

WORLD
ENERGY
COUNCIL

World Energy Council Annual Report | 2018

**ANNUAL REPORT AND
ACCOUNTS FOR THE YEAR
ENDED 31 DECEMBER 2018**

WORLD ENERGY COUNCIL
(A COMPANY LIMITED BY GUARANTEE)
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2018
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**ENERGY TRANSFORMATION
CAN BE ENABLED
BUT NOT PREDICTED**

**OUR TOOLS CAN BE USED TO
CATALYSE NEW COOPERATION**

**ENERGY SYSTEMS
ARE CHARACTERISED
BY DIVERSITY**

**ENGAGING WITH THE WHOLE ENERGY SYSTEM
ENABLES NEW PERSPECTIVES
AND BETTER IDEAS TO BE GENERATED**

OUR DATA TOOLKIT ENABLES THE DEVELOPMENT OF NEW, TIMELY AND ACTIONABLE ENERGY INSIGHTS



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MESSAGE FROM THE CHAIR

YOUNGHOON DAVID KIM

Welcome to the World Energy Council's Trustees' Annual Report and Accounts for 2018.

Last year in this report I commented that 2018 would be a critical time for the Council, during which we would consolidate the changes of the previous year and develop the platforms that would shape how we engage and facilitate dialogue in the future. We would also build on the foundations of our new strategy and operating model, so that we could expand our organisational footprint at the heart of the energy transition. We have been able to do this and more thanks to our members and their untiring support for the Council's activities in 2018.

Throughout the year, we have taken forward significant changes to advance our strategy for the Council, which will help underpin a successful energy transition for sub-national, national, regional and global energy systems. This has been achieved through

- the evolution and delivery of a refreshed and relevant content programme
- continued deepening of our networks
- and the convening of energy leaders to debates that shape and inform decisions on a sustainable global energy future.

Now more than ever, the important role of the World Energy Council in furthering international cooperation on energy through the contribution of experience, insights and priorities is vital. At a time of uncertainty driven by geopolitical, technological and environmental change, the members of the Council share an important priority and responsibility to work together in support of our mission of sustainable use and supply of energy for the benefit of all people.

I was especially pleased to receive feedback from members on the positive impact of the new strategy at the annual gathering of our global community at World Energy Week in Milan in October, where members commented on the increased relevance and influence of our activities and the improved ways of working that had been initiated. We will continue to actively listen to your contributions, strive for improvements and adapt our service to meet the changing needs of the organisation.

I would particularly like to thank the Italian Member Committee for its wonderful hospitality of World Energy Week which also staged high-level dialogue on innovation in energy and saw the launch of registration for our 2019 World Energy Congress in Abu Dhabi. Preparations for the World Energy Congress have been intensively ramped up over the year with our teams in London and the UAE working hard to shape our first-ever Congress in the Middle East. I am excited and looking forward to a superb showcase of energy insights, opportunities to create lasting connections, and fantastic hosting from our UAE organisers.

I extend sincere thanks to my fellow Trustees who have contributed greatly to the stewardship of this historic organisation throughout the year and over my term as Chair of the World Energy Council. In 2018 I was pleased to welcome two new Trustees to the Board, Cedric Lewandowski in the capacity of Regional Vice Chair for Europe and Eric Martel as Chair-Elect of the Programme Committee.

I am grateful to all our staff – many of whom newly joined in 2018 – for their hard work and dedication towards building a Council that delivers on the expectations of our many stakeholders. I also extend my thanks to Dr Christoph Frei for his leadership of the team. Under his tenure as Secretary General for more than ten years, dramatic transformations have been achieved and paved the way for even greater visibility and increased engagement of the Council in the debate related to the global energy transition. The Board is grateful that Dr Frei has agreed to continue in his role until his successor is appointed, work toward a smooth and successful transition, and above all, ensure a successful Congress in September.

In closing, I would like to reiterate my appreciation to our members and stakeholders who have supported the organisation through a time of important change. Change is always a source of uncertainty, but it also brings new opportunities to emerge, and we are confident the next phase of the Council's development will reveal new and exciting possibilities. The Council's position has been dramatically strengthened and enhanced in the past ten years, and we remain as ambitious and proactive as ever to deepen our impact in the world of energy for the benefit of all.



Younghoon David Kim
Chair



MESSAGE FROM THE SECRETARY GENERAL

DR CHRISTOPH FREI

It gives me great pleasure to introduce the Trustees' Annual Report and Accounts for 2018.

For the global energy leadership community, 2018 has been another fast-paced year with continued focus on the grand energy transition. Great strides have been over the past year on energy access – particularly in countries such as India, but there are still nearly 1 billion people in the world without access to reliable energy.

The challenge to consume and produce cleanly and efficiently drives home the importance of accelerating an effective energy transition. Alongside a rapidly shifting balance of energy supply and emerging trends in innovation and consumer behaviours, and the call to action on achieving a meaningful reduction to global warming targets, the role of the World Energy Council remains critical. Our mission to inform, drive and shape the debate and decisions of nations and businesses that affect the global energy system has not changed, but the energy systems around us are changing and converging at an ever-faster pace.

The evolution of the energy ecosystem is offering new opportunities arising from demand electrification, efficiency gains from network and system digitalisation. These opportunities are being balanced against the pressure to control costs of aging infrastructure and competition from new market entrants for customers. New business models enabled by platforms, technologies and innovations are capturing energy leaders' imagination. All the while, solar photo voltaic and electric storage prices have continued their fall, and ambitions for electric vehicles grow.

Meanwhile, Japan's hydrogen liquids vision has served as a catalyst for action. Countries ranging from Australia, New Zealand, Germany, to Saudi Arabia and Morocco are starting to explore their own opportunities in this space. During our Milan World Energy Leaders' Summit, there was a call for ending 'the cold war between the electron and the molecule' in decarbonising the future of energy. On the resilience front, forest fires in Australia and California, icing in Canada or hurricanes and flooding in many parts of the world illustrate the new need for evolving resilience requirements.

We believe that a successful energy transition is essential to ensuring countries, regions, and the world can balance their respective energy Trilemma: achieving equilibrium between energy access and equity, energy security, and environmental stability. The energy transition is happening faster and sectors are converging much more rapidly than ever.

For the Council, 2018 was an intense and productive year to support our members on this transition. We finalised our major strategy review, deepened our value proposition, and successfully implemented the new structure of our organisation. We have much to report to you in terms of our key achievements this year across the delivery of our Insights, our network and community development, the building of digital platforms, and communications and engagement. These are outlined in our Trustees Report.

Our ambitious change and delivery programme for 2018, has been achieved in spite of significantly reduced secretariat resource for much of the year whilst our recruitment programme for new team members took place. I am delighted to have an internationally diverse and top-notch London team bringing new skills and commitment to our mission, and who have helped bring our strategy to life. With the rebuilding of our organisation and fewer resources to develop and manage partnerships, the Charity has experienced resource constraints in our income and expenditure. Our income from Member Committees and Partners was lower than previous years, and it is of great credit to the team and our supporters, that the quantity, quality, and impact of our outputs was so high during a very demanding year.

It is with great appreciation and satisfaction that I thank all our members and supporters for the involvement and enthusiasm for our programme of change and activities. I would especially like to thank the staff of the Council who have been tireless in their efforts this past year.

In closing, as I reflect on the past ten years of having had the privilege of leading the World Energy Council, I am immensely proud of the achievements of the Council and our members during this time in delivering on our mission of sustainable supply and use of energy for all over a period of great change. Our important work to inform and accelerate an effective energy transition is more pressing than ever as we seek to meet the energy needs of societies and address the real risks of climate change. I have had the opportunity to lead the Council as it develops pathways for countries, companies, and citizens to achieve this, and have been fortunate to work alongside great experts and leaders from across our international network in this shared objective. In so doing, I am grateful to have developed many friendships along the way.

The past ten years have been an enriching, successful and gratifying time at the Council and I am convinced that the organisation is in great shape and has the vigour to meet any challenges ahead.



Christoph W. Frei
Secretary General



TRUSTEES REPORT

The Board of Trustees, who are also the Directors of the Charity, present their annual report for the year ended 31 December 2018 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, FRS 102 and the Statement of Recommended Practice (SORP) “Accounting and Reporting by Charities” (Charity SORP FRS 102).

OUR MISSION

“To promote the sustainable supply and use of energy for the greatest benefit of all people”

OBJECTIVES AND ACTIVITIES

The Charity’s objects include:

1. 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;
2. undertaking actions, including, but not limited to, the holding of congresses, workshops and seminars, to facilitate such supply and use of energy; and
3. collaborating with other organisations in the energy sector with compatible goals.

Public benefit

The Trustees confirm that they have complied with their duty in Section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales. The Trustees further confirm that the activities of the World Energy Council are carried out, in line with its objects, for the public benefit as described in this report.

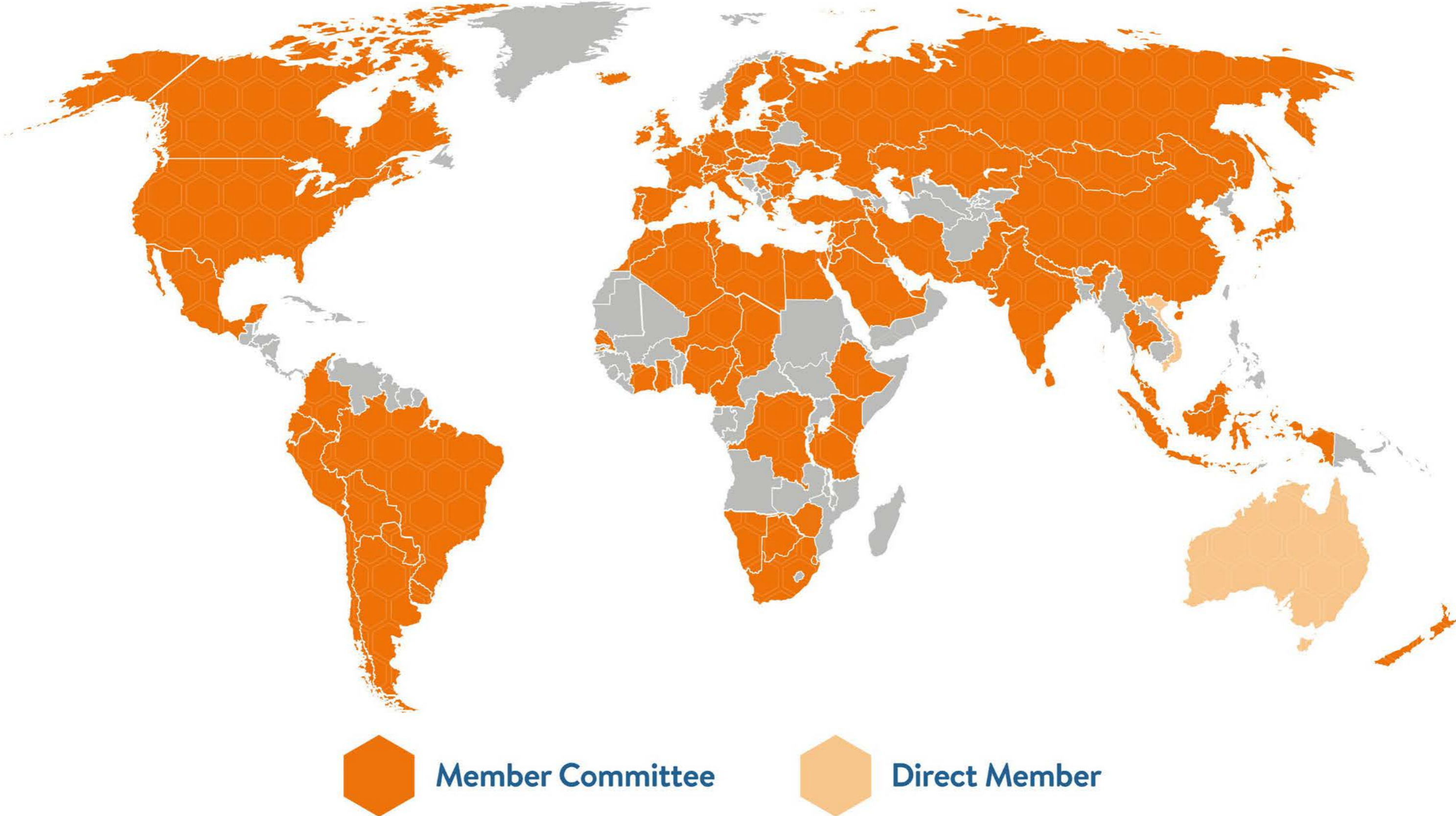
Energy plays a key role in the lives of everyone on the planet, from contributing to the provision of basic needs, such as sanitation, cooking, heating and lighting to supporting healthcare, education, transportation and communication.

HOW DO WE DO THIS

The Council’s **insights, tools, programmes, and events** benefit the public good by:

- informing and supporting policy-makers with tools that enable sound energy systems policy, a strong regulatory framework and the long-term thinking required for investment in energy infrastructure, which ultimately benefit the general public;
- providing information to opinion-influencers, including the media, on critical energy issues;
- assisting governments, companies and communities to work together to deliver a sustainable energy future and to accelerate a sound energy transition appropriate to their context and situation; with the intended end result being a better, cleaner, more efficient world where energy supplies are secure, affordable and sustainable
- raising awareness of energy issues and their impact on future generations;
- addressing social equity, that is, the importance of working to find ways to supply commercial and sustainable energy to those who do not currently have it (often, the poorest people in both rural and urban areas of developing countries) as well as to those who cannot afford it;
- raising awareness of the risks of climate change and providing advice on ways to mitigate such risks and to use energy more efficiently;
- supporting talent development and capacity building of the next generation of energy leaders and educating young professionals;
- supporting and accelerating the development of energy transition innovators and start-ups, providing the most promising innovators with access to key decision-makers, investors, and markets.

WHERE WE WORK



HOW WE WORK

Insights on the energy transition

The Charity engages members and partners in developing new insights on energy transition and transformation of energy systems that meet the challenge of sustainable energy for the benefit of all. Through our content, delivered through tools, insights, and collaborative foresight activities, the Charity brings perspectives and timely insights on the implications of structural changes as well as the fast moving, broad landscape of innovations that are transforming energy systems, from within the utilities sector and beyond the conventional energy system. This work is produced within our Business, Industry, and Policy Insights Department and its activities are overseen by the Studies Committee.

- **Policies and Risks:** developing policy tools to guide robust transition, such as the Trilemma Index which can help address the challenges of delivering social benefit by ensuring that affordable energy is accessible to all levels of society; meeting energy demand by ensuring a reliable supply of energy to facilitate economic growth; and minimising environmental impact of energy production and use on the environment, and providing new insights into the resilience of regionally diverse energy systems. The Energy Trilemma Index can be used at regional, national, and sub-national levels to inform policy debate by tailoring it to local circumstances and data to provide actionable insight.
- **Scenarios:** examining how policy and business decisions made today will impact government, business and society in the future. Our Scenarios programme helps explore and understand the implications of deeper structural shifts and reveal assumptions that might otherwise remain untested. The World Energy Scenarios are used by the Council community to discover, design and consider more and better solutions to today's connected energy challenges.
- **Issues Monitor:** an annual flagship horizon scan based on the perspective of global business and government leaders along the energy value chain from nearly 100 countries to determine the critical importance of energy systems issues and uncertainties. The Issues Monitor provides signals to the Council's programme, and comparative insights on perspectives across themes, regions, countries and sectors. Issues Monitor findings are also presented through an interactive online tool which generates focused visual charts. The publicly available online tool provides tailored analysis and a graphic view issues identified in the horizon scanning and provide topics and insights for the Charity's Congresses, summits, workshops and seminars.
- **Innovation and Issues:** Drawing on the annual Issues Monitor survey by tracking the key concerns and shift in attention of world energy leaders; the work programme provides horizon scanning. This has focused on new insights about the pace and pattern of bottom up innovations that are emerging on a frequent basis from within, and beyond the energy system, and from technological and non-technological developments.

Working across energy communities

We are a member-driven, stakeholder-focused organisation, working in support of energy-interested communities regardless of country, sector, resource, or technology. Our Networks and Communities department work programme has a focus on developing the Council's network to engage and deepen our community, to ensure that it reflects the current and future state of the energy system, and to deliver and develop services and value to members and stakeholders. Activities are overseen by the Programme Committee.

1. **Member Committees:** leading the energy dialogue at a local level, they facilitate debate between government, business and other stakeholders and act as an important channel of insight and communication supported by regional and global teams;
2. **Partners:** partnering with the Council to develop insight, share knowledge and facilitate dialogue;
3. **Future Energy Leaders:** developing the next generation of energy leaders through an ongoing programme of leadership development, networking opportunities and participation in the Council's activities;
4. **Community Programmes:** focussing on specific energy communities including ministers, innovators, start-ups, and sectors eg Start-Up Energy Transition and the Global Gas Centre;
5. **Institutions:** working with institutions supporting sustainability, the climate change agenda, intergovernmental interactions, regional development organisations, to deliver programmes.

Convening and Communicating

Engaging and communicating with members, stakeholders and audiences is vital to the development of our insights and influence. The Charity delivers these through digital and physical platforms, including events, media, communication, and social media, our customer relationship management system, help us deliver our agenda through in a highly competitive and digital environment. Its governing body is the Communications Strategy Committee.

- **World Energy Congress:** the flagship convening triennial event of the Council brings together heads of state, energy ministers, business leaders, researchers, practitioners, and representatives from international organisations and civil society to drive forward the agenda on the energy transition, by sharing experiences and developments, as well as developing solutions to key issues;
- **World Energy Leaders' Summits:** international high-level, invitation-only events convening CEOs and energy ministers conducted under the Chatham House rule, that facilitate dialogue on critical energy issues within a peer network for top global energy leaders;
- **World Energy Academy:** provides a broad contextual overview of the energy sector and energy issues for young energy professionals, with the course syllabus based on the Charity's content;
- **Start-up Energy Transition:** promotes the acceleration of the energy transition by identifying the top energy innovators and start-ups world-wide every year. The submissions are evaluated by a highly credible reading jury, who then identify the top 100 list of the most innovative and

promising start-ups. Fifteen finalists then have the opportunity to pitch their innovation to investors and be connected into the World Energy Council leadership community, facilitating access to new markets and connections, to share best practice, and achieve a successful energy transition;

- **Digital Platforms:** tools for engagement and collaboration depend on reliable and dedicated digital platforms to facilitate and enable member engagement, develop and communicate insights, and leverage data-driven strategies for collaboration and deepen understanding of how the Council’s insights are used and can be made even more impactful;
- **Communications:** the Council’s omni-channel platforms and resources to connect, engage and inform members and stakeholders on the Council’s programmes, projects and initiatives. These help grow the organisation, our brand, increase visibility, and deepen our stakeholder engagement.

2018 – REVIEW AND ACHIEVEMENTS

Embedding our strategy and building the team

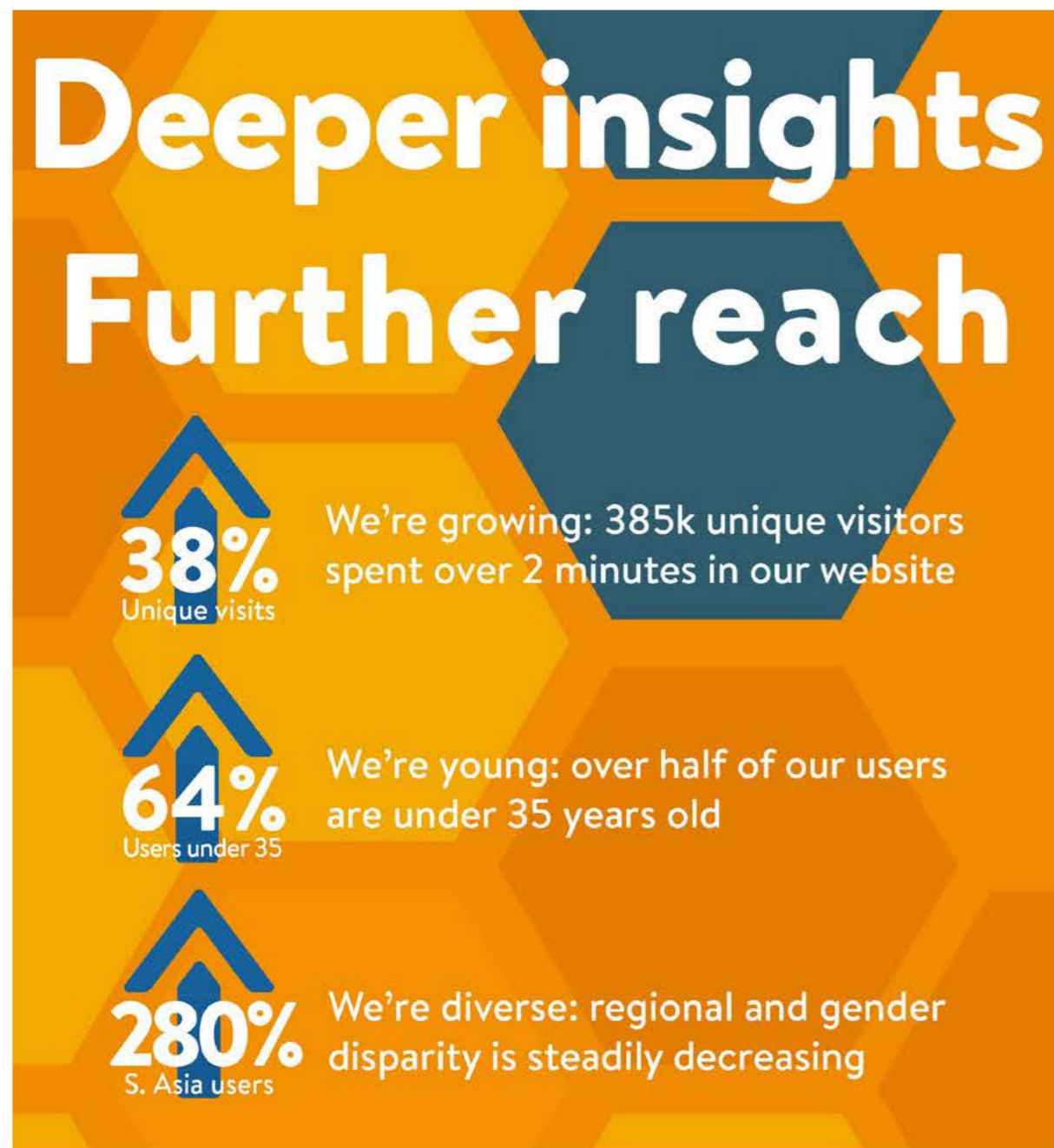
In 2017, the Board approved our strategy to ensure the Council is able to remain at the heart of the energy system and bring value to our members and stakeholders in achieving our mission of sustainable energy for the benefit of all. This strategy refocused our content and insights agenda, modernised the way in which we engage members in our content, and brought greater organisational clarity through a new organisational model focused on four core elements (Insights, Networks and Communities, Digital and Platforms, and Operations) to serve all our stakeholders better. Over 2018, we implemented this more deeply with the hiring of new secretariat team members into many of the new roles created. In total, we hired a third of our permanent new staff members, including two new Senior Directors over the course of the year. This was the most significant restructure ever undertaken by the Charity. It required the flexibility and commitment of existing and new team members to bridge gaps, train colleagues, and develop new ways of working and feedback loops to improve effectiveness. The reduction in resources and rebuilding phase over the year impacted our ability to generate new and maintain income. Consequently, income from members and partners was below anticipated levels however, with new additional resource and evolution of our value proposition solid foundations are in place to take the World Energy Council forward.

Developing and deepening our Insights

We improved and consolidated our Insight briefs and interactive tools into what we now call the Energy Transition Toolkit. The Toolkit includes our five tools: Scenarios, Trilemma, Issues Monitor, Innovation Horizon Scanning and Dynamic Resilience, and is designed to enable energy leaders to make effective strategic, policy and business decisions, help accelerate and deepen capabilities and increase impact for the energy transition. Our Insights tools have been designed to be more responsive and reflect the rapid changes we are observing in the energy system, and to investigate the critical issues signalled by our members through our Issues Monitor.

Driving agendas and convening energy leaders

We continued to convene energy leaders at global and regional gatherings, providing powerful platforms for the exchange of experiences, discussion about significant developments facing the energy system, and to identify solutions and connections to drive the energy transition. Over the course of the year, the World Energy Council brought together hundreds of energy leaders at national events hosted by our Member Committees in addition to major events staged by the Secretariat. In addition to our annual Indaba Energy Leaders’ Dialogue in Johannesburg, in partnership with CACME our Argentinian Member Committee, a World Energy Leaders’ Summit in San Carlos de Bariloche was hosted by the Argentinian Minister of Energy alongside G-20 Energy Ministerial meetings. It was attended by ministers from six countries across the Americas, and CEOs from across the world. The Council also contributed to a number of G20 Ministerial meetings under the theme of “Energy Transitions Towards Cleaner, More Flexible and Transparent Systems”, at which



we were pleased to note that participants had a keen eye on innovation to help navigate the Grand Transition.

Our World Energy Week in Milan played host to our annual gathering, and showcased promising energy entrepreneurs, matchmaking them through an exciting pitching stage, and offering them chance to showcase their innovations to a global audience of leaders and decision-makers.

Alongside our own event platforms, in 2018 we were also delighted to continue our content partnerships with key platforms including the Clean Energy Ministerial, the St Petersburg International Economic Forum, the International Economic Forum of the Americas, the Conference of Parties (COP) and the Sustainable Energy for All Process which all offer important opportunities to share Council insights and align to promote the Council's mission.

Developing our network

The Partners programme comprises the corporate and institutional partners who work with the Council Headquarters on a variety of Council projects. These include supporters such as Global Partners, Patrons and Innovation Partners. Partnership deepens the engagement of member companies, in the form of in-kind or cash contributions. Patron income goes into the Foundation, a designated fund within the Charity. Patrons are provided with certain benefits, including invitations to the Council's exclusive World Energy Leaders' Summits and a dedicated account manager in the London office.

Partners help strengthen member committees by being active at a local level and also support the Council Secretariat directly. Over the year, the Council evolved its Partner offering to develop further opportunities for Partners to contribute to the Council's mission and activities, including specific workstreams of the Insights work programme.

At the end of 2018, the Council had seven Global Partners who contributed £302,000 (2017: £305,000) to support the Council's activities. Patrons contributed £989,000 (2017: £1,013,000) to support the Council's work.

We evolved our partnership offerings in line with our mission to enable our workstreams and content to be better supported, and to facilitate further connections, particularly in the innovation space. Over the year we were delighted to welcome California Integrated Systems Operator as a new Partner, and the Swedish Energy Agency as a Partner to the SET-100 Initiative.

Planning our 24th World Energy Congress

Over the course of 2018 we focused on planning and developing an exciting programme for the 24th World Energy Congress taking place in Abu Dhabi. In September 2019, our most important event platform will convene the world's energy leadership under the theme of Energy for Prosperity. Over four days, we will discuss the critical issues facing the energy system and identify the key dynamics, disruptions, and developments that energy leaders of states, companies, and civil society must navigate to ensure an effective energy transition whatever their situation. I am looking forward to our flagship Congress that will bring together established experts and radical thinkers from

across the global energy ecosystem, with a range of opinions on topics that reflects the transition dynamics and geopolitical events, including sessions on the innovation ecosystem, blockchain, and the developing role of hydrogen.

Supporting innovation in the energy transition

We were pleased to see our Start-up Energy Transition (SET-100) collaboration with dena, the German Energy agency, go from strength to strength highlighting the importance of the energy innovation agenda, and the crucial role the Council can play in accelerating the success of innovators. With the support of our member committees and Future Energy Leaders, we received over 400 applicants and identified high potential projects and entrepreneurs from right across the world who are developing practical solutions to real-world energy challenges.



Digital Transformation

Our digital transformation objective has made significant progress in building new tools and ways of working and developing targeted strategic communications. As part of our 18-month Digital Platforms plan, we launched a new collaboration and communications tools pilot, achieved a significant increase in social media engagement and media outreach, and began work on a new CRM platform. These building blocks will enable us to put audiences, stakeholders and data at the centre of our organisation, so that we can deliver better on our mission for our members.

Building Talent

A successful 2018 Future Energy Leaders (FEL) Summit was held in the margins of the World Energy Week, with over 60 FELs and high-level speakers from the Council's community, including CEOs and Ministers. A blockchain game was also organised with the Council's Partner PwC for Future Energy Leaders. FELs led a workshop in Abu Dhabi to brainstorm ideas for – and begin planning of – the 2019 FEL Congress. In addition, the community was empowered to launch its own Market of Ideas platform, where they can work collaboratively on projects of interest, with projects feeding into the Council's Insights work, exemplified by their contribution to the PwC-led Blockchain Insights activity.

Facilitating cooperation and capacity building

The Charity signed a Memorandum of Understanding with the Common Market for Eastern and Southern Africa (COMESA) to enhance regional energy integration and enhance sustainable energy access in the 21 COMESA states. The new partnership between COMESA and the World Energy Council will spearhead the regional energy agenda in Africa, with the aim of promoting economic growth, intra-regional trade and infrastructure development.

Raising visibility in international policy

The Charity, its partners and network took an active role at the UNFCCC 24th Conference of the Parties in Katowice in December, contributing to the discussions on various platforms and hosting a panel discussion on 'Pathways to Paris'. Organised in partnership with the Massachusetts Institute of Technology's Energy Initiative, the high-level dialogue highlighted the broader landscape of innovation factors triggering and accelerating new energy solutions to balance the energy trilemma, e.g., policy, environmental and technological innovations. The Charity also contributed to the international policy dialogue at the Clean Energy Ministerial (CEM-9) in Copenhagen and Malmö in May and the G20.



LOOKING FORWARD

Having established the building blocks of our strategy for Networks and Communities, in 2019 we aim to finalise the needed recruitment for our Partners team, deepen our network of members and partners and deliver the elements of our Networks and Communities plan. We will grow our communities with a focus on ministerial, innovator, and energy leaders through membership and partnerships by leveraging our content and platforms, curating and matching connections, and engaging them in the programme of the World Energy Congress.

The focal point for 2019 will be the 24th World Energy Congress, which offers us the opportunity to showcase the depth and range of our insights and to convene energy leaders from our network and beyond. We are looking forward to bringing our most successful Congress ever to fruition with the support and partnership of our Congress Host the UAE. Our Congress is an unparalleled global event, attended by over four thousand delegates and 250 expert speakers.

Innovation is central to many of our initiatives to build capacity and train the energy leaders of the future. Consistent the Council's strategy, innovation is also a key pillar for the 2019 Congress and the Congress themes and objectives. We will be expanding and broadening our relationship with German Energy Agency dena on the Start-up Energy Transition 100 initiative. With the support of the UAE Congress Organising Committee, 100 leading innovators recognised in the Start-up Energy Transition will be invited to Abu Dhabi as guests of the Host to actively participate in the programme, connect with potential investors and opportunities, and share perspectives.

We expect to draw further on the Council's unique strength to convene energy leaders at international levels, and across different sectors and communities at events in Johannesburg,

London, Berlin, St Petersburg and of course Abu Dhabi. We also expect to work directly with many of member committees in their national activities and to support the strengthening of their networks. In 2019 we will also begin planning and promoting of requests for bids to host the World Energy Week in 2021, as part of our regular cycle of community events. A key objective for 2019 is to grow our network and bring additional partners who are mission-aligned into our network to support the development and delivery of our Insights and expand our community interactions. On Insights, by refreshing and refocussing our existing set of three World Energy Scenarios to 2040 and developing a complementary Scenarios hacking tool we call Constellations of Disruption, over the course of the coming year the Council aims to help energy leaders better understand new patterns of disruptive innovation and secure exponential growth opportunities. Each Constellation of Disruption comprises a set of different types of innovation and innovation accelerators, coming from within and beyond energy systems, such as technology convergence, policy pathfinding, behavioural change and new business models.

As a part of the Scenarios refresh to be launched at the World Energy Congress, we have initiated a comparison study of global energy scenarios to test the continued plausibility, relevance and challenge of our own scenario set and to provide users with a clearer understanding and new insights on energy transition. We hope this will help prepare them to better engage with leadership dialogues, with a Scenarios Slimline report and a Global Foresight Refresh Insight brief scheduled for launch at our Congress.

Our Innovation workstream plans to complete its brief on Quality Access which will incorporate exploratory interviews, highlights from key innovators, and regional success stories surrounding five key areas of focus: reliability, affordability, scalability, sustainability and access. Other planned releases of Innovation Briefs include: Power to X, Storage Pathways, New Hydrogen and the continuation of Blockchain. Our Issues Monitor tool will be expanded to include deep dives on various segments including investors, educators, transportation, industry, smart cities and the built environment.

We plan to complete our methodological evolution of our Trilemma tool with new data modelling and framework that will be included in the launch of the Trilemma Index Report 2019 at the Congress. Under the Dynamic Resilience workstream, work has begun on a pilot cyber security workshop, based on plausible hypothetical scenarios. The Extreme Weather workstream will include an Insights Brief launch in June, the development of online interactive maps, and tools for water stress testing of whole systems.

Deepening our strategy implementation and digital transformation, so that we can deliver improved engagement and tools for collaboration will continue to be a key area of focus for the Council. In 2019 we will launch 2 new 'big play' digital infrastructure projects including a new Customer Relationship Management platform (CRM) and a redesigned website. An upgraded CRM system will lay the foundation to create and deliver new digital products and services. It will increase our collaboration capabilities and also enable us to automate many of our ongoing administrative tasks and activities, reducing cost while improving efficiencies and data accuracy. Our new website is currently in development and will be more customer-centric, brand enhancing and deliver a more seamless customer experiences across all digital devices.

Our new digital infrastructure will also enable us to significantly improve communications and operational efficiencies. Putting data at the centre of our operations will help identify and leverage new opportunities, automate and streamline many aspects of current activities and better connect and engage an increasingly diverse global audience to deliver more value. The planning of a new "Energy Experts Platform" is scheduled to begin at end of the year. The platform will enable energy experts along with players from the Constellations of Disruption ecosystem from around the world to connect, collaborate and create value. An improved press and media platform will help the Council to reach a broader media audience to drive Council brand, awareness and mission impact.

ENERGY FOR PROSPERITY

WORLD ENERGY COUNCIL | ANNUAL REPORT 2018

ABU DHABI | SEPTEMBER | 2019

1 MISSION
ENERGY FOR
PROSPERITY

4
DAYS

250
STAR SPEAKERS

100+
EXHIBITORS

4,000
DELEGATES

70
SESSIONS



24th WORLD ENERGY CONGRESS

FUTURE PLANS

To support implementation of the strategy and to embed effective ways of working, a framework for performance management has been approved by the Officers, guided by the following three principles:

- **Accountability:** Performance management is aligned with the approved accountability model
- **Focused:** Performance plan is forward looking, reflecting long and short-term priorities of the membership
- **Simplicity:** Fit for purpose approach that seeks to balance inputs from stakeholders

Based on their review of the organisation’s overall financial health, the Trustees believe that the Charity is stable and will continue to operate but that it must also take the following actions to ensure that it remains viable and strong for the future:

Strategy

- Plan and implement the approved Council strategy in a quality way ensuring regular and transparent reporting of progress, risks and issues to the Council
- Continue to evolve the Council strategy in line with the mission and the vision of the members. Inform and consult members on the strategy evolution

Operating model effectiveness

- Organisational structure in place to deliver against strategy; board involvement / updated on staffing at appropriate levels
- Embed new ways of working in support of organisation cohesiveness, agility and responsiveness to the Charity’s priorities and management of risks

External positioning and relevance

- Improve member satisfaction through value generation, engagement, impactful events with Secretary General and Officer participation where it matters most
- Develop and deliver our value proposition to communities, and growing the interaction of the network through national presence of member committees, partners, and national energy leaders
- Deliver an annual plan of agreed content and enhancements in a timely and quality way, ensuring follow-through, positive impact, and utilisation
- To produce credible, timely and insightful analysis on the state of the energy system, collaborating with the membership to articulate and evolve our energy transition messages and to form the basis of the Congress 2019 programme
- Deliver annual plan of engagement and manage digital platforms to underpin collaborative ways of working, communications and engagement, and value generation
- Enable collaboration by developing and supporting platforms to transform user experience and provide expertise that maximises member and stakeholder engagement, visible growth of the Council’s narrative in the energy transition space, leveraging of the network and its data capabilities

- Deliver a world class 2019 Congress and ensure preparations for Congress 2022 remain on track and to showcase Council content, convene the broadest and highest level of energy community and leaders, and lead change in the energy system

Financial delivery

- Disciplined financial delivery in line with approved budget plans
- Enhance revenue growth to underpin the future of the Council
- Careful financial management to ensure value for stakeholders and compliance with obligations

People

- Build a positive team spirit in the Secretariat including leadership by example of the values
- Enhance the Charity’s team environment so that it continues to attract, retain and build staff commitment and development, and that the Council is seen as a destination to build high potential talent by members and partners



STRUCTURE, GOVERNANCE, AND MANAGEMENT

The World Energy Council is a company limited by guarantee and is a registered charity. It is governed by a Council of Trustees, also referred to as the Officers Council, all of whom are also Directors of the company.

Officers' Council

The Officers' Council is constituted by the Trustees of the Charity and oversees a robust governance framework. The Charity is governed by Articles of Association, adopted in November 2012 and amended in 2013, 2015 and 2016. The Articles ensure the Charity is compliant with the UK Companies Act 2006 and the UK Charities Act 2011.

The Officers' Council sets the strategic direction and ensures the Charity achieves its objectives. It oversees governance and is responsible for upholding the Charity's values, reviewing key performance targets, and assessing operational and financial performance. It is supported by a number of committees to which it delegates certain authorities. The day-to-day running of the Charity is the responsibility of the Senior Leadership Team (the Key Management Personnel).

The Trustees are appointed for an initial period of three years. Apart from the Chair and Co-Chair, a further extension of three years is permitted in the role to which they have been elected. Trustees must be a constituent member or employed by a constituent member of a national member committee and are expected to be familiar with and promote the Council's work, to participate in meetings of the Board and Executive Assembly and to support their own travel costs and any other expenses associated with serving as a Trustee.

In addition to the Chair and Co-Chair, the Trustees include the Chairs of Standing Committees (see below), the Vice-Chairs of respective regions and regional development, and the Finance Committee Chair. The Trustees meet at least twice a year to discuss strategy, assess operational and investment performance, review financial reports and set the budgets. 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. New Trustees receive an induction pack containing a description of Trustees' 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 Chair brief new Trustees on their responsibilities when they are elected.

During the year two new Trustees were appointed to the Officers Council and one stepped down. The Officers' Council comprised 14 Trustees at 31 December 2018. All Trustees are appointed from the membership of the Charity and are Directors of the charitable company, and the charity's subsidiary WSL Limited.

It was convened five times during the year.

Member Committees

The Charity's Articles allow for the appointment of member committees. They are entitled to attend all general meetings, including the Annual General Meeting, which is referred to as the Executive Assembly, to receive the Annual Report and Accounts, to approve the Accounts and annual budget, appoint the auditors, to elect or re-elect Trustees, to approve new member committees and to terminate member committees. Other issues of policy may be put to the members for discussion by the Trustees. All member committees have one vote in the Executive Assembly, regardless of size or subscription category.

Regular contact is maintained with Member Committees, mainly through monthly and ad hoc updates from the Secretariat and periodic communications from the Secretary General.

Finance Committee

The Finance Committee is responsible for the short- and long-term financial viability of the Charity and effective stewardship of its assets. It reviews and approves for recommendation to the Officers' Council the annual budget, the reserves and investment policies, and oversees management of investments. It reviews the Annual Report and Accounts of the Charity, including accounting policies and any key accounting estimates and judgements, reviews budgets on a three year forward projection and monitors performance against budget and plan, recommending action where necessary. The Finance Committee also serves as the audit committee, reviewing the effectiveness of the external audit and recommending the appointment of the auditors.

The Committee met three times during the year.

Nominations Committee

The Nominations Committee is responsible for nominating new Directors and developing the slate of nominees for presentation to the Member Committees. It initiates the search and selection process and makes recommendations for new Trustees as may be necessary. In selecting suitable candidates, the Committee considers a range of factors including relevant skills, experience, diversity and region.

Before election, nominees 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 and advise them when circumstances change.

Remuneration Committee

The Committee determines the remuneration and benefits of the Chief Executive, and reviews performance of the Chief Executive against the performance framework.

The Charity offers a level of remuneration that reflects individual responsibilities and performance, and the overall performance of the organisation. Salaries are positioned in the median of the

corporate and charitable sectors and remuneration for roles is validated objectively using market comparators across the public, private and not-for profit sectors. The Charity conducts an annual salary review with increases awarded for individual performance and operates a bonus scheme. The remuneration framework sets out pay bands clearly and is openly available to employees. This supports the Charity's aim to ensure a culture of transparency, fairness and teamwork and clarity regarding performance and reward philosophy.

The key management personnel for the Charity consist of the Secretary General, the Chief Operating Officer and four other senior staff. The compensation package for the Secretary General, including salary, bonus and benefits, is set annually by the Remuneration Committee and is based on an assessment of UK inflation rates, the salaries of comparable executives in the UK and the financial performance of the Charity. The compensation policy for the other key management personnel, which includes salary, bonus and benefits, is recommended by the Secretary General to the Finance Committee and applied based on achievement of the individual's annual objectives and the Charity's financial performance.

All Trustees are un-remunerated and the Remuneration Committee met once in 2018.

Governance

Following the introduction of the Charity Governance Code in July 2017, during 2018 the Board undertook a review to consider how the Council complied with the stated best practice principles of the Code in the context of its own standards for board composition and development, remuneration, shareholder relations, accountability and audit. In adopting the Code, the Board undertook a compliance review of the its policies and practices and confirmed compliance or made necessary minor updates to elements of the Charity's policies on Risk Appetite, Internal Control, and the Code of Conduct.

The performances of the Chair and Co-Chair are evaluated by the Board and the performance of the Finance Chair is evaluated by the Finance Committee members on an annual basis. In addition, the Board members assess their own performance annually. The criteria for these evaluations are developed and approved by the Board and the Finance Committee and are based on process performance rather than on personal performance. The evaluations of the Chair, Co-Chair, Finance Chair and other officers were carried out for 2018 in accordance with the agreed criteria and process.

Directors And Directors' Interests

The Directors of the company (who are also the Trustees of the Charity) during the year are listed at page [42].

All Trustees/Directors are required to confirm annually, via a form which they complete and sign, that they are independent in character and judgement and that there are no relationships or circumstances which are likely to affect, or could appear to affect, their judgement. It is the

responsibility of the Board to ensure that all Trustees/Directors remain independent. All disclosures for 2018 on Related Parties and Independence are set out at Note 15.

The Chair of the Finance Committee serves as the Senior Independent Trustee and is available to members if they have concerns which have not been resolved through the normal channels of the Chair or Secretary General, or when the problem is such that these contacts are inappropriate.

ATTENDANCE AT BOARD AND SUBCOMMITTEE MEETINGS

The following shows individual Trustee/Director attendance at the meetings of the Board and its subcommittees in 2018:

BOARD (OFFICERS' COUNCIL) MEETINGS

	21 Mar	16 May	27 Jun	9 Oct	14 Dec
AL-NEYADI Matar		✓	✓	✓	✓
AL-MUHANNA, Ibrahim					
BARBKNECHT, Klaus-Dieter		✓	✓	✓	✓
BIRNBAUM Leonhard	✓	✓	✓	✓	✓
BUDARGIN Oleg				✓	
CARVALHO NETO Jose da Costa		✓	✓	✓	✓
CRONENBOLD, Claudia	✓			✓	✓
DAUGER Jean-Marie	✓			✓	✓
HANF, Robert					
IBRAHIM, Elham Mahmood	✓		✓	✓	
KIM Younghoon David (Chair)	✓		✓	✓	✓
MURAKI Shigeru	✓	✓	✓	✓	✓
LEWANDOWSKI, Cedric					✓
VARGAS LLERAS José Antonio		✓	✓	✓	

FINANCE COMMITTEE MEETINGS

	16 May	28 June	18 October
BARBKNECHT Klaus-Dieter (Chair)	✓	✓	✓
CARNEGIE John	✓	✓	✓
CUPIT Michael	✓		✓
DAUGER Jean-Marie (ex-officio)	✓	✓	✓
KIM Younghoon David (ex-officio)	✓	✓	✓
MURAKI Shigeru	✓	✓	✓

REMUNERATION COMMITTEE MEETINGS

	26 February
BARBKNECHT, Klaus-Dieter	✓
DAUGER, Jean-Marie	✓
KIM, Younghoon David (Chair)	✓
CARVALHO NETO, José da Costa	✓
VARGAS LLERAS, José Antonio	

**INFORMING
DRIVING
SHAPING** **THE FUTURE
ENERGY SYSTEM**



**MODERN
JAZZ**

**MARKET MECHANISMS,
TECHNOLOGY INNOVATION,
ENERGY ACCESS FOR ALL**



**UNFINISHED
SYMPHONY**

**STRONG POLICY
LONG-TERM PLANNING
UNITED CLIMATE ACTION**



**HARD
ROCK**

**FRAGMENTED SCENARIO
INWARD LOOKING POLICIES
LOW GLOBAL COOPERATION**

STANDING COMMITTEES

The Members have delegated responsibility for the Charity's charitable activities (work programme) to three permanent Standing Committees: Communications and Strategy, Programmes and Studies. All meet two to three times a year and report to the Members. The Officers are all ex-officio members of these Committees.



The Committees are delegated specific responsibilities by the Officers Council as outlined below. They provide counsel, expertise and governance to the executive team. Standing Committee members are selected according to their expertise and geographical location to ensure balanced and effective representation over the three years term – from one Congress to the next.

1. The Communications and Strategy Committee, whose mandate is to oversee matters related to the strategy, impact, and visibility of internal and external communications and outreach to stakeholders and audiences, including engagement and messaging through events, media, communication, and training. It also oversees the theme and programme of the World Energy Congress.
2. The Programme Committee, whose mandate is to oversee the Charity's activities which fall under Global and Regional Agendas, in particular comprising the member network of member committees, patrons and partners, regional activities and stakeholder relations including government engagement in order that the core constituents of the Council adequately reflect

the energy system, to engage and grow our stakeholder community, and increase funding through partnerships and commercialisation of services.

3. The Studies Committees, whose mandate is to oversee the Charity's global flagship activities of impactful and influential content on the global energy debate. These include reports, analyses, collaborate foresight activities, white papers, and other commentary that advance the Council's core messages and provide insights on issues of critical importance to energy leaders.

Senior Leadership Team

The Senior Leadership Team led by the Chief Executive Officer and Secretary General consists of the key management personnel responsible for the day to day running of the Charity under the authority delegated by the Officers' Council.

The Secretary General serves as the Chief Executive Officer of the Charity and as Chief Executive Officer of its trading subsidiary. He/She serves as ex officio, non-voting Secretary of the Officers' Council and is prohibited from becoming the Chair or a Trustee of the Charity. He/She is responsible for carrying out the decisions of the Members and the Board and has delegated responsibility for the day-to-day management of the Charity's affairs under the oversight of the Trustees.

The Senior Leadership Team proposes to the Council where the Charity should invest its time, money and expertise based on the priorities of the members. It reviews with Officers Council the key performance objectives, changes to the strategy. It proposes the annual operating budget to the Finance Committee and Officers' Council for approval and monitors financial performance and risks recommending any changes and mitigations.

Our People

Our mission and values underpin an organisation that encourages employees to focus on service and delivery, and by challenging ourselves and others to bring value to all our members and stakeholders. During the year, we completed the major components of our new organisational structure to enable delivery of the new strategy approved by the Trustees and which resulted in a change in focus of our content and way in which our content and engagement is delivered.

Employment Policy

It is the Charity's policy to provide equal opportunities to job applicants and employees of any race, nationality, ethnic origin, marital status, religion or belief, gender, disability, sexual orientation, age or employment status. The Charity does not condone or tolerate any form of discrimination in its recruitment or employment practices. All employees and applicants are treated on merit, fairly, with respect and dignity, recognised as individuals and valued for the contribution they make, provided fair and equal access to training, development, reward and progression opportunities and are accountable for the impact of their own behaviour and actions. All the Charity's policies follow these principles.

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees are responsible for ensuring that there are effective and adequate risk management and internal control systems in place to manage the major risks to which the Charity is exposed. Trustees undertake regular reviews of risks facing the World Energy Council. They are also an integral part of the management undertaken by the Senior Leadership Team. The Trustees believe that through this process a wide range of risks have been identified, quantified and, where appropriate, action taken on a continuing basis to manage business risks. The Trustees have reviewed the risks and consider the strategies for mitigating the risks are appropriate. The Trustees review the results of the quarterly risk reviews and approve annual audit plan which covers the major risks identified. 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. One method of combating risks and uncertainties is through financial forecasting and scenario planning, and holding appropriate levels of reserves and cash giving time to respond to situations as they arise.

The main risks to the Charity in 2018 and the steps taken to address these risks are noted below.

Income generation: Membership income and new Partner development is an area of risk given the increasing competition for Partner contributions, the financial health of member committees, and the impact of the recent reorganisation on income generation. Pressure on member committee budgets can threaten the income streams for the Council and presents a risk to the delivery of the Council's deliverables. This is mitigated by developing long term commercial value to partners, deepening the value proposition, and building capacity of member committees, so that partner relationships are mutually beneficial, including evolving partnership models and service offering to respond to mission-aligned demand such as Innovation Partnerships and SET-100 Country Partnerships. Action plans for the restructuring of 'struggling' member committees are also developed and led by our Networks and Communities Team.

Brexit: Brexit and the UK's impending withdrawal from Europe will result in increased challenges to the Charity's ability to hire from a wide pool of talented and diverse applicants. With approximately 80% of staff and interns at the Council on the basis of EU freedom of movement, the Charity relies heavily on access to EU staff. Ongoing uncertainty about the withdrawal timeline and process has also impacted the process of new hires due to a tightening labour market. This risks the quality and delivery of the Council's activities and could impact our wish to maintain an internationally diverse team that reflects the diversity of our stakeholders.

The Charity continues to monitor the market closely, ensure that it is visible as an employer of choice that can offer high quality development opportunities for new and existing team members, succession planning, and providing advice to existing EU staff on their continued right to remain in the UK. Creative strategies to bring in additional resource through secondments from partners and members have also been used to good effect.

Brexit uncertainty has resulted in impacts on the relative value of sterling, placing additional costs on the Charity's international activities, such as travel and international resource. Where possible, the Charity matches currency of income and expenditure to manage risk of fluctuations.

Service delivery: The reorganisation has been demanding on our operational capacity over the past year, and whilst the building blocks are now in place to further extend delivery of our strategy, it has required use of reserves which might otherwise have been put towards the updating or building of capacity for service delivery such as infrastructure. Our ambitious Insights and engagement programmes are interdependent on Digital & Platforms technological and resource capability. Constraints experienced by members and partners resources can also delay or affect deliverables. As such, the Charity has recognised that there is a risk that existing staff resources are stretched beyond capacity, due to intensive and sustained staff workloads, training of new colleagues, and ambitious work programme, particularly where staff departures are unplanned. These risks are managed by management regularly reviewing and prioritising delivery commitments and interdependencies and revising as required with a view to cross-team training, recruitment and backfilling of roles, and ensuring project partners are engaged to support delivery. Senior leadership also ensures a culture of review of work culture and environment and processes to ensure cross-departmental development and knowledge.

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 the members is limited to an amount no greater than £1. If the Charity is wound up or dissolved and there remains any property, it is not to be paid to or distributed among the members but is to be given or transferred to some other charity or charities having objects similar to the Objects of the Council.

WEC Services Limited (WSL), the trading subsidiary, 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 to the Charity of its annual taxable profits by no later than 30 September of the following year, after due provision for the financial requirements of any business carried on by company which would absorb or extinguish taxable profits that would otherwise be available for distribution. During 2018, WSL made a pre-tax profit of £322,000 (2017: £385,000). WSL’s primary activities and outcomes for the reporting period were focused on preparations for the 2019 World Energy Congress and delivery of a content session at the St Petersburg International Energy Forum.

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

FINANCIAL REVIEW AND RESULTS FOR THE YEAR

These accounts have been prepared on a going concern basis under the authority of the Charity’s Trustees. The Statement of Financial Activities (SoFA) set out on page [48] shows the following results for the Charity for the year.

There have been no significant events during the year which impacted the Charity’s financial status.

Overall the Charity had a net income for the year of £12,000 (2017: net expenditure of £277,000).

Income Generation

Income generation during the year was £4,742,000 (2017: £4,910,000). The primary sources of income were membership subscriptions, Congress revenues and the Partner contributions, which are used to fund core work programmes and the management of the Charity.

Member Committee subscription income was £1,668,000 (2017: £1,733,000) for the year. Member subscriptions were slightly reduced as compared with the previous year as a result of a small number of Member Committees leaving the network.

In Partnerships, Patrons contributed £989,000 (2017: £1,013,000), which was added to the designated fund, the WEC Foundation, and Global Partners contributed £302,000 (2017: £305,000) to support the Council’s work. As noted in our Review, our ability to grow and service our Partnership base was impacted by our re-organisation and a reduced headcount over the year, reducing Partner income.

WSL, the subsidiary generated income of £366,000 (2017: £416,000), predominantly from the Congress flat fee and event services.

Resources Expended and Services

Total resources expended by the Charity in 2017 amounted to £4,694,000 (2017: £5,224,000). These included expenditures of £2,437,000 (2017: £2,366,000) on Insights. Note 3 provides a breakdown of resources expended.

WSL expended £44,000 (2017: £31,000) in resources.

Expenditure by the Charity was also reduced in order to manage resource and match with income, and due to lower levels of activity in some areas due to the reorganisation pending the appointment of new staff. The key areas where expenditure was reduced were in Digital & Platforms and Networks and Communities. Expenditure was prioritised to delivery commitments particularly in the area of Insights and to ensure that programme objectives were achieved and service delivery to members was unaffected.

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. Only the Foundation has funds investments. The policies for both entities have the following objectives:

- 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.

The Charity'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 the Charity (excluding the Foundation), which consist principally of cash surpluses, are placed in short-term deposit accounts. By policy, these cash surplus funds may not be invested in equity funds.

WEC Services Ltd. did not hold any investments in 2018.

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, the Foundation currently holds no foreign currency investments.

Fund managers for the Charity and the Foundation are listed on page [43] of these financial statements. All funds are invested with top-tier UK banks or other secure institutions.

In 2018, the Trustees authorised a total utilisation from the Foundation of £1,299,000 to support the Charity's work programme.

At the end of 2018, the Foundation's assets totalled £1,086,000 (2017: £1,393,000) and the group's investments, excluding cash deposits, were valued at £468,000 (2017: £505,000).

Whilst performance was lower than in previous years, the Trustees note that the values have been impacted by market conditions and uncertainty as a result of Brexit. In view of the low risk approach on investments, the Trustees are of the view that any change to approach could result in higher risks which would not be appropriate for the Council.

The Foundation was established as a mechanism to ensure that the Charity's work programme is financially supported with funds contributed by major donors who are already members of the

organisation. These funds come directly to the Charity and are designated, but not restricted. They may be used any time there is a requirement for additional financial support for specific elements of the work programme.

Funds Review

The total reserves at year-end were £1,832,000 (2017: £1,821,000). Of this, £98,000 (2017: £221,000) were restricted funds, which were funds to support secondee resource; and funds for the UK Member Committee which are used for the running of the UK Member Committee's operations. Designated Funds, which were those held by the Foundation for the purposes of supporting the Charity's work programme and objects were £1,086,000 (2017: £1,393,000) at year end. The Gerald Doucet Fund totalled £3,000 (2017: £3,000).

Unrestricted funds, predominantly made up of member subscriptions and gift-aid from the subsidiary which are used to fund work programme and objects were £645,000 (2017: £204,000) at year-end.

Free Reserves

Free reserves available for use by the Charity are deemed to be those that are readily realisable, less fixed assets and funds whose uses are restricted or designated. At the end of 2018, the Charity held free reserves of £540,000 (2017: £59,000).

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.

The Council'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 policy requires reserves to be set at 40% of the previous year's total cash expenditures, including expenditures of the WEC Foundation. WEC Foundation is accounted for as a designated fund to be utilised in support of the Charity's work programme. 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. The Council also has an additional designated fund of £3k in respect of the Gerald Doucet Memorial Fund, details of which can be found in Note 12; this fund is used to support young energy leaders.

For 2018, the level of reserves required according to the stated policy was £1,432,000 (2017: £1,512,800). The Trustees have noted the difference between the required and actual levels but are

comfortable that when the designated funds in the Foundation (£1,086,000) are included together with the free reserves of £540,000, therefore totalling £1,626,000, the Charity has sufficient reserves to fund its work programme and operate the office for at least six months.

The total material amounts committed and falling due within the next twelve months are shown in Note 11. This consists of rent on the current premises.

Changes In Fixed Assets

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

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
- reviewing 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 and 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 UK charity law, which means the Trustees must take reasonable steps to prevent and detect fraud and other irregularities and to provide reasonable assurance that:

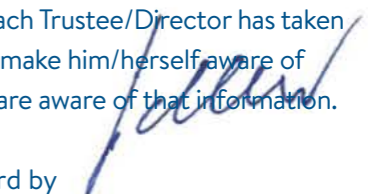
- The Charity is operating efficiently and effectively;
- All assets are safeguarded against unauthorised use or disposition and are properly applied;
- Proper records are maintained and financial information used within the Charity, or for publication, is reliable;
- The Charity complies with relevant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

Approved by the Board on 16 May 2019 and signed on behalf of the Board by



Younghoon David Kim
Chair, World Energy Council



Klaus-Dieter Barbknecht
Chair, Finance Committee

REFERENCE AND ADMINISTRATIVE DETAILS

The World Energy Council 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 [43].

The present Trustees, any past Trustees who served during the year and new Trustees who have been appointed since last October and who will sign these reports are listed on this page. The Trustees of the Charity serve as its Officers Council and are also Trustees of the WEC Foundation and Directors of WEC Services Limited (WSL), the Charity's trading subsidiary.

Further legal and administrative details are set out on [pages 51-54].

TRUSTEES	YEAR APPOINTED	COMMITTEES
Barbknecht, Klaus-Dieter	2014	* ∅ ≠
Birnbaum, Leonhard	2012	
Budargin, Oleg	2014	
da Costa Carvalho Neto, José	2013	+ ∅
Cronenbold, Claudia	2016	
Dauger, Jean-Marie	2013	* (ex officio) + ∅
Hanf, Robert	2016	
Ibrahim, Elham Mahmood	2016	
Kim, Younghoon David	2005	*(ex officio) + ∅
Lewandowski, Cedric	2018	
Martel, Eric	2018	
al Muhanna, Ibrahim	2016	*
Muraki, Shigeru	2016	
Al Neyadi, Matar	2015	
Vargas Lleras, José Antonio	2010	+ ∅

* Member of Finance Committee

+ Member of Nominations Committee

∅ Member of Remuneration Committee

≠ Indicates Senior Independent Director

SUBCOMMITTEES OF THE BOARD OF DIRECTORS

FINANCE COMMITTEE

Chair: Klaus-Dieter Barbknecht

Members: John Carnegie; Michael Cupit; Shigeru Muraki; Younghoon David Kim (ex officio); Jean-Marie Dauger (ex officio)

NOMINATIONS COMMITTEE

Chair: Younghoon David Kim

Members: José da Costa Carvalho Neto; Jean-Marie Dauger; Jose Antonio Vargas Lleras

REMUNERATION COMMITTEE

Chair: Younghoon David Kim

Members: Klaus-Dieter Barbknecht; José da Costa Carvalho Neto; Jean-Marie Dauger; José Antonio Vargas Lleras

CHIEF EXECUTIVE OFFICER / SECRETARY GENERAL

Dr Christoph Frei

OTHER SENIOR MANAGEMENT

Tania Baumann, Chief Operating Officer

Barry Kermisch, Senior Director, Digital & Platforms

Emily Melton, Senior Advisor to Secretary General

Jonathan Oxley, Senior Director, Networks & Development

Dr Angela Wilkinson, Senior Director, Scenarios and Business Insights

PRINCIPAL AND REGISTERED OFFICE

62-64 Cornhill, London EC3V 3NH

AUDITOR

Crowe U.K. 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, Gresham Street, London, EC4R 0DP, UK (personnel)

Gordon Dadds Solicitors, 6-11 Agar Street, London WC2N 4HN (commercial contracts and property matters)

Laura Devine Solicitors, 100 Cannon Street, London, EC4N 6EU (immigration and visas)

INVESTMENT MANAGERS

Black Rock (Merrill Lynch) Investment Funds

CCLA Investment Management Ltd (COIF)

HSBC Charity Common Investment Funds

Schroders Unit Trusts Limited

Group VAT Registration Number: GB 123 3802 48

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

Opinion

We have audited the financial statements of World Energy Council for the year ended 31 December 2018 which comprise the Consolidated Statement of Financial Activity, the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 2018 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 and the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- the parent company has not kept adequate accounting records; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees Annual Report.

Responsibilities of trustees

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

for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Thomas
Senior Statutory Auditor

For and on behalf of
Crowe U.K.LLP

Statutory Auditor
St Bride's House
10 Salisbury House
London EC4Y 8EH

2nd July 2019

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

Consolidated Statement Of Financial Activities For The Year Ended 31 December 2018

WORLD ENERGY COUNCIL CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2018

		Un-restricted Funds 2018	Restricted Funds 2018	Total 2018	Un-restricted Funds 2017	Restricted Funds 2017	Total 2017
Income from:	Note	£'000	£'000	£'000	£'000	£'000	£'000
Charitable activities:							
Subscription fees		1,668	-	1,668	1,733	-	1,733
Patron income		989	-	989	1,013	-	1,013
Global partner income		302	-	302	305	-	305
Gifts in kind		1,375	-	1,375	1,319	-	1,319
Projects		-	82	82	223	48	271
Other trading activities							
Congress income	14,15	260	-	260	300	-	300
Investments		19	-	19	17	-	17
Other Income		47	-	47	-	80	80
Total income and endowments		4,660	82	4,742	4,910	128	5,038
Expenditure on:							
Expenditure on charitable activities							
Networks & communities	3	1,110	28	1,138	1,442	-	1,442
Insights	3	2,368	70	2,437	2,366	48	2,414
Digital & platforms	3	764	-	764	982	-	982
Congress Expenditure	3	207	-	207	110	-	110
Total expenditure on charitable activities		4,449	98	4,546	4,900	48	4,948
Other expenditure							
Restructuring costs	5	41	-	41	324	-	324
Other		-	107	107	-	106	106
Total expenditure		4,490	205	4,694	5,224	154	5,378
Net gains/(losses) on investments		(37)	-	(37)	37	-	37
Net income/(expenditure)		133	(123)	11	(277)	(26)	(303)
Net movement in funds		133	(123)	11	(277)	(26)	(303)
Total funds 1 January 2018	12	1,600	221	1,821	1,877	247	2,124
Total funds carried forward		1,733	98	1,832	1,600	221	1,821

All of the activities are continuing. There were no recognised gains or losses other than those stated above. **The notes on pages [51 to 63] form part of these financial statements**

CONSOLIDATED AND CHARITY BALANCE SHEET AS AT 31 DECEMBER 2018

	Notes	Group 2018 £000	Charity 2018 £000	Group 2017 £000	Charity 2017 £000
Fixed assets					
Tangible assets	7	105	105	125	125
Investments	8	468	468	504	504
		573	573	629	629
Current assets					
Debtors	9	1,378	1,449	1,237	1,166
Short term deposits		1	1	1	1
Cash at bank and in hand		995	838	1,211	1,192
		2,374	2,288	2,449	2,359
Liabilities					
Creditors: Amounts falling due within one year	10	(1,115)	(1,108)	(1,257)	(1,252)
Net current assets		1,259	1,180	1,192	1,107
Total assets		1,832	1,753	1,821	1,736
Funds					
Restricted funds	12	98	98	221	221
Unrestricted funds					
Designated funds					
WEC Foundation	12	1,086	1,086	1,393	1,393
Gerald Doucet Memorial fund	12	3	3	3	3
General fund	12	645	566	204	119
Total funds		1,832	1,753	1,821	1,736

The Charity's total income for 2018 was £4,376,000 (2017: £4,960,000). The Charity made a deficit of £315,000 in the year (2017: £392,000 deficit).



Younghoon David Kim
Chair, World Energy Council



Klaus-Dieter Barbknecht
Chair, Finance Committee

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

Notes	2018 £	2017 £
Cash flows from operating activities:		
Net cash provided by (used in) operating activities	(227)	(565)
Cash flows from investing activities		
Dividends, interest and rents from investments	18	17
Purchase of property, plant and equipment	(7)	(6)
Net cash provided by (used in) investing activities	<u>11</u>	<u>11</u>
Change in cash and cash equivalents in the reporting period	(216)	(554)
Cash and cash equivalents at beginning of reporting period	1,212	1,766
Cash and cash equivalents at end of reporting period	<u>996</u>	<u>1,212</u>
Reconciliation of cash flows from operating activities from SoFA		
Net income/(expenditure) for the reporting period (as per the SoFA)	11	(303)
Adjustments for:		
Depreciation charges	27	30
(Gains)/losses on investments	37	(37)
Dividends, interest and rents from investments	(18)	(17)
Loss/(profit) on sale of fixed assets	-	-
(Increase)/decrease in debtors	(141)	13
Increase/(decrease) in creditors	(142)	(251)
Net cash provided by (used in) operating activities	<u>(227)</u>	<u>(565)</u>
Analysis of cash and cash equivalents		
Cash in hand	995	1,211
Notice deposits (less than 3 months)	<u>1</u>	<u>1</u>
Total cash and cash equivalents	996	1,212

The notes on pages [51 to 63] form part of these financial statements The charity has taken advantage of the exemptions available in FRS 102 from the requirements to present a charity only Cash Flow Statement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. COMPANY INFORMATION

World Energy Council is a company limited by guarantee (registered number 4184478), which is incorporated and domiciled in the UK and is a public benefit entity. The address of the registered office is 62-64 Cornhill, London EC3V 3NH.

2. ACCOUNTING POLICIES

a) Basis of preparation

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Companies Act 2006 and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - effective 1 January 2015. World Energy Council meets the definition of a public benefit entity under FRS 102.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated. The Trustees consider it appropriate for these financial statements to be prepared on a going concern basis, which assumes that the company will continue to operate for the foreseeable future.

The functional currency of World Energy Council and its subsidiary is considered to be in pounds sterling as that is the currency of the primary economic environment in which the Charity/Group operates. The consolidated financial statements are also presented in pounds sterling.

b) Consolidation

The financial statements of World Energy Council and its subsidiary company (WEC Services Limited – Company No. 4236035) are consolidated, on a line-by-line basis, to produce the Group financial statements. The consolidated entity is referred to as ‘the Group’. No separate Statement of Financial Activities has been presented for World Energy Council as permitted by Section 408 of the Companies Act 2006. The Charity has taken advantage of the exemptions in FRS 102 from the requirements to present a Charity-only Cash Flow Statement and certain disclosures about the Charity’s financial instruments.

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 and all expenditures are allocated to the appropriate fund.

d) Income

The major sources of income for the Charity include:

- the gross invoiced value of subscription fees charged to the Council's members;
- Patron income, which represents corporate contributions for work programme purposes and is credited directly to the WEC Foundation, a designated fund;
- Global Partner income, which represents corporate contributions that are non-restricted and non-designated.

Subscriptions from 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 receipt is probable, 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. Gifts in kind are received from a number of Patrons and other supporters of the charity either through seconded staff members or by the provision of services, e.g., modelling or advisory support on a specific project. Gifts received in kind are recognised as income at a reasonable estimate of their "fair value" to the Charity.

Where the Gifts represent staff time, the Gift in Kind is valued at the estimated cost to hire this level of staff in the UK job market. For goods or services, the value is calculated based on the estimated cost to procure these goods or services in the open market. Gift in Kind expenditures are apportioned by project and match Gift in Kind revenues. Gift in Kind revenues are apportioned equally each quarter into the accounts. Gift in Kind expenses are shown as they are incurred or if for staff, on an apportioned quarterly basis.

e) Expenditure

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.

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
Office equipment	Over three 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 net gains or losses on investments 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 disbursements appear to fall within the charitable objects and, consequently, no tax liability will arise.

k) Irrecoverable VAT

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

l) Operating Leases

Rentals applicable to operating leases are charged to the Statement of Financial Activities over the period in which the cost is incurred. In the case of the ten-year office lease signed in June of 2014, a 22-month rent-free period was provided by the landlord and has been factored into the accrued rent over the total period of the lease.

m) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Charity's accounting policies, which are described in the Note 1, Trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects the current and future periods.

In the view of the Trustees, no assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

n) Financial instruments

World Energy Council has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. Financial liabilities held at amortised cost comprise trade and other creditors.

Investments are held at fair value at the balance sheet date, with gains and losses being recognised within income and expenditure. Investments in subsidiary undertakings are held at cost less impairment.

Carrying amount of financial assets/liabilities

Financial assets that are measured at amortised cost: £2,217k (2017: £2,363k)

Financial liabilities that are measured at amortised cost: £560k (2017: £723)

Financial assets measured at fair value through the SoFA: £468k (2017: £505k)

3. ANALYSIS OF EXPENDITURE

Charitable Expenditure	Direct Costs £'000	Support costs £'000	2018 Total £'000	2017 Total £'000
Networks & communities	854	284	1,138	1,442
Insights	2,128	310	2,437	2,414
Digital & platforms	523	241	764	982
Congress expenditure	133	74	207	110
	<u>3,637</u>	<u>909</u>	<u>4,546</u>	<u>4,948</u>

4. SUPPORT COSTS

Support costs categories	2018 Total £	2017 Total £
Operations and HR	330	199
Accommodation costs	301	267
Office equipment and services	108	115
Exchange rate	-	45
IT services	65	80
Legal, professional and accountancy	78	92
Depreciation	27	30
Trustee Expenses	-	1
	<u>909</u>	<u>829</u>
Governance Costs		
Audit costs	20	16
Taxation advice (Charity)	1	3
VAT advice	9	1
Accounts preparation (Charity)	7	7
Accounts preparation (WSL)	1	1
Other advice	2	-
	<u>40</u>	<u>28</u>

5. STAFF COSTS

	2018 £'000	2017 £'000
Wages and salaries	1,661	1,641
Social security costs	162	168
Staff benefits	12	15
Pension costs	29	25
Other staff costs	103	286
	<u>1,967</u>	<u>2,135</u>

Employer pension contributions of £29,000 (2017: £25,000) were made on the employees' behalf. The average number of employees during the year was 30 (2017: 27). Included within Other staff costs include termination and notice period payments of £22,899 (2017: £278,000), which were incurred due to the restructuring process. Out of this amount none remained unpaid as at 31 December 2018.

The number of employees whose emoluments, excluding employer pension costs but including any termination and redundancy payments, fell within the following bands were:

Band	2018	2017
£400,001-£410,000	-	1
£370,001-£380,000	1	-
£130,001-£140,000	-	2
£110,001-£120,000	2	1
£100,001-£110,000	-	1
£90,001-£100,000	-	1
£80,001-£90,000	1	1
£70,001-£80,000	1	-
£60,001-£70,000	2	1

Compensation for key management personnel, other than the Secretary General, is recommended by the Secretary General to the Finance Committee for approval. The Board's Remuneration Committee is responsible for setting the compensation of the Secretary General. The total compensation for key management personnel for 2018, including any termination and redundancy payments, was as listed below.

	2018 £	2017 £
Senior Management remuneration	845,000	824,000

No employer expenses were waived during the year.

6. TRUSTEES' REMUNERATION AND EXPENSES

The Trustees neither received nor waived any emoluments during the year (2017: £nil). Trustees are not for any employee benefits and received none during the year. During the year £80 (2017: £1,482) was reimbursed to or paid on behalf of one Trustee for travel expenses.

7. TANGIBLE FIXED ASSETS

All tangible fixed assets are held by the Charity

	Leasehold improvements £'000	Office Equipment £'000	Total £'000
Cost			
At 1 January 2018	173	67	240
Additions	-	7	7
Disposals	-	(40)	(40)
At December 2018	<u>173</u>	<u>34</u>	<u>207</u>
Accumulated depreciation			
At January 2018	60	55	115
Charge for the period	17	9	27
Disposals	-	(40)	(40)
At 31 December 2018	<u>77</u>	<u>24</u>	<u>102</u>
Net book values			
At 31 December 2018	<u>96</u>	<u>10</u>	<u>105</u>
At 31 December 2017	113	12	125

8. FIXED ASSET INVESTMENTS

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

	2018 £'000	2017 £'000
Market value		
Market value at 1 January 2018	504	467
Additions at cost	-	-
Disposals at opening market value	-	-
Realised gain on disposal of investments	-	-
Unrealised gain / (loss) on investments	(36)	37
Market value at 31 December 2018	<u>468</u>	<u>504</u>
Total investment value at 31 December 2018	<u>468</u>	<u>504</u>
Historical cost at 31 December 2018	<u>248</u>	<u>248</u>

All fixed asset investments are UK listed investments, which are held in unit funds.

9. DEBTORS

	Group	Charity	Group	Charity
	2018	2018	2017	2017
	£'000	£'000	£'000	£'000
Trade Debtors	1,185	1,185	1,002	902
Amount due from subsidiary company	-	71	-	29
Other Debtors	111	111	32	32
Prepayments and accrued income	82	82	203	203
	<u>1,378</u>	<u>1,449</u>	<u>1,237</u>	<u>1,166</u>

10. CREDITORS: amounts falling due within one year

	2018	2018	2017	2017
	£'000	£'000	£'000	£'000
Trade creditors	159	159	178	178
Taxation and social security costs	50	50	44	44
Accruals	400	393	535	531
Deferred Income	504	504	489	489
Other	2	2	10	10
	<u>1,115</u>	<u>1,108</u>	<u>1,256</u>	<u>1,252</u>

Deferred income reconciliation:

Balance brought forward at 1 January 2018	489
Additions in current year	1,256
Release of deferred income	<u>(1,241)</u>
Balance carried forward at 31 December 2018	<u>504</u>

Deferred income balance relates to patron and partner balances relating to future financial years.

11. FINANCIAL COMMITMENTS

As at 31 December 2018, the group had future minimum lease payments under non-cancellable operating leases for each of the following periods:

Obligations under operating leases comprise	2018 £'000	2017 £'000
Land and buildings		
Within 1 year	172	172
Between 2 and 5 years	687	687
More than 5 years	64	235
	<u>923</u>	<u>1,094</u>
Fixtures and fittings		
Within 1 year	23	22
Between 2 and 5 years	40	66
More than 5 years	-	-
	<u>63</u>	<u>88</u>

During the year **£194,237** (2017: £187,000) of operating lease expenditure has been recognised as expense.

12. STATEMENT OF FUNDS

	Balance b/f 1 January 2018	Income	Expenditure	Investment gains	Balance c/f 31 December 2018
	£'000	£'000	£'000	£'000	£'000
Restricted funds					
WEC UK Committee	175	-	(107)	-	68
Deep Dive project	46	-	(28)	-	18
Rosatom	-	82	(70)	-	12
Total Restricted Funds	221	82	(205)	-	98

Unrestricted funds

General reserve	204	3,631	(3,190)	-	645
Designated funds					
Foundation	1,393	1,028	(1,299)	(37)	1,086
Doucet Memorial Fund	3	-	-	-	3
Total funds	1,821	4,741	(4,694)	(37)	1,832

	Balance b/f 1 January 2017	Income	Expenditure	Investment gains	Balance c/f 31 December 2017
	£'000	£'000	£'000	£'000	£'000
Restricted funds					
WEC UK Committee	175	80	(80)	-	175
Deep Dive project	72	-	(26)	-	46
Rosatom	-	48	(48)	-	-
Total Restricted Funds	247	128	(154)	-	221

Unrestricted funds

General reserve	296	3,882	(3,974)	-	204
Designated funds					
Foundation	1,578	1,028	(1,250)	37	1,393
Doucet Memorial Fund	3	-	-	-	3
Total funds	2,124	5,038	(5,378)	37	1,821

The Foundation fund represents funds set aside at the Trustees' discretion to assist in the further development of the Council's work programme; these will be utilised in 2018.

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

The funds shown as "Restricted" are (1) the contributions towards the Rosatom secondee; and (2) amounts paid by the members of the UK WEC Member Committee and held for the management of the UK Member Committee.

13. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Unrestricted		Restricted	
As at 31 December 2018	General	Foundation	Gerald Doucet Memorial Fund	Funds
	£'000	£'000	£'000	£'000
Tangible fixed assets	105	-	-	-
Investments	-	468	-	-
Net current assets	540	618	3	98
	645	1,086	3	98

	Unrestricted		Restricted	
As at 31 December 2017	General	Foundation	Gerald Doucet Memorial Fund	Funds
	£'000	£'000	£'000	£'000
Tangible fixed assets	145	-	-	-
Investments	-	505	-	-
Net current assets	59	888	3	221
	204	1,393	3	221

14. SUBSIDIARY COMPANY

The Charity owns the whole of the issued ordinary share capital of WEC Services Ltd, a company registered in England (Company Number 4236035; VAT Registration Number GB 123 3802 48). 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. WSL's total annual net profits for the year will be gift aided and paid over to the charity within the next nine months after the year end, and therefore no Corporation tax charge for the year is expected.

A summary of the results of the subsidiary is shown below.

Statement of income and Retained Earnings	Total 2018 £'000	Total 2017 £'000
Turnover	366	416
Administrative expenditure	(44)	(31)
Profit before taxation	322	385
Taxation	-	-
Profit after taxation	322	385
Retained earnings at start of period	85	-
Profit for the year	322	385
Gift Aid donation	(326)	(300)
Retained earnings at end of period	81	85
The aggregate of the assets, liabilities and funds was:		
Assets	157	119
Liabilities	(76)	(34)
Net Assets	81	85
Retained Profits	81	85
Reserves	81	85

15. RELATED PARTY TRANSACTIONS

The total aggregated financial contributions from related parties to which one or more Trustees have a relationship were £378,000.

One Trustee of the Charity, and Director of the trading subsidiary, was the signatory of a contract between the subsidiary and the UAE Member Committee of the World Energy Council, of which he is Co-Chair and Chair of the Organising Committee. The total value of the contract was £1,300,000, which constitutes the flat fee payment guaranteed to the subsidiary irrespective of whether the 2019 World Energy Congress makes a net profit. £200,000 of this flat fee was paid to the subsidiary in 2018 in addition to a £40,000 contribution to the resourcing of the Global Agenda team.

One Trustee, and Director of the trading subsidiary was the signatory of a Patron contract with EDF valued at £80,000.

One Trustee and Director of the trading subsidiary was the signatory of a Patron contract with HydroQuébec, valued at £20,000 in 2018.

One Trustee, who is also a Director of the trading subsidiary, exercises joint control over E.ON a Global Partner of the Council whose contribution was £38,000.

The gift aid transfer from the subsidiary to the charity was £326,000 (2017 £300,000). This was the only transaction between WEC and WSL during 2017. WSL had a retained profit of £81,000 for 2018 which will be paid to the parent company.