, the Charity's trading subsidiary.

Further legal and administrative details are set out on pages 1 and 2.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Charity is governed by Articles of Association, which were adopted on 8 November 2012 to ensure the Charity is compliant with the Companies Act 2006 and the Charities Act 2011. The new Articles supersede the original Memorandum and Articles of Association adopted on 21 March 2001.

WEC's members are autonomous Member Committees in 93 countries. Each Member Committee is entitled to be represented in the Executive Assembly, which is the ultimate governing authority for the Charity. The Executive Assembly meets at an Annual General Meeting once a year to conduct the business of WEC. All Member Committees have one vote in the Executive Assembly, regardless of size or subscription category.

The Trustees have control of the Charity, its property and its funds. The Articles specify the minimum number of Trustees and the requirements for becoming a Trustee. Trustees are elected by the Executive Assembly and report to it. The Trustees meet at least twice a year to discuss strategy, assess operational and investment performance, review financial reports and set the budgets. According to the Articles, the Trustees may, at their discretion, put before the Members at the AGM any issues of policy or any other business for discussion and debate.

The Trustees recognise the importance of communicating with members and soliciting their views, input and ideas. Such communication is carried out both formally – through surveys, questionnaires and formal meetings – and informally – through direct contact, by email and telephone. In particular, the views of members are heard during the annual Executive Assembly, when various matters, such as the Charity's work programme, the budget, new initiatives and changes in strategy, are brought before the members for open discussion.

The Executive Assembly has delegated to the Trustees responsibility for managing the business affairs and property of WEC and WSL, for ensuring that the policies approved by the Executive Assembly are implemented and for overseeing the performance of the Secretary General, whom it appoints at its discretion. To help carry out these duties, the officers have established three subcommittees: Remuneration, Nominations and Finance. The terms of reference are summarised and lists of members for each subcommittee are provided on pages 1 and 2.

The Executive Assembly has delegated responsibility for the Charity's charitable activities (work programme) to three Standing Committees: Communications and Outreach, Programmes and Studies. The chairs of these Standing Committees serve as Trustees of the Charity and Directors of the company.

The Chair of the World Energy Council serves as Chair of the Executive Assembly. S/he is elected by the Executive Assembly for a three-year term and may be re-elected once. With the adoption of the new Articles in 2012, the office of WEC Co-Chair was established, the purpose being to have a Co-Chair who serves a three-year term alongside the WEC Chair, to assist and support the WEC Chair in carrying out his/her duties. At the end of his/her three-year term, the Co-Chair automatically assumes

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the office of Chair. The term of the first Co-Chair will commence at the end of the 2013 World Energy Congress.

Before election, nominees for the position of WEC Chair and Co-Chair are required to disclose to the Nominations Committee and the board any other significant commitments which might affect their ability to carry out their duties. Once elected, the Chair and Co-Chair are required to notify the board of any change in commitments. Such commitments and the likely effect of these are noted in the annual report.

The current WEC Chair is the retired CEO of a major global energy company and is able to devote a significant amount of time to WEC. His non-WEC commitments do not affect his ability to attend board meetings or to carry out his work as WEC Chair.

The performance of the WEC Chair is evaluated annually by the board. The performance of the Chair of Finance is evaluated by members of the Finance Committee. The criteria for these evaluations are developed and approved by the board and the Finance Committee respectively, are based on process rather than personal performance and ensure the Charity's compliance with the corporate governance guidelines of the UK Financial Reporting Council. The evaluations of the WEC and Finance Chairs were carried out for 2012 in accordance with the agreed criteria and process.

All Trustees/Directors are required to complete an annual questionnaire to ascertain whether they appear to be independent in character and judgement and whether there are any relationships or circumstances which are likely to affect, or could appear to affect, their judgement. The results of the questionnaire are reviewed by the board as necessary to ensure all Trustees/Directors remain independent. Specific criteria for determining a Director's/Trustee's independence include whether s/he:

- has been an employee of the company or group within the last five years;
- has, or has had within the last three years, a material business relationship with the company, either directly, or as a partner, shareholder, director or senior employee of a body that has such a relationship with the company;
- has received or currently receives remuneration from the company;
- participates in a performance-related pay scheme, or is a member of the company's pension scheme;
- has close family ties with any of the company's advisers, directors or senior employees;
- holds cross-directorships or has significant links with other directors through involvement in other companies or bodies;
- represents a significant shareholder; or
- has served on the board for more than nine years from the date of their first election.

Based on these criteria, all current directors appear to be independent.

The Chair of Finance serves as the senior independent director and is available to WEC members if they have concerns which have not been resolved through the normal channels of the WEC Chair or Secretary General or when the problem is such that these contacts are inappropriate.

Trustees are elected for three-year terms. Successive terms of office for a given office may not, unless otherwise agreed on an exceptional basis by the members, be held by the same person or by representatives of the same Member Committee. Trustees must be a constituent member or employed by a constituent member of a WEC national Member Committee and are expected to be familiar with and promote WEC's work, participate in meetings of the board and Executive Assembly and normally support their own travel and other expenses associated with serving as a Trustee.

Once the Nominations Committee has reviewed all nominees and selected the final candidates, the slate of nominees is sent to the members, along with a CV for each nominee, prior to the election of Trustees/Directors, which normally takes place at the Annual General Meeting. The briefing note

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which accompanies the nominations states why the board believes each Trustee/Director should be elected.

New Trustees receive an induction pack containing a description of Trustees' general responsibilities as well as policy and other documents governing the work of the board and the Charity. The pack also includes a description of the Trustees' fiduciary and legal responsibilities under UK law and other pertinent information necessary for effective and informed decision-making. The Secretary General and WEC Chair may brief new Trustees on their responsibilities when they are elected. New Trustees may also meet with their predecessor and other currently serving officers to discuss their duties and responsibilities.

ATTENDANCE AT BOARD AND SUBCOMMITTEE MEETINGS

The following shows individual Trustee/Director attendance at the meetings of the board and its subcommittees in 2012:

BOARD (OFFICERS COUNCIL) MEETINGS

	8 February	19 April	19 September	8 November
Choudhury		√		
Gadonneix	√	√	√	√
Kim		√		√
Meyers		√		√
Morris			√	√
Nadeau	√	√	√	√
Naqi		√	√	√
Sambo		√		√
Statham		√	√	√
Tienan				
Teysen	√	√	√	√
Vargas Lleras		√		√
Ward	√	√	√	√

FINANCE COMMITTEE MEETINGS

	19 April	8 November
Ward (Chair)	√	√
Barbknecht	√	√
Gadonneix	√	√
Granström		--
Höglund	--	
Muraki	--	√
Nadeau	√	√
Statham	√	√

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NOMINATION COMMITTEE MEETING

	1 May
Gadonneix	√
Morris	√
Nadeau	√
Satham	√

REMUNERATION COMMITTEE MEETINGS

	19 January	7 February	19 April	6 November
Gadonneix (Chair)	√	√	√	√
Morris		√	√	√
Nadeau	√	√	√	√
Satham	√	√	√	√
Ward	√		√	√

CHIEF EXECUTIVE/SECRETARY GENERAL

The Secretary General serves as the chief executive of the Charity and of its trading subsidiary. The Articles of Association set out the responsibilities of the Secretary General, which include carrying out the decisions of the Executive Assembly and of the Officers Council and engaging members of staff to undertake WEC's work. The Secretary General has also been delegated responsibility for the day-to-day management of the Charity's affairs under the oversight of the Trustees and serves as ex officio, non-voting Secretary of the Officers' Council. He is assisted by a group of senior managers in the London office. The Articles specifically prohibit the chief executive from becoming WEC Chair or a Trustee of the Charity.

GROUP STRUCTURE

The World Energy Council consists of two separate but related legal entities:

- The World Energy Council, which is a UK registered charity ("the Charity") and a UK company incorporated under the laws of England and Wales; and
- WEC Services Limited ("WSL"), the World Energy Council's wholly owned trading subsidiary and a separately registered UK company incorporated under the laws of England and Wales.

The Charity carries out charitable activities in accordance with the stated Mission and Objects of the organisation. The liability of WEC's members is limited to an amount no greater than £1. If WEC is wound up or dissolved and there remains any property, it is not to be paid to or distributed among the members of WEC but is to be given or transferred to some other charity or charities having objects similar to the Objects of WEC.

WSL was incorporated on 18 June 2001 and carries out non-charitable trading activities to raise funds on behalf of the Charity. WSL's share capital is £100 divided into 100 shares of £1 each. If, upon the winding up or dissolution of the company and after the satisfaction of all its debts and liabilities, there remains any property, this is to be given or transferred to the Charity in accordance with the Articles of Association.

WSL makes a gift aid payment of its annual profits no later than 30 September of the following year to the Charity, after due provision for the financial requirements of any business carried on by the

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company which would absorb or extinguish taxable profits that would otherwise be available for distribution. During 2012, WSL made an operating profit of £122,000 (2011: £485,000).

WSL's primary activities and outcomes for the reporting period were focused primarily on preparations for the 2013 World Energy Congress to be held in Daegu, South Korea, including development of the Congress theme and programme, speaker invitations, marketing of the Congress and implementing procedures to allow WEC members to claim the member registration discount and book special WEC member hotel rooms.

The Congress organisers also paid the second tranche of £150,000 from the £1,100,000 guaranteed flat fee payment to WSL. The first tranche of £150,000 was paid in 2011 and the remainder of the money will be paid throughout 2013.

Results of these activities are disclosed in Note 14 of the consolidated financial statements and in the separate financial statements of WSL.

STATEMENT OF TRUSTEES' RESPONSIBILITIES AND CORPORATE GOVERNANCE

The Trustees are responsible for preparing the annual report and financial statements for each financial year in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice and for ensuring that the annual report and accounts provide a true and fair view of the incoming resources, the application of such resources for the Charity and group during the year and the state of affairs at the end of the financial year. In preparing these financial statements, the Trustees are required to:

- Ensure that the most suitable accounting policies are established and applied consistently;
- Make judgements and estimates which are reasonable and prudent;
- Observe the methods and principles in the Charities SORP;
- State whether the applicable accounting standards and statement of recommended accounting practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the organisation will continue in operation for the foreseeable future.

The Trustees are responsible for ensuring that the Charity has appropriate systems and controls, financial and otherwise, in place. They are also responsible for keeping proper accounting records which at any time disclose with reasonable accuracy the financial position of the Charity, enable them to ensure that the financial statements comply with the Companies Act 2006 and for safeguarding the assets of the Charity and their proper application as required by charity law, which means the Trustees must take reasonable steps to prevent and detect fraud and other irregularities and to provide reasonable assurance that:

- The Charity is operating efficiently and effectively;
- All assets are safeguarded against unauthorised use or disposition and are properly applied;
- Proper records are maintained and financial information used within the Charity, or for publication, is reliable;
- The Charity complies with relevant laws and regulations.

Insofar as each of the Trustees/Directors of the company at the date of approval of this report is aware, there is no relevant audit information (information needed by the company's auditors in connection with preparing the audit report) of which the company's auditors are unaware. Each Trustee/Director has taken all of the steps that s/he should have taken as a Trustee/Director in order to make him/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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RISK MANAGEMENT

The Trustees carry out an annual risk management review to assess business risks, implement appropriate risk management strategies, ensure that the organisation follows current best practice with respect to risk management and review the adequacy of the Charity's current internal controls.

Procedures have been established for reporting failings in internal controls immediately to appropriate levels of management and to the Trustees. In addition, the quarterly variance letter which accompanies the quarterly financial reports provides an update on any risks which could affect the Charity and notes what steps have been taken to reduce or eliminate such risks.

A more extensive annual risk assessment is carried out at the last Trustees' meeting each year and involves identifying the types of risks the Charity faces, prioritising them in terms of potential effect and likelihood of occurrence and identifying means of mitigating them.

The main risks to the Charity in 2012 and the steps taken to address these risks are noted below.

Risk	Risk Protection
Erosion of member base	<ul style="list-style-type: none"> • Regular review and monitoring of Member Committees, including outstanding subscriptions and arrears • Manager, Member Services, Regional Manager and Regional Vice Chair in place to track MCs, identify potential issues and ensure member satisfaction
Loss of WEC Patrons/Global Partners or inability to recruit new Patrons and Global Partners	<ul style="list-style-type: none"> • Regular monitoring of "customer satisfaction" of existing Patrons and Global Partners • Recruitment programme and pipeline of potentials in place • Custom benefits programme for Patrons and Global Partners, including WELS and special privileges at Congresses
Diversion of WEC London staff resources to develop the 2013 Congress programme	<ul style="list-style-type: none"> • Rebalancing of priorities and work to allow for the additional time required of the London office staff, especially the Secretary General • Additional staff member hired to assist with programme, paid for by Daegu Organising Committee
VAT Liability	<ul style="list-style-type: none"> • Regular review of VAT situation by VAT specialist • Detailed record-keeping scheme in place to determine recoverable, partly recoverable and non-recoverable VAT • Assessment with VAT advisor to estimate VAT liability for 2013 budget

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WEC offices and equipment	<ul style="list-style-type: none"> • Equipment and office contents insured • Annual fire risk assessment carried out on WEC offices • Security system in place for building and WEC offices • Equipment security tagged • UK health and safety requirements monitored regularly to ensure compliance
Retention of qualified staff	<ul style="list-style-type: none"> • Staff salaries reviewed regularly for equity with local market • Planned implementation in 2013 of basic staff benefits programme paid for by the Charity • Grievance policy and procedure in place and clearly stated in Staff Policy Manual • Staff performance monitored and assessed regularly, with financial incentives for achieving targets • Training budget in place for updating staff skills
Contractual obligations	<ul style="list-style-type: none"> • Standard template for contracts in place with liability and indemnity clauses • Contracts over £100,000 required to be reviewed by commercial contracts solicitor and Finance Committee
IT, website, database, network	<ul style="list-style-type: none"> • Outsourced IT company provides professional support and back-up • Regular back-up of network, database and website, with back-ups stored offsite • Appropriate firewalls and security measures in place
Insurances	<ul style="list-style-type: none"> • Annual review with insurance provider and landlord of any changed insurance requirements or legislative changes requiring adjustments in insurance cover • Business travel insurance, public liability, directors and officers liability, contents, terrorism insurances in place • Building where WEC offices are housed provides liability, fire and terrorism insurance as part of service fee

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Legal issues	<ul style="list-style-type: none"> • Appropriate legal advisors in place and consulted as required when legal issues or questions arise • Issues reported to Finance Committee and Officers as necessary on a quarterly basis, or if urgent, immediately • Policy of Internal Control and Staff Policy Manual set out guidance on dealing with legal issues and reviewed regularly
Finances and financial reserves	<ul style="list-style-type: none"> • Monthly monitoring of finances by management • Quarterly and annual financial reporting by management to Finance Committee and Trustees

After reviewing the risks to the Charity at the end of 2012, the Trustees concluded that management had taken all prudent and reasonable steps to minimise the overall risks to the organisation; that the current policies and procedures governing risk management are appropriate; and that the system of internal checks and balances they have put in place serves to safeguard the Charity sufficiently against the risks it might face.

MISSION, OBJECTS AND PRINCIPAL ACTIVITIES OF THE CHARITY

The Charity's mission is to promote the sustainable supply and use of energy for the greatest benefit of all people.

The Charity's objects include:

- a. collating data about and undertaking and promoting research into the means of supplying and using energy having, short and long term, the greatest social benefit and the least harmful impact on the natural environment and publishing or otherwise disseminating the useful results of such research;
- b. undertaking actions, including, but not limited to, the holding of Congresses, workshops and seminars, to facilitate such supply and use of energy; and
- c. collaborating with other organisations in the energy sector with compatible goals.

HOW THE CHARITY'S ACTIVITIES DELIVER PUBLIC GOOD

The Trustees have had due regard for the UK Charity Commission's statutory guidance on public benefit and believe that WEC adheres to this guidance as explained below.

Energy plays a key role in the lives of everyone on the planet, from contributing to the provision of the most basic needs (sanitation, healthcare, cooking, heating and lighting) to the most sophisticated. WEC's mission is energy-centric, with two chief areas of focus: studies and research to promote sustainable energy; and events to promote dialogue among energy leaders, including both public and private sectors.

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WEC's studies and research are aimed at:

- informing both public and private sectors about the importance of effective energy policies and identifying and, in some cases, recommending policies which have been effective in ensuring security of supply, mitigating climate change and providing social equity;
- helping to inform and educate consumers about the wise and effective development and use of energy, including ways to help mitigate climate change and use energy more efficiently;
- encouraging the dissemination, through its website and publications, of information about energy to government officials, the private sector and the general public, including young people;
- looking at ways to mitigate climate change and increase energy efficiency and thus improve the lives of future generations;
- examining issues and challenges related to energy in both urban and rural areas;
- promoting access to commercial energy for the nearly 2 billion people in the world who do not currently have such access;
- looking at issues such as energy trade, subsidies, pricing, the energy mix, safety and regulatory issues and other aspects of energy and making this information available to the public and private sectors as well as to energy researchers and the general public;
- using the media, including social media, to distribute and promote WEC studies and research in order to stimulate interest in and raise awareness among policy-makers and the general public about the most important energy challenges facing the world today.

WEC's leadership dialogue events, such as its Congresses, Energy Leaders' Summits and Patron CEO and Ministerial Roundtables, focus on:

- bringing together energy leaders from both the public and private sectors to exchange ideas, information and best practices, with the intention of using these ideas to improve energy policies, investment in energy, energy efficiency and energy supply;
- using the results of the annual Issues Survey, which gathers the views of the public and private sectors on the most critical energy issues and challenges, to stimulate debate among energy leaders on these issues so as to develop more effective provision and use of energy for the public good;
- encouraging energy leaders to develop solutions to energy challenges, with the intended end result being a better, cleaner, more efficient world where energy supplies are secure and affordable and there is universal access to electricity.

2012 – WHEN CHANGE BEGAN TO PRODUCE RESULTS

The years from 2009 to 2011 were years of dramatic change for the Charity. The Charity's work programme and structure were completely revamped and refocused. Broader participation by members was encouraged through the establishment of Knowledge Networks, which were intended to take advantage of member expertise, while at the same time ensuring consistent messages across all WEC studies and reports. With members increasingly under pressure in their work lives, the previous heavy reliance on members to provide data and analysis, draft the Charity's studies and reports and spend time in face-to-face meetings is no longer as viable and thus the Charity began using experts, consultants, data analysts and editors to do much of the work, using its members to provide expertise, advice and support and to review the final outcomes and conclusions of the Charity's studies and research. In addition, more frequent use of electronic communication (teleconferences, web-based interactions, emails, Skype) was encouraged to reduce travel and time demands on members with respect to meetings.

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A new annual Issues Survey was launched in 2009 to assess the critical issues among energy industry leaders. In 2012, regional and country deep dives, based on four years of data and survey results, became a key benefit for WEC members and a visible way to promote WEC's messages.

The Policy Assessment, launched in 2009 in partnership with Oliver Wyman, has grown and expanded and now includes not only an extensive, multi-faceted Sustainability Index, which allows comparison of countries based on how well their energy policies meet the "energy trilemma" of climate mitigation, security of supply and social equity but, in 2012, also included regional and country analyses.

WEC also agreed to become the lead partner on the Global Electricity Initiative, working with the E-8 and the World Business Council on Sustainable Development to seek funding and partners to help find ways to provide electricity to the 1.6 billion persons in the world who do not currently have such access.

Another crucial focus in 2012 was the redesign and redevelopment of the website, which was outdated and static, to provide a flexible, attractive, user-friendly, interactive website to promote WEC's Mission, Objects, studies, reports and events. The website will also enhance WEC's ability to carry its messages not only to its members but also to the media, government officials, energy leaders, policy-makers, researchers, institutions, students and the general public, thus increasing the public benefit it can offer. The new website was launched in early 2013.

The World Energy Leaders' Summits, launched in 2010, have taken a major step forward in terms of reaching key audiences, increasing WEC's visibility and strengthening its ties with governments and private sector companies in the countries where the Summits are held. In 2012, the Summit held in Istanbul, Turkey, attracted eight energy ministers and over 100 top-level private and public sector representatives from more than 25 countries. Of the attendees, 58% were CEOs, CEOs-1, Ministers or Deputy Ministers.

WEC has also placed major emphasis on increasing its visibility with the media as well as on establishing working partnerships with global organisations, such as the UN, the World Trade Organisation and the World Water Council, to cooperate on projects of mutual interest. The number of the WEC staff has more than doubled since 2009 to meet the increased demands of these changes and of the higher expectations among the Charity's constituents.

One of the main challenges during the year was the impact of the London office taking on, at the request of the 2013 World Energy Congress, the lead role in planning and structuring the Congress programme and inviting and managing speakers for the event. In the past, the Congress organisers have carried out this role but due to numerous changes in the leadership and staff of the 2013 Congress Organising Committee, WEC took on this major task. This meant realigning the WEC London staff and setting up a new Congress team from scratch. By year-end, however, 45 speakers – against a target of 12 – had been confirmed.

Change is never easy and the three years from 2009 to 2011 were challenging. In 2012, however, the results of the many changes began to come to fruition, with the result that WEC is more visible in the media and among global energy organisations, hosts a variety of events aimed at encouraging dialogue and debate among energy leaders and is able to provide a more robust array of benefits to its members in the form of enhanced studies and programmes.

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OTHER ACTIVITIES

In addition to its main work programme, WEC carries out other activities which provide operational and/or funding support for the organisation.

Membership and Subscriptions

At the core of WEC are its 93 autonomous Member Committees. These Committees pay an annual subscription to belong to WEC and their members volunteer their time and expertise to help to carry out WEC's work. It is vitally important, therefore, for WEC to ensure that its Member Committee base is strong. The London office has one dedicated full-time staff member responsible for membership but the officers, Secretary General, senior staff in the London office and Regional Managers also support and monitor Member Committees to assess their activity level, financial stability and membership strength.

The Global Partners Programme was created as a pilot scheme in 2009 with two key aims: (1) to bring additional revenue directly to the London office; and (2) to help to strengthen WEC Member Committees by requiring any new Global Partner to become a paying member of at least three Member Committees. The programme is aimed at attracting innovative energy or energy-related companies and/or national or regional companies seeking to expand their business to the global level. As Global Partners, these companies are given access to WEC's worldwide network.

From no Global Partners in 2009, the programme in 2012 has grown to eleven Global Partners. In 2012, the number of on-going direct memberships of WEC Member Committees created by Global Partners was 23, with seven of these being new in 2012. Global Partners also brought just over £300,000 in direct revenues to WEC.

The new WEC website will have a MyWEC portal as well as a dedicated repository for membership documents. As a specific benefit for members, the portal will contain a list of national and regional events, national and regional studies and programmes and a special dedicated page for each Member Committee to help members actively engage with WEC. In addition, WEC communicates with its members through two newsletters: WEC Inside and SecNet News.

WEC has also revamped its Annual General Meeting to provide a better balance between the required governance matters and substantive discussions on key energy topics. Each AGM features two days of a Trilemma Summit, during which members have a chance to exchange views and information on important energy issues, to debate and discuss these issues and to hear the views of experts from among the membership.

Through direct communication, visits by WEC senior staff and electronic interactions, WEC continues to monitor the "health" of its Member Committees by checking their participation level in WEC (participation on Standing Committees, study groups and Knowledge Networks; completion of Issues, SER and other surveys; attendance at regional and global WEC events); their financial situation (any outstanding subscription balance or arrears); and the benefits and programmes they offer their own members (tiered membership structure, at least one membership meeting a year; own website; own publications; engagement with government).

Patrons' Programme

The WEC Patrons programme has been in place since 1998 and is aimed at identifying major energy companies to partner with WEC and contribute cash or in-kind goods or services to support WEC's work. WEC Patrons are companies or organisations which are already members of a WEC Member Committee and which agree to contribute additional funds specifically to support WEC's work. The Patron income goes directly into the WEC Foundation: a designated fund within the Charity from where it is drawn to provide additional support for WEC's work programme.

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The programme was re-emphasized and refocused beginning in 2009, with a major new benefit, the World Energy Leaders' Summits, developed specifically for Patrons. Despite the difficult global economic context, in 2012, WEC was able to sign on three new cash Patrons and add two new project partners to the existing five already supporting WEC's work through in-kind contributions of staff and expertise. In 2012, WEC Patrons contributed nearly £900,000 in revenues to support WEC's work.

Gifts in Kind

Gifts in kind in 2012 were provided by certain WEC Patrons in lieu of cash contributions. These included secondments from TEPCO (Japan), VNG (Germany), SK Energy (Korea) and Saudi Aramco (Saudi Arabia). In addition, Oliver Wyman continued as Project Partner on the Energy and Climate Policy Assessment, contributing staff and other resource support for the study. The Paul Scherrer Institute became a project partner on Scenarios and Bloomberg New Energy Finance became a project partner on SERT in 2012.

Gift in kind revenues match the gift in kind expense, which is shown under the relevant work programme or other activity in the financial statements.

Gifts in kind are shown at the market replacement value, i.e., what it would cost to hire the same level of person or the same types and levels of service in the UK market.

Congress

The triennial World Energy Congress is WEC's most visible and important event, bringing together energy leaders from around the world. The next Congress will be held in Daegu, South Korea, from 13-17 October 2013. A contract is signed with the Congress organisers guaranteeing payments to WSL, with the payments covering the organiser's use of the WEC brand, logo and website and certain advisory, marketing and support services related to the Congress provided by WEC and WSL.

In 2012, Congress income was £150,000, which consisted of the second tranche of £150,000 due for the 2013 Congress from the Korean organisers.

KEY PERFORMANCE INDICATORS

In 2010, WEC began to monitor its performance with respect to its work programme and charitable activities as well as its other activities (membership, Patrons and Global Partners, Congress) by establishing Key Performance Indicators and assessing progress toward these annually.

In addition, every WEC staff member is expected to contribute to the achievement of the Key Performance Indicators through individual performance objectives set each year with his or her line manager.

The table on the following pages shows the outcomes of the main important Key Performance Indicators for the Charity for 2012. These relate to studies and reports, the 2013 Congress, visibility and finance.

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KEY PERFORMANCE INDICATORS AND ACHIEVEMENTS

	KPIs achieved for the year
2013 Congress	<p>Monthly reporting scheme to Communications and Outreach Committee and WSL Board launched</p> <p>Congress programme and structure approved</p> <p>45 keynote speakers confirmed against a target of 12.</p>
World Energy Leaders' Summits	<p>Istanbul WELS held in April</p> <p>58% participation at CEO/CEO-1 or Minister/Deputy Minister level for Istanbul WELS against a target of 50%</p> <p>Istanbul WELS came in under budget at £90,000 (by directive of the Board, the WELS costs cannot exceed £100,000)</p> <p>Goal of 5 ministers attending was exceeded by 1</p> <p>Goal of 15 countries present was exceeded by 5</p> <p>Objective of having the Turkish energy minister present was met</p>
Media	<p>2012 overall Advertising Equivalent Value > £5.8 million (a new measure not used previously)</p> <p>Over 1,200 media hits in 2012 compared to 750 in 2011</p> <p>Goal of at least 2 international television/radio appearances exceeded by 2 (Canadian TV, CNBC, LBC; Sky)</p> <p>Goal of 6 OpEds exceeded by 3: Les Echos; Economist x 2; NZZ, Europe's World; Korea Times; 2x China Daily; Public Policy Review</p>
Flagship Studies	<p>Over 50 CEOs interviewed for Policy Assessment against goal of 25</p> <p>6 regional Scenarios workshops held against goal of 4</p> <p>Scenarios report underway and on target for publication at 2013 Congress</p> <p>Nuclear report released on 9 March, two days ahead of Fukushima anniversary as per the stated objective</p> <p>Goal of 4 position papers met: papers on CCS, smart grids, BNEF electricity costs, shale gas published, with additional facts sheets underway for energy efficiency, biofuels, oil shale</p>

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2012 Issues Survey	Highest ever response rate: 81 surveys against objective of 78 5 countries submitted data for their own country maps (India, Indonesia, South Africa, Colombia, Germany) against objective of 3 countries
2012 Budget	Year-end result of £121,000 exceeded objective of £3,000 in budget (mainly due to leveraging of in-kind support from Patrons and to cost savings where possible)
	KPIs for which the Charity did not meet its stated targets
World Energy Leaders' Summits	Target was to hold two WELS in 2012 but a second planned WELS in Russia was deferred; because of the tight timeframe due to the change in the Russian government, there was insufficient time to organise a second WELS
2012 Subscriptions	79% (£1,188,359 out of £1,503,963) paid by 20 November against target of 75%
Subscription arrears	Fell short of 30% recovery of arrears objective, with 26% of total arrears recouped
Patron and Global Partner revenues	Patrons: fell short of objective of £925,000 cash revenues, with £868,000 coming in Global Partners: fell short of budgeted goal of £350,000, with £307,000 coming in

FINANCIAL REVIEW AND RESULTS FOR THE YEAR

The Statement of Financial Activities (SoFA) set out on page 22 shows the following results for the year.

Income Generation

Income generation during the year was £3,810,000 (2011: £3,401,000). The primary sources of income were membership subscriptions, Congress revenues and the WEC Patrons and Global Partners programmes.

Subscription income was £1,523,000 (2011: £1,381,000) for the year.

The Patrons contributed £868,000 (2011: £371,000), which was added to the designated fund, the WEC Foundation.

Resources Expended and Services

Total resources expended by WEC and WSL in 2012 amounted to £3,740,000 (2011: £3,365,000). These included expenditures of £2,283,000 (2011: £2,215,000) on the work programme. Note 3 provides a breakdown of resources expended.

FINANCIAL MANAGEMENT POLICIES

Investment Policy and Returns

The Charity and the WEC Foundation, a designated fund within the Charity, have separate investment policies which are reviewed annually. The policies for both entities have the following objectives:

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- Controlling the Charity's investments;
- Ensuring the investments are adequately diversified;
- Ensuring the investments are appropriate for the capital and income objectives of the Charity.

WEC's overall investment policy is based on a conservative, low-risk approach aimed at preserving capital while still providing modest to good returns. This is achieved primarily through the use of Common Investment and Deposit Funds, which minimise risk by using a spread of professionally selected funds.

The investments of WEC (excluding the WEC Foundation), which consist principally of cash surpluses, are placed in high-interest, short-term deposits and, by policy, may not be invested in equity funds.

WEC Services Ltd. did not hold any investments in 2012.

An additional investment guideline for the Foundation Fund regarding the division between funds aims to maintain the following range for its sterling-based assets:

- Equity based funds – major part of capital monies
- Fixed interest funds – minor part of capital monies
- Cash deposit funds – variable part of short-term cash funds

Although the Foundation investment policy allows for investments of non-sterling-based income in non-Charity Commission funds, the Foundation currently holds no foreign currency investments.

Fund managers for the Charity and the Foundation are listed on page 2 of these financial statements. All funds are invested with top-tier UK banks or other secure institutions.

WEC's investments increased over the year by just over £31,000.

In 2012, the Trustees authorised a total utilisation from the Foundation of £856,000 to support the Charity's work programme.

At the end of 2012, the Foundation's assets totalled £1,127,000 (2011: £1,071,000) and the group investments, excluding cash deposits, were valued at £352,000 (2011: £321,000).

Free Reserves

Free reserves available for use by the Charity are deemed to be those that are readily realisable, less funds whose uses are restricted. For 2012, free reserves of £705,000 (2011: £660,000) were held as of 31 December.

The Trustees review annually the value of the reserves retained in the form of investments, cash and cash equivalents not held for restricted purposes. They consider the Charity's exposure to major risks in terms of the likely effect on its income sources and planned expenditure in the short to medium term. They also assess the best way to mitigate such risks.

WEC's reserves policy requires sufficient reserves to:

- cover the Charity's operating and work programme expenses for up to six months;
- include a contingency to cover any shortfall in the existing programme or project funding;
- provide initial funds for future projects to be undertaken.

The reserves level has thus been set at 40% of the previous year's total cash expenditures, including expenditures of the WEC Foundation. The Foundation reserves are included when calculating the total reserves on hand. Eighty per cent of reserves are to be used to meet operating expenses and the remaining 20% to safeguard the Charity's work programme commitments

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For 2012, the level of reserves required according to the stated policy was £1,505,200. The Trustees have noted the difference between free reserves and the requirement in the reserves policy but are comfortable with the current position, bearing in mind the cyclical nature of the Charity's cash-flow. They are satisfied therefore that the Charity can meet its future financial obligations.

EMPLOYEES

The Charity aims to be an organisation where employees enjoy a sense of fulfilment and feel supported and developed. Employees are kept informed about the Charity's strategy, objectives and work programme through regular staff meetings and briefings. Employees are encouraged to make their suggestions and views on the Charity's aims, objectives and work programme known to the Charity's chief executive.

By stated policy, neither WEC nor WSL discriminate nor tolerate discrimination on the grounds of colour, race, ethnic or national origin, religion, age, disability, marital status, sex or sexuality, either in the hiring process or in the workplace. All employees are expected to adhere to this policy. While the policy does not explicitly mention Trustees, it is expected that the policy would also be applied to Trustees of the Charity.

FUTURE PLANS

Based on the Trustees' review of the organisation's cash flow for the next twelve months; their assessment of the Member Committees and their ability to pay the annual subscription; the status of the investment portfolio; and the potential of the Patrons and Global Partners programmes, the Trustees believe that the Charity is stable and will continue to operate. The Trustees, however, believe the Charity must also take the following actions to ensure that it remains viable and strong for the future:

- Build on the progress made in 2012 to increase WEC's visibility and brand name recognition so that members feel proud to belong to a globally recognised and respected organisation;
- Carefully monitor revenues and expenditures to ensure WEC operates with a balanced budget, that there are sufficient financial resources to support WEC's work; and that WEC has sufficient cash reserves on hand to meet any unexpected emergencies;
- Seek, where feasible, to explore and develop new revenue streams;
- Continue to monitor the stability and robustness of WEC's member base, develop additional ways to foster strong, active Member Committees and seek to increase WEC's member base by recruiting new Member Committees;
- Make every effort to ensure annual membership subscription are paid, seek to recover arrears and find ways to support or rebuild Member Committees which are struggling financially;
- Seek additional Patrons to build up the Foundation's cash reserves or to provide in-kind support to maximise WEC's resources; and seek new Global Partners to help strengthen Member Committees and bring additional direct revenues to WEC;
- Use the new website to provide a resource and information tool for members, Patrons and Global Partners, government officials, the media, students and the general public and to benefit the public good;
- Build up alliances and relationships with other global and regional bodies, such as the UN, COP and regional development banks and explore productive joint projects and partnerships with these organisations;

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- Continue to build on the success of the World Energy Leaders' Summits as a value proposition to members, Patrons and Global Partners and as a way to stimulate dialogue and engagement between the public and private sectors;
- Focus necessary resources on the preparations for the 2013 World Energy Congress in order to ensure a successful event and begin planning for the 2016 Congress.

CHANGES IN FIXED ASSETS

The movements in fixed assets during the year are set out in Notes 7 and 8 of these financial statements.

DIRECTORS AND DIRECTORS' INTERESTS

The Directors of the company (who are also the Trustees of the Charity) during the year are listed on page 1. New Directors appointed at the 2012 Executive Assembly in Monte Carlo, Monaco, assumed their seats on 8 November and are also listed on page 1 of this report.

Approved by the Board on 3 July 2013 and signed on behalf of the Board by



Pierre Gadonneix
Chair
World Energy Council



Graham Ward, CBE, MA, FCA
Chair
Finance Committee

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WORLD ENERGY COUNCIL

We have audited the financial statements of World Energy Council for the year ended 31 December 2012 which comprise the Group Statement of Financial Activities, the Group and Company Balance Sheets and the related notes numbered 1 to 15.

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

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 December 2012 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- the parent charitable company has not kept adequate accounting records; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Tina Allison

Senior Statutory Auditor

For and on behalf of

Crowe Clark Whitehill LLP

Statutory Auditor

St Bride's House

10 Salisbury Square

London

EC4Y 8EH

Date: 17 July, 2013

WORLD ENERGY COUNCIL
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating an Income and Expenditure Account)
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	Group Total 2012 £'000	Group Total 2011 £'000
INCOMING RESOURCES			
Income from activities in furtherance of the Charity's objects			
--Subscription fees		1,523	1,381
--Patron income		868	371
--Global Partner Income		307	235
--Gifts in kind		800	850
Activities for generating funds			
--Other income		148	26
Interest		1	-
Dividends		13	13
Congress Income		150	525
Total incoming resources	2d	<u>3,810</u>	<u>3,401</u>
RESOURCES EXPENDED			
Charitable Activities			
--Subscription costs		519	529
--Work programme		2,283	2,215
--Congress expenditure		329	97
--Patron and Global Partner Costs		575	503
Governance costs		34	21
Total resources expended	3	<u>(3,740)</u>	<u>(3,365)</u>
Net incoming resources		70	36
Other recognised gains and losses			
Gains/(Losses) on investments			
Unrealised investment gains/(losses)		31	(19)
Net movement in funds		101	17
Accumulated fund balances brought forward		1,734	1,717
Accumulated fund balances carried forward		<u>1,835</u>	<u>1,734</u>

All of the activities are continuing. There were no recognised gains or losses other than those stated above.

The notes on pages 24 to 32 form part of these financial statements.

**WORLD ENERGY COUNCIL
CONSOLIDATED AND CHARITY BALANCE SHEET
AS AT 31 DECEMBER 2012**

	Notes	Group 2012 £'000	Charity 2012 £'000	Group 2011 £'000	Charity 2011 £'000
FIXED ASSETS					
Tangible assets	7	193	193	220	220
Investments	8	352	352	321	321
		545	545	541	541
CURRENT ASSETS					
Debtors	9	1,334	1,526	811	985
Short term deposits		4	4	4	4
Cash at bank and in hand		1,245	1,048	1,665	1,488
		2,583	2,578	2,480	2,477
CREDITORS: amounts falling due within one year	10	1,293	1,288	1,287	1,284
NET CURRENT ASSETS		1,290	1,290	1,193	1,193
TOTAL ASSETS		1,835	1,835	1,734	1,734
FUNDS 12 & 13					
Unrestricted					
Designated Funds - WEC Foundation		1,134	1,134	1,071	1,071
- Gerald Doucet Memorial Fund		3	3	3	3
General		698	698	660	660
		1,835	1,835	1,734	1,734

These financial statements were approved by the Board and authorised for issue on 3 July 2013. and signed on their behalf by:



Pierre Gadonneix
Chair
World Energy Council



Graham Ward, CBE, MA, FCA
Chair
Finance Committee

The notes on pages 24 to 32 form part of these financial statements.

WORLD ENERGY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

1. STRUCTURE OF GROUP

World Energy Council is comprised of two legal entities:

World Energy Council (WEC), a Charity registered under the laws of England and Wales. The WEC Foundation is a designated fund within the Charity which administers and invests income from the Patrons' programme. The Patron income is used to help fund the WEC work programme.

WEC Services Limited (WSL), a company with share capital registered in England and incorporated on 18 June, 2001. WSL forms the trading subsidiary of the Charity. A further description of the subsidiary is given in Note 14 and in the separate financial statements for WEC Services Limited.

2. ACCOUNTING POLICIES

a) Basis of preparation

The financial statements have been prepared under the historical cost convention, with the exception of investments, which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" published in 2005, applicable accounting standards and the Companies Act 2006.

b) Consolidation

The financial statements of the subsidiary are consolidated with those of the Charity on a line-by-line basis. The company claims exemption from the requirement to file an individual statement of profit and loss under section 408 of the Companies Act 2006.

c) Fund accounting

Unrestricted funds are funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes.

Restricted funds are subject to specific restrictions imposed by the donors. These funds are accounted for separately and are only available to be used for the specific purposes for which they were given.

Investment income and gains as well as all expenditures are allocated to the appropriate fund.

d) Incoming resources

The major sources of income for the Charity include the gross invoiced value of subscription fees charged to WEC members; Patron income, which represents corporate contributions for work programme purposes and is credited directly to the WEC Foundation, a designated fund; and Global Partner income, which represents corporate contributions that are non-restricted and non-designated. Subscriptions from WEC members are recognised over the period to which they relate and are spread evenly over the period in line with the benefits received; Patron and Global Partner income is recognised when there is entitlement and certainty, usually when the contract is signed. The income is recognised over the period to which it relates and is spread evenly over the period in line with the benefits received.

The subsidiary of the Charity (WEC Services Limited) derives income mainly from the World Energy Congress held once every three years.

Investment income is recognised on a received basis. All other income is recognised on an accruals basis.

WORLD ENERGY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

d) Incoming resources (continued)

Gifts received in kind are recognised as income at a reasonable estimate of their gross value to the Charity based on what would have to be paid in the open market for an equivalent item. Where the gifts represent a service, a corresponding cost is included in expenditure. Gifts are accounted for on a received basis.

e) Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with use of the resources.

Support costs comprise the costs of all resources utilised to support the Charity's primary activities and have been apportioned to charitable activities on the basis of the staff resources invested in each activity or project.

Governance costs include those costs incurred in connection with the administration of the Charity and to comply with constitutional and statutory requirements.

f) Tangible fixed assets and depreciation

Tangible fixed assets costing more than £500 are capitalised and included at cost, including any incidental expenses of acquisition.

Tangible fixed assets are stated at historical cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost on a straight line basis over their expected useful lives as follows:

Leasehold improvements	- over 10 years or over the period of the lease, if less
Website development costs	- over 4 years
Office equipment	- over 3 years

g) Investments

Investments are re-valued to market value as at the balance sheet date and the surplus or deficit on this re-valuation is shown as unrealised gains or losses on the face of the Statement of Financial Activities. Realised gains and losses represent the difference between the sale proceeds and the opening market value of an investment or cost if purchased during the year.

h) Foreign currency transactions

Transactions in foreign currencies are recorded in sterling at the rate ruling at the date of the transaction. Monetary assets and liabilities are retranslated at the rate of exchange ruling at the balance sheet date. All exchange differences are taken to the Statement of Financial Activities.

i) Cash and bank balances

Amounts included in cash at bank and in hand were maintained in interlinked bank accounts; therefore, negative amounts in individual accounts do not represent overdrafts.

j) Taxation

Under Sections 466 to 493 Corporation Tax Act 2010, a charity is exempt from tax on its income insofar as it is applied for charitable purposes only. All of the disbursements appear to fall within the charitable objects and, consequently, no tax liability will arise.

WORLD ENERGY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

k) Irrecoverable VAT

The Charity is registered for VAT but some VAT is irrecoverable; this is either charged to the SOFA directly or allocated within support costs.

l) Cash flow statement

The company is exempt from the requirement of Financial Reporting Standard No. 1 to prepare a cash flow statement, as it is entitled to the filing exemptions as a small company under section 444 of the Companies Act 2006 when filing accounts with the Registrar of Companies.

m) Operating Leases

Rentals applicable to operating leases are charged to the Statement of Financial Activities over the period in which the cost is incurred.

	2012	2011
3. RESOURCES EXPENDED	Total	Total
<i>Subscription costs</i>	£000	£000
Staff costs	141	106
Membership support	49	14
Bad debts	142	165
Travel and entertainment	143	153
Support costs	44	91
	<hr/> 519 <hr/>	<hr/> 529 <hr/>
<i>Work programme</i>		
<u>Flagship Processes and Global Frameworks</u>		
Staff costs	425	324
Gifts in kind	650	700
Energy Resources & Technologies (<i>includes Performance of Generating Plant, Cleaner Fossil Fuels Systems and Energy Efficiency</i>)	59	77
Policy Assessment	79	24
Scenarios	62	61
Global Frameworks/Rules of Trade	14	15
Energy Access	12	21
Support costs	166	150
<u>Regional agenda</u>		
Staff costs	14	19
Gifts in kind	150	150
General expenses	14	13

WORLD ENERGY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

3. RESOURCES EXPENDED (CONTINUED)	2012 Total £000	2011 Total £000
<u>Regional agenda (cont'd)</u>		
Regional managers' fees	120	98
Asia	8	18
Africa	10	18
Europe	6	19
LAC	15	13
North America	15	15
Support costs	73	52
 <u>Communications & Outreach</u>		
Staff costs	235	170
Miscellaneous	13	15
Website design	60	31
Publications/editing	3	9
Consultancy	11	113
Travel and hospitality	35	22
Support costs	34	68
 Work Programme total	2,283	2,215
 Congress		
Staff costs	229	35
Congress expenditure	20	17
Support costs	80	45
	329	97
 Patron & Global Partner Costs		
Staff costs	193	267
Patron and Global Partner costs	8	3
World Energy Leaders Summits	167	150
Support costs	207	83
	575	503
 Governance costs		
Audit	22	18
Trustee meetings and expenses	12	3
	34	21
 TOTAL RESOURCES EXPENDED	3,740	3,365

WORLD ENERGY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

4. SUPPORT COSTS

	2012	<i>2011</i>
	Total	<i>Total</i>
	£'000	<i>£'000</i>
Support costs		
Staff costs	148	158
Accommodation costs	168	145
Office services	80	92
IT services	103	-
Legal, professional and accountancy	54	55
Depreciation	51	39
	604	<i>489</i>

In 2011, Support Costs were allocated to charitable activities on the basis of square metres occupied by each activity in the offices. On reflection, however, it was decided this method was not wholly accurate (e.g., the size of an office or workstation did not necessarily reflect the level of support used; it was difficult to assign values to the office common areas). In 2012, therefore, the method for allocating support costs to each project or department was changed to a time allocation basis, that is, the percentage of time staff members spend working on the project, as this better reflects the level of support used.

5. STAFF COSTS

	2012	<i>2011</i>
	£'000	<i>£'000</i>
Wages and salaries	1,140	885
Social security costs	122	96
Pension costs	90	96
Other staff costs	31	1
	1,383	<i>1,078</i>

Emoluments during the year:

Band	2012	<i>2011</i>
£300,000-£310,000	0	1
£290,000-£300,000	1	0
£80,000-£90,000	0	1
£70,000-£80,000	2	0
£60,000-£70,000	2	2

Employer pension contributions of 72,249 (2011: £75,160) were made on the above employees' behalf.

The average number of employees during the year, calculated on a full-time equivalent basis, was 16 (2011: 13).

6. TRUSTEES' REMUNERATION AND EXPENSES

The Trustees neither received nor waived any emoluments during the year (2011: £nil). During the year, £1,401 (2011: £395) was reimbursed to or paid on behalf of one Trustee for travel expenses.

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7. TANGIBLE FIXED ASSETS

All tangible fixed assets are held by the Charity.

	Leasehold improvements £'000	Office equipment £'000	CRM Database £'000	Website £'000	Total £'000
Cost					
At 1 January 2012	311	196	-	193	700
Additions	6	11	8	-	25
Reclassification	-	(19)	19	-	-
Disposals	-	(1)	-	-	(1)
At 31 December 2012	317	187	27	193	724
Accumulated depreciation					
At 1 January 2012	163	124	-	193	480
Charge for period	19	29	3	-	51
Reclassification	-	(4)	4	-	-
Disposals	-	-	-	-	-
At 31 December 2012	182	149	7	193	531
Net Book Values					
At 31 December 2012	135	38	20	-	193
<i>At 31 December 2011</i>	<i>148</i>	<i>72</i>	<i>-</i>	<i>-</i>	<i>220</i>

8. FIXED ASSET INVESTMENTS

All investments are held by the Charity and are held in UK investments.

	2012 £'000	2011 £'000
Market values		
Market value at 1 January 2012	321	338
Additions	-	30
Disposals at opening market value	-	(28)
Unrealised gain/(loss) on investments	31	(19)
Market value at 31 December 2012	352	321
Historical cost at 31 December 2012	233	233
UK listed investments are held in unit funds. These are represented by:		
	2012 £'000	2011 £'000
Fixed interest securities	40	40
Equity shares	312	281
	352	321

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The following investments make up over 5% of the portfolio:

Units held	2012	<i>2011</i>
	£'000	<i>£'000</i>
19,666 HSBC Common Fund for Income	24	<i>24</i>
9,653 COIF	100	<i>92</i>
32,744 Schroders	89	<i>76</i>
4,601 Dresdner RCM Chariguard UK Equity Fund Income	93	<i>86</i>
6,522 BlackRock Charishare Common Investment Fund	29	<i>27</i>
	—————	<i>—————</i>

9. DEBTORS

	Group	Charity	<i>Group</i>	<i>Charity</i>
	2012	2012	<i>2011</i>	<i>2011</i>
	£'000	£'000	<i>£'000</i>	<i>£'000</i>
Trade debtors	1,180	1,167	<i>728</i>	<i>728</i>
Amount due from subsidiary company	-	205	<i>-</i>	<i>170</i>
Other debtors	29	29	<i>16</i>	<i>20</i>
Prepayments	122	122	<i>48</i>	<i>48</i>
Accrued income	3	3	<i>19</i>	<i>19</i>
	—————	—————	<i>—————</i>	<i>—————</i>
	1,334	1,526	<i>811</i>	<i>985</i>

10. CREDITORS: amounts falling due within one year

	Group	Charity	<i>Group</i>	<i>Charity</i>
	2012	2012	<i>2011</i>	<i>2011</i>
	£'000	£'000	<i>£'000</i>	<i>£'000</i>
Trade creditors	88	88	<i>181</i>	<i>181</i>
Taxation and social security costs	57	57	<i>35</i>	<i>35</i>
Accruals	266	261	<i>200</i>	<i>197</i>
Deferred income	872	872	<i>865</i>	<i>865</i>
Other creditors	10	10	<i>6</i>	<i>6</i>
	—————	—————	<i>—————</i>	<i>—————</i>
	1,293	1,288	<i>1,287</i>	<i>1,284</i>

	2012	<i>2011</i>
	£'000	<i>£'000</i>
Deferred income reconciliation:		
Balance brought forward	865	<i>82</i>
Received in year	1,190	<i>841</i>
Utilised in year	(1,183)	<i>(58)</i>
	—————	<i>—————</i>
Balance carried forward	872	<i>865</i>

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11. FINANCIAL COMMITMENTS

Commitments under leases to pay rentals during the year following the year of these financial statements are given in the table below, analysed to the period in which each lease expires. All commitments relate to the Charity.

Obligations under operating leases comprise	Group 2012 £'000	Group 2011 £'000
Land and buildings Expiring between 2 and 5 years	<u>81</u>	<u>81</u>
Fixtures and fittings Expiring between 2 and 5 years	<u>13</u>	<u>13</u>

12. STATEMENT OF FUNDS

	<i>1 Jan 2012 £'000</i>	Income £'000	Expenditure £'000	Investment Gains £'000	31 Dec 2012 £'000
General reserve <u>Designated</u>	660	2,929	(2,884)	-	705
Foundation Gerald Doucet Memorial Fund	1,071	881	(856)	31	1,127
	<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>
Total	<u>1,734</u>	<u>3,810</u>	<u>(3,740)</u>	<u>31</u>	<u>1,835</u>

The Foundation fund represents funds set aside at the Trustees' discretion to assist in the further development of the WEC work programme.

The funds in the Gerald Doucet Memorial Fund are to support WEC's work with young people, e.g., Future Energy Leaders programme.

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13. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Unrestricted			Total £'000
	General £'000	Foundation £'000	Gerald Doucet Memorial Fund £'000	
Tangible fixed assets	193	-	-	193
Investments	-	352	-	352
Net current assets	512	775	3	1,290
	705	1,127	3	1,835

14. SUBSIDIARY COMPANY

The Charity owns the whole of the issued ordinary share capital of WEC Services Ltd, a company registered in England. WSL's share capital is £100 divided into 100 shares of £1 each. The subsidiary is used for non-primary purpose trading activities, namely Congresses, non-tax-exempt events and royalties from joint projects. All activities have been consolidated on a line by line basis in the Statement of Financial Activities. The total net profit is gifted to the Charity. A summary of the results of the subsidiary is shown below.

	Total 2012 £'000	<i>Total 2011 £'000</i>
Turnover	164	528
Administrative expenditure	(42)	(27)
Net profit	122	501
Foreign exchange (loss)	-	(16)
Profit on ordinary activities	122	485
Payment under gift aid	(122)	(485)
Retained profit for the year	-	-

The aggregate of the assets, liabilities and funds was:

Assets	210	177
Liabilities	(210)	(177)
Funds	-	-

15. RELATED PARTY TRANSACTIONS

The group has taken advantage of the exemption which is conferred by Financial Reporting Standard No.8, 'Related Party Disclosures' that allows it not to disclose transactions with group undertakings that are eliminated on consolidation.