

Company Number: 4184478
Charity Number: 1086559

WORLD ENERGY COUNCIL
(A Company Limited by Guarantee)
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

**WORLD ENERGY COUNCIL
YEAR ENDED 31 DECEMBER 2009**

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WORLD ENERGY COUNCIL
LEGAL AND ADMINISTRATIVE INFORMATION
YEAR ENDED 31 DECEMBER 2009

TRUSTEES

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

NAME

| | |
|------------------------------|---|
| Barnés, Francisco | |
| Drouin, Richard | |
| Ferioli, Jorge | + # ± ^ (term began 19 September, 2009) |
| Gadonneix, Pierre | * + # ± ^ ∅ |
| Jain, C.P. | * + # ± ^ |
| Kim, Younghoon David | |
| de Franco Medeiros, Norberto | * |
| M'Mukindia, Mary | + # ± (resigned 1 May, 2009) |
| Nadeau, Marie-José | * # ∅ ± ^ |
| Naqi, Abbas | (term began 19 September, 2009) |
| Sambo, Abubakar | |
| Teyssen, Johannes | |
| Velasco Garcia, Elias | * (term ended 19 September, 2009) |
| Ward, Graham | * ∅ ≠ |
| Zhang, Guobao | |

* *Member of Finance Committee* ∅ *Member of Remuneration Committee*
+ *Member of Nominations Committee* ± *Member of Studies Committee*
Member of Programme Committee ^ *Member of Communications & Outreach Committee*
≠ *Indicates Senior Independent Director*

REMUNERATION COMMITTEE (SUBCOMMITTEE OF THE BOARD OF TRUSTEES)

The Remuneration Committee is responsible for recommending to the Board the compensation, pension arrangements, performance criteria and performance-related pay for the Secretary General and other members of the senior management as it is designated by the Board to consider.

Chair: Pierre Gadonneix; **Members:** Marie-José Nadeau; Graham Ward

FINANCE COMMITTEE (SUBCOMMITTEE OF THE BOARD OF TRUSTEES)

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

Chair: Graham Ward CBE, MA, FCA; **Members:** Pierre Gadonneix (ex officio); Norberto Franco de Medeiros, Marie-José Nadeau, Rainer J. Abbenseth, C.P. Jain, Elias Velasco Garcia (until 19/9/09)

NOMINATIONS COMMITTEE (SUBCOMMITTEE OF THE BOARD OF TRUSTEES)

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

Chair: Pierre Gadonneix; **Members:** C.P. Jain; Jorge Ferioli

SECRETARY GENERAL

Kieran O'Brien (acting, 1 January – 31 March 2009)
Dr. Christoph Frei (from 1 April, 2009)

REGISTERED OFFICE

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

WORLD ENERGY COUNCIL
LEGAL AND ADMINISTRATIVE INFORMATION (CONTINUED)
YEAR ENDED 31 DECEMBER 2009

AUDITORS

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

BANKERS

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

SOLICITORS

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

Fishman & Co., 131 Baker Street, London W1U 6SE

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

INVESTMENT MANAGERS

RCM (UK) Ltd.
Black Rock Investment Funds
Charities Aid Foundation (CAF)

CCLA Investment Management Ltd (COIF)
HSBC Charity Common Investment Funds
Schroders Unit Trusts Limited

WORLD ENERGY COUNCIL
TRUSTEES' REPORT
YEAR ENDED 31 DECEMBER 2009

The Board of Trustees, who are also the Directors of the World Energy Council (“the charity”), present their annual report for the year ended 31 December 2009 under the Companies Act 2006 and the Charities Act 1993, together with the audited financial statements for the year.

The financial statements comply with current statutory requirements, the Memorandum and Articles of Association of the World Energy Council and the Statement of Recommended Practice (SORP) “Accounting and Reporting by Charities” (2005).

REFERENCE AND ADMINISTRATIVE DETAILS

The World Energy Council (“WEC”) is a registered charity (No. 1086559) and a registered company (No. 4184478) limited by guarantee and registered under the laws of England and Wales. Its registered office is as shown on page 1.

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

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

STRUCTURE, GOVERNANCE AND MANAGEMENT

The charity is governed by a Memorandum and Articles of Association, which were adopted on 21 March, 2001.

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

The Memorandum and Articles provide for at least twelve Trustees (officers), who are elected by the Executive Assembly and report to it. The Trustees meet at least two times a year to discuss strategy, assess operational/investment performance, review financial reports and set the budgets. Decisions of the officers are ratified by the Executive Assembly.

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

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

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

The Chair of the World Energy Council serves as Chair of the Executive Assembly. S/he is elected by the Executive Assembly for a three-year term and may be re-elected once. Before election, nominees for the position of WEC Chair are required to disclose to the Nominations Committee and the board their other significant commitments which might affect their ability to carry out the duties of WEC Chair. Once elected, the chair is required to notify the board of any change in commitments. Such commitments and the likely effect of these are noted in the annual report.

WORLD ENERGY COUNCIL
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Although the current WEC Chair had major work commitments during the year, these did not significantly affect his ability to attend board meetings or to carry out his work as WEC Chair. He retired from his company at the end of 2009 and thus is expected to be able to devote more of his time to the charity in 2010.

The performance of the WEC Chair is evaluated annually by the board. The Chair, Finance, is evaluated by members of the Finance Committee. The criteria for these evaluations are developed and approved by the board and the Finance Committee respectively and are based on process performance. The evaluations of both officers were carried out in 2009 in accordance with the agreed criteria and process.

All Trustees/Directors, including the WEC Chair, are reviewed by the Board prior to appointment and at least annually thereafter to ascertain whether they appear to be independent in character and judgement and whether there are any relationships or circumstances which are likely to affect, or could appear to affect, their judgement. Specific criteria for determining a Director's/Trustee's independence include whether s/he:

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

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

The Chair of Finance serves as the senior independent director and is available to WEC members ("shareholders") if they have concerns which have not been resolved through the normal channels of chairman, chief executive or finance director or when the problem is such that such contact is inappropriate.

Trustees are elected for three-year terms and may be re-elected once. Trustees must be a constituent member or employed by a constituent member of a WEC national Member Committee and are expected to be familiar with and promote WEC's work, participate in meetings of the board and Executive Assembly and support their own travel and other expenses associated with serving as a Trustee.

A CV for each nominee for a Trustee/Director position is provided to Executive Assembly prior to the election. Beginning with the 2010 elections, the board will state in the nomination briefing note why they believe each Trustee/Director should be elected or re-elected, the latter being based on the nominee's performance during their previous term.

New trustees receive an induction pack containing 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 meets with new Trustees to orient them to their responsibilities when they are elected, and the WEC Chair and other currently serving officers may also meet with new Trustees to discuss their duties and responsibilities.

**WORLD ENERGY COUNCIL
TRUSTEES' REPORT
YEAR ENDED 31 DECEMBER 2009**

ATTENDANCE AT BOARD AND SUBCOMMITTEE MEETINGS

The following shows individual Trustee/Director attendance at the meetings of the board and its subcommittees in 2009:

BOARD (OFFICERS COUNCIL) MEETINGS

| | May | September |
|-------------------|-----|-----------|
| Gadonneix (Chair) | √ | √ |
| Barnes | √ | √ |
| Drouin | √ | |
| Feroli | n/a | √ |
| Jain. | √ | √ |
| Kim | | |
| Medeiros | | √ |
| M'Mukindia. | | n/a |
| Nadeau | √ | √ |
| Naqi | n/a | n/a |
| Sambo | √ | √ |
| Teyssen | | √ |
| Velasco | √ | √ |
| Ward | √ | √ |
| Zhang | | |

FINANCE COMMITTEE MEETINGS

| | May | September |
|--------------|-----|-----------|
| Ward (Chair) | √ | √ |
| Abbenseth | √ | √ |
| Gadonneix | √ | √ |
| Jain | √ | √ |
| Medeiros | | √ |
| Nadeau | √ | √ |
| Velasco | | |

NOMINATION COMMITTEE MEETINGS

| | May |
|------------|-----|
| Gadonneix | √ |
| Jain | √ |
| M'Mukindia | |

REMUNERATION COMMITTEE MEETINGS

| | June | September | October | December |
|-------------------|------|-----------|---------|----------|
| Gadonneix (Chair) | √ | √ | √ | √ |
| Nadeau | √ | √ | √ | √ |
| Ward | √ | √ | √ | √ |

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CHIEF EXECUTIVE/SECRETARY GENERAL

The Secretary General serves as the chief executive of the charity and of its trading subsidiary. The Memorandum and Articles of Association set out the responsibilities of the Secretary General, which include carrying out the decisions of the Executive Assembly and the Officers Council and engaging members of staff to undertake such work. The Secretary General has also been delegated responsibility for the day-to-day management of the charity's affairs under the oversight of the Trustees and serves as an ex officio, non-voting member and Secretary of the Officers' Council. He is assisted by a group of senior managers at the London office.

In accordance with the revised UK Financial Reporting Council's (FRC) Code of Corporate Governance, the Memorandum and Articles were amended in 2009 specifically to prohibit the chief executive from becoming the Chair of WEC.

GROUP STRUCTURE

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

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

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

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

WSL makes a gift aid payment no later than 30 September of the following year to the charity, after due provision for the financial requirements of any business carried on by the company which would absorb or extinguish taxable profits that would otherwise be available for distribution. During 2009, WSL made an operating profit of £83,000 (2008: £5,000).

WSL's primary activities and outcomes for the reporting period were focused on carrying out trading and commercial partnership activities on behalf of the charity to generate revenue to support the WEC work programme. For 2009, these included:

- Preparatory work and data gathering for the 2010 edition of the triennial publication, the *Survey of Energy Resources*. The 2010 edition will be ready in time for a major launch in 2010 and will be highlighted at the 2010 World Energy Congress.
- Ongoing preparations for the 2010 World Energy Congress in Montreal, including marketing of the Congress via the website.

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

WORLD ENERGY COUNCIL
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STATEMENT OF TRUSTEES' RESPONSIBILITIES AND CORPORATE GOVERNANCE

The Trustees are responsible for preparing the annual report and financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

The Trustees are responsible for their annual report as well as for preparation of financial statements for each financial year; these must provide a true and fair view of the incoming resources, the application of such resources for the charity and group during the year and the state of affairs at the end of the financial year. In preparing these financial statements, the Trustees are required to:

- Ensure that the most suitable accounting policies are established and applied consistently;
- Make judgements and estimates which are reasonable and prudent;
- 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 charity 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. 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 1985; and for safeguarding the assets of the charity and for their proper application as required by charity law, which means they 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 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 has taken all of the steps that s/he should have taken as a 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.

RISK MANAGEMENT

The Trustees carry out an annual risk management review to assess business risks and implement risk management strategies.

The risk management policy and the policy of internal control were reviewed and revised in May, 2009, and the revisions were implemented during the remainder of 2009 to ensure that the organisation follows current best practice with respect to risk management and in accordance with the latest edition of the UK FRC's Combined Code on Corporate Governance and the FRC's Internal Control – Revised Guidance for Directors on the Combined Code.

The 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. As part of this process, the Trustees also review the adequacy of the charity's current internal controls. Procedures have been established for reporting failings immediately to appropriate levels of management and to the Trustees.

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The main risks to the charity and the steps taken to address these risks are noted below.

| Risk | Risk Protection |
|---|---|
| Erosion of member base | Trustees routinely review health of Member Committees and require management to report on steps taken to assist weak or struggling Member Committees. |
| Loss of WEC Patrons or inability to recruit new Patrons | More in-house resources dedicated to recruiting and retaining Patrons; cooperative recruitment effort for new Patrons/Congress sponsors with organisers of the Montreal Congress; enhanced benefits programme for Patrons |
| Failure of the Congress organisers to pay the contractually guaranteed amount, financial failure of the Congress, or a Congress which is considered to have failed programmatically | Congress organisers required to report regularly to Trustees, Finance Committee, Programme Committee, Planning Group and management; all aspects of Congress are monitored on an ongoing basis to address any problems early on. |
| The substantial amount of US dollars held by the charity | Board approved new policy in 2009 requiring all incoming US dollars (unless needed to pay US dollar expenses) to be converted to sterling on receipt. Beginning in late 2009, new Patrons were invoiced in sterling. |
| The charity's website | IT Department monitors daily for problems, backs up daily, attaches appropriate security and/or use statements to website materials |
| The membership database and network | IT Department backs up membership database and network daily; appropriate security controls in place to ensure no improper use is made of database or network |
| The charity offices and equipment | Recommended insurances in place (fire, terrorism, contents); annual review with insurance provider and landlord; security system in place for both building and WEC offices; equipment security tagged |
| Personnel | Employment solicitor reviews staff policy manual annually; Senior Director, Operations, reviews staff policies and procedures routinely and reports any problems to Secretary General and, as appropriate, the Trustees; appropriate insurances are in place. |

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| | |
|---------------------------------|---|
| Contractual obligations | Standard template for contracts is in place with liability and indemnity clauses; major contracts (over £100,000) reviewed by commercial contracts solicitor and approved by Finance Committee. |
| Legal issues | Appropriate legal advisors in place and consulted as required when legal issues or questions arise; Secretary General reports any issues or concerns to Finance Committee. |
| Finances and financial reserves | Monthly monitoring of finances by management; quarterly financial reporting by management to Finance Committee and Trustees |

After reviewing the risks to the charity at the end of 2009, the Trustees concluded that management had taken all prudent and reasonable steps to minimise the overall risks to the organisation; that the current policies and procedures governing risk management are appropriate; and that the system of internal checks and balances they have put in place serves to safeguard the charity sufficiently against the risks it might face.

OBJECTS AND PRINCIPAL ACTIVITIES OF THE CHARITY

The charity is the foremost global and inclusive forum for impartial dialogue and thought leadership on our common energy future. WEC's network of 93 national committees represents over 3,000 member organizations including governments, industry, professional firms and expert institutions. The charity's mission is to promote the sustainable supply and use of energy for the greatest benefit of all.

The charity's Objects include:

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

NEW STRATEGIC VISION FOR THE CHARITY

After the death of the former Secretary General, Gerald Doucet, in late 2008, an international search for his successor was launched. Dr. Christoph Frei, formerly of the World Economic Forum, was appointed WEC Secretary General on 1 April, 2009. In his first months in the position, his focus was to gather the input and views of the board, members, Patrons and other key stakeholders, and to shape these into a new strategic vision to take the charity forward.

The interviews carried out by the new Secretary General emphasized that the charity's long-standing Mission and its Objects should not be changed but should be enhanced, reshaped and leveraged to ensure that the charity could increase its visibility and brand recognition, provide more value to its members and other stakeholders and maximise its competitive edge.

The Secretary General presented his Strategy to the members at the 2009 Executive Assembly in Reykjavik, Iceland, in September, 2009. Based on the input from the interviews he carried out with WEC stakeholders, he identified four main challenges to the charity:

1. WEC's 93 Member Committees are its backbone and key differentiating factor in an increasingly competitive landscape, and yet, about 30% of Member Committees are not active.

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2. In order to fulfil WEC's mission, it must reach key decision-makers in governments and the private sector. However, the involvement of top CEOs and Ministers outside the triennial Congress is minimal.
3. The current business model, in particular, the Patrons' programme, is not sustainable.
4. The three-year cycle for global studies, and the number and diversity of activities is not effective in positioning WEC in a rapidly changing context. Continuity and an increasingly strong focus on a limited number of flagship processes can deliver visibility and build credibility.

To address these challenges, the Secretary General proposed that WEC must:

- Re-energise existing Member Committees and recruit new ones through fostering the value proposition to constituent members;
- Re-engage international private sector CEOs through expanding the Patrons' programme and creating a new Global Partners programme aimed at bringing in additional funding to strengthen the Member Committees;
- Enhance the value proposition for members, Patrons and Global Partners through development of a WEConnect service to help leverage WEC's international network;
- Implement a global insight framework with more focus on just two ongoing flagship processes.

Following approval of the Strategy, WEC began transitioning from a three-year work cycle and business plan to an annual cycle, with the intention of providing increased visibility for the charity and allowing it to become more proactive in addressing relevant energy issues in its studies, reports and statements. The 2008-2010 work cycle will be completed as planned, with the results to be presented at the 2010 Congress in Montreal but the charity will also move toward focusing on two global flagship studies – Energy and Climate Policy Assessment and Scenarios – to allow more effective use of resources, better continuity, a more focused approach and the ability to shape the two processes to match critical energy issues. The charity's longstanding technical committees (energy efficiency, performance of generating plant and cleaner fossil fuels systems) will continue to operate as they have in the past.

This new approach means that the charity will no longer prepare a three-year business plan to guide its work between Congresses; instead, its work will focus on the two flagship processes and the technical work, with ad hoc study groups and technical committees being organised to address particular energy topics and issues as the need arises.

KEY PERFORMANCE INDICATORS AND EVALUATION OF OVERALL PERFORMANCE

The arrival of the new Secretary General provided two additional opportunities for the charity:

1. To put into place some "quick wins" which would begin the process of transitioning to the new Strategy; and
2. To review the way the charity has evaluated its effectiveness in the past, which was mostly based on subjective and qualitative analysis of how its multiple activities addressed its mission and objects.

In terms of the "quick wins", the Secretary General and WEC staff:

- Launched a new, content-driven newsletter for key WEC stakeholders: WEC Inside;
- Carried out an "activity level" assessment of WEC Member Committees to determine which Committees needed to be strengthened;

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- Conducted the first-ever Issues Survey of WEC Chairs to help determine which issues were of most concern to the leaders of the Member Committees; the goals of this exercise were to engage the Chairs and to begin to develop a “moving map” of key issues which could shape WEC’s future agenda;
- Organised the first-ever WEC Secretaries Strategy Day during the Executive Assembly meetings in Reykjavik, Iceland, in September, with the goal of bringing together Member Committee Secretaries for a full-day discussion of best practices and exchange of ideas and information;
- Organised the first-ever WEC Chairs Roundtable during the Reykjavik Executive Assembly; the goal of this meeting was to hold a Chatham House-style discussion of critical energy issues with the WEC leadership;
- Reorganised the WEC London office to more effectively position and use internal resources.

The above “quick wins” allowed for a positive end to 2009 and a fresh start going forward.

In terms of evaluating the charity’s performance, the Secretary General set out to shift WEC from more subjective evaluation to at least a “first pass” evaluation using more quantitative and objective criteria. As a first step, some basic Key Performance Indicators (KPIs) were developed to help the charity assess performance and results. Based on the outcomes and perceived effectiveness of this step, a fuller set of KPIs will be developed in 2010 to help show the board, members and other stakeholders how WEC has performed.

Below is the 2009 set of KPIs, the criteria for assessment and the results for the partial year from July - December.

| KPI | Target | Achievement |
|---|------------------|-----------------|
| Number of Member Committee Chairs responding to first Issues Survey | >75 | 69 |
| Number of Member Committees participating in Executive Assembly | >65 | 60 |
| Number of Patrons attending Patron CEO meeting | >21 | 24 |
| Unpaid subscription revenues at end of year | <£150,000 unpaid | £310,000 unpaid |
| Additional revenues from Patrons/Congress sponsors | >£150,000 | £60,000 |
| Payment of outstanding subscription arrears from 2008 and earlier | >£90,000 | £30,008 |
| Overall budget savings | >£150,000 | £128,000 |

Given that the KPIs were not set until midway through the year, the above results are a positive step forward.

Since 2009 was a transition year and the full programme of KPIs was not yet developed, some qualitative evaluation must still continue. The left-hand column of the following table lists WEC’s Objects and its “perceived” performance against these for 2009.

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| WEC OBJECTS | 2009 ACTIVITIES |
|---|---|
| <p>Collate data about and undertake and promote 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 publish or otherwise disseminate the useful results of such research.</p> | <p>Release of interim update of 2007 <i>Survey of Energy Resources</i></p> <p>Continuing preparation of 2010 edition of <i>Survey</i>, which gathers data on sixteen energy resources worldwide and analyses the effect on energy supply and demand. To be released at 2010 World Energy Congress</p> <p>Performance of Generating Plant database on WEC website was updated to include most recent information on plant availability statistics</p> <p>First edition of global study on Energy and Climate Policy Assessment, which gathers data on energy policies and practices worldwide, was completed in time for release in conjunction with COP-15.</p> |
| | <p>New project on energy poverty alleviation in Asia launched, with the goal of identifying players, policies and practices which can help bring access to commercial energy; deliverables to include case studies of successful programmes on energy poverty alleviation, replicable implementation models, identification of initial funding arrangements, funding partners. Report to be presented at 2010 Congress</p> |
| | <p>Members in WEC Europe region continue to work on two regional studies, including emission trading and "road map" to a single European market; final outputs to be released at 2010 Congress</p> |

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| WEC OBJECTS | 2009 ACTIVITIES |
|--|---|
| <p>Undertake actions, including, but not limited to, the holding of Congresses, workshops and seminars, to facilitate such supply and use of energy.</p> | <p>WEC's premier event, the World Energy Congress, will take place in Montreal, Canada, in 2010; preparations for the programme, speakers and WEC sessions are progressing in accordance with the timetable.</p> <p>WEC hosted a side event at COP-15 in Copenhagen to introduce the initial findings of its Assessment of Energy and Climate Policy. Over 100 persons attended.</p> <p>With the Financial Times, WEC co-hosted the second Global Energy Leaders Summit in London, bringing together more than 200 top energy CEOs, government representatives, energy experts and the media to discuss "The Road to Copenhagen: Energy Solutions in a Post 2012 World".</p> <p>An energy efficiency workshop was held in Addis Ababa, Ethiopia, in June, to discuss the energy efficiency policies and priorities necessary to foster Africa's sustainable development.</p> <p>Cleaner Fossil Fuels workshops were held in Dubai and Reykjavik to discuss growing concerns about the environmental performance of fossil fuels and ways in which to deploy cleaner, more efficient fossil fuels combustion technologies.</p> |

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| WEC OBJECTS | 2009 ACTIVITIES |
|---|--|
| <p>Collaborate with other organisations in the energy sector with compatible goals.</p> | <p>An Interconnectivity Task Force, in collaboration with CIGRE, is working on a report which will identify and demonstrate, both in quantitative and qualitative terms, the potential benefits of properly designed, maintained and operated transmission infrastructure using state-of-the-art technologies and management practices, including "smart grids".</p> <p>A Biofuels Standards and Technologies Task Force, working in partnership with ISO, is working on a project to identify and evaluate the leading production technologies and the main barriers to accelerated development and deployment of biofuels standards and technologies worldwide and to formulate recommendations for removal of these barriers.</p> <p>WEC has joined with the World Economic Forum on an Energy Poverty Action project in Africa, with the goal of generating seed money and expertise to begin addressing the lack of electricity on the continent, particularly in sub-Saharan Africa.</p> <p>WEC continues its ongoing high level dialogue with ABAC (APEC) to facilitate cooperation in energy.</p> <p>WEC continued to hold its annual dialogue with the energy department of the European Commission, with the goal of discussing innovative solutions to key energy challenges.</p> |

OTHER ACTIVITIES

In addition to its charitable activities (work programme), WEC also carries out additional activities which provide operational and/or funding support for the organisation. These are described below.

Membership and Subscriptions

At the core of WEC are its 93 autonomous Member Committees. These Committees pay an annual subscription to belong to WEC, and WEC members volunteer their time and expertise to help carry out WEC's work. Therefore, it is vitally important for WEC to ensure that its Member Committee base is strong. To help achieve this, WEC began conceptual development of a new customised service, WEConnect, which is aimed at leveraging WEC's global network. The new service will be further developed in 2010 and is expected to launch by the end of the year.

Two new member-focused newsletters were also launched in 2009. WEC Inside, which is one of the main communication tools of the Secretary General, is aimed at key WEC stakeholders and features interviews with global energy leaders, brief reports on WEC activities and events and graphic representations of data from WEC's work. SecNet News is aimed specifically at Member Committee Secretaries, with the goal of providing detailed operational, institutional and organisational information from WEC London.

**WORLD ENERGY COUNCIL
TRUSTEES' REPORT
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OTHER ACTIVITIES (CONTINUED)

Also, with the support of the Executive Assembly, a new Global Partners programme was launched. Similar in concept to the WEC Patrons programme, this programme is aimed at attracting innovative energy or energy-related companies and/or national or regional companies seeking to expand their business. These companies, which must be members of at least three national Member Committees, will be provided with access to WEC's global network, and the revenues from the programme will be used to strengthen Member Committees through an enhanced regional programme, including a series of regional Energy Leaders Summits beginning in 2011.

Patrons' Programme

WEC Patrons are companies or organisations which are already members of a WEC Member Committee and which agree to contribute additional funds to support WEC's work. The Patron income goes directly into the WEC Foundation, a designated fund within WEC Charity, and is drawn down to provide additional support for WEC's work programme.

At the beginning of 2009, WEC had 15 new or continuing Patrons, with three of these providing staff as secondments to WEC in lieu of cash contributions. Major sponsors of the 2010 World Energy Congress are also designated as WEC Patrons, and in 2009, there were eight such major Congress sponsors who joined the Patrons' programme. In addition, two new Patrons were signed toward the end of 2009: Mercuria and Oliver Wyman/MMC, the latter signing on as a Project Partner for the Assessment study and contributing the equivalent of €1.3 million a year in support and services to the study work beginning in 2010.

Project Income and Gifts in Kind

Project income consists of payments from the Congress organisers for the preparation of the *Survey of Energy Resources*, WEC's longest running publication. The next edition will be published in 2010. The organisers of the Montreal 2010 Congress were contractually obligated to pay \$50,000 US to help cover the 2009 costs related to the preparation of the Survey. This payment was made to WSL.

Gifts in kind consist of three staff secondments provided by certain WEC Patrons in lieu of cash contributions. In 2009, secondments were provided by TEPCO (Japan), VNG (Germany) and Daesung (Korea) for the full year. These secondments were booked at \$100,000 each, the cash value of one year of Patronage for existing Patrons. The booked revenue matches the booked expenditure.

Congress

The Congress is WEC's most visible and important event, bringing together up to 5,000 energy leaders from around the world. It is held every three years, with the next one to be held in Montreal in September, 2010. A contract is signed with the Congress organisers guaranteeing payments to WSL for the use of the WEC brand, logo and website, as well as for the production costs of the Survey of Energy Resources. The majority of this revenue will come to WSL in 2010, with expenses associated with the Congress also being incurred mainly in 2010.

FINANCIAL REVIEW AND RESULTS FOR THE YEAR

The Statement of Financial Activities (SoFA) set out on page 21 shows the following results for the year.

Income Generation

Income generation during the year was £2,644,000 (2008: £2,924,000). The primary sources of income were membership subscriptions and the WEC Patrons' programme.

Subscription income was £1,400,000 (2008: £1,310,000) for the year. A healthy recovery of arrears was also made. The Patrons contributed £775,000 (2008: £880,000), which was added to the designated fund, the WEC Foundation.

WORLD ENERGY COUNCIL
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FINANCIAL REVIEW AND RESULTS FOR THE YEAR (CONTINUED)

Resources Expended and Services

Total resources expended by WEC and WSL in 2009 amounted to £2,797,000 (2008: £2,744,000). This included expenditures of £1,572,000 (2008: £1,741,000) on the work programme. See Note 3 for further details of resources expended.

FINANCIAL MANAGEMENT POLICIES

Investment Policy and Returns

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

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

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

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

WEC Services Ltd. did not hold any investments in 2009.

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 - income from dividends and interest

Although the Foundation investment policy allows for investments of US dollars (or any other non-sterling-based income) in non-Charity Commission funds, the Foundation currently holds no US dollar investments.

Fund managers for the charity and the Foundation are listed on page 1 of these financial statements. All funds are invested with top-tier UK banks or other secure institutions, such as Common Deposit and Investment Funds approved by the Charity Commission.

In 2009, the effects of the global financial crisis affected the investment market, and the value of the Foundation's investments dropped significantly. Due to the conservative nature of the funds in which the Foundation invests, however, the effect was not as dramatic as it might have been. By the end of the year, the effects of the crisis had slowed, and the Foundation investments began to regain value.

In 2009, the Trustees authorised a total transfer of £750,000 plus another \$450,000 US to the charity from the Foundation fund for work programme expenditure.

At the end of 2009, the Foundation's assets totalled £1,240,000, and the group investments, excluding cash deposits, were valued at £317,000 (2008: £273,000).

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Free Reserves

Free reserves available for use by the charity are deemed to be those that are readily realisable, less funds whose uses are restricted or designated for particular purposes. For 2009, free reserves of £472,000 were held as of 31 December (2008: £225,000).

FINANCIAL MANAGEMENT POLICIES (CONTINUED)

In 2009, the board approved a revision to WEC's reserves policy. The new policy sets a reserves level based on the goal of keeping the charity operating for 3-6 months in the event of a cash shortage, loss of income and/or poor performance of investments. The reserves level has thus been set at 40% of the previous year's total cash expenditures, including expenditures of the WEC Foundation. The Foundation reserves are included when calculating the total reserves on hand. Eighty percent of reserves are to be used to meet operating expenses for up to six months, and the remaining 20% to safeguard the charity's work programme commitments.

For 2009, the level of reserves required according to the stated policy was £ . *The Trustees have noted the difference between free reserves and the stated policy but are convinced that there are sufficient reserves within the WEC Foundation to support the work programme.*

The Trustees review annually the value of the reserves retained in the form of investments, cash and cash equivalents not held for restricted purposes or designated projects. 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.

EMPLOYEES

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

Neither WEC nor WSL, by stated policy, discriminate nor tolerate discrimination on the grounds of colour, race, ethnic or national origin, religion, disability, marital status, sex or sexuality, either in the hiring process or in the workplace. All employees are expected to adhere to this policy.

FUTURE PLANS

Overall, the Trustees believe that the charity is stable and in sound financial condition but believe it must take the following actions to ensure that it remains viable and strong for the future:

- Continue a smooth transition to the Strategy approved by the Executive Assembly in 2009;
- Continue to strengthen WEC's visibility and brand recognition through media exposure, strong global studies, global and regional events and speaking opportunities;
- Take all necessary steps to maintain the "good health" of Member Committees through an annual assessment of their involvement in WEC, their constituent member base and their financial health and introduce new programmes, such as enhancing the value proposition, mentoring, direct assistance and exchange of best practices, to assist them;
- Continue to monitor the effect of the global financial crisis on the charity and its stakeholders and develop safeguards to minimise risks to the charity's income;
- Assess the viability and feasibility of having WEC take primary responsibility for organising and controlling its own Congresses rather than delegating the primary responsibility, through a bidding process, to one of its Member Committees. The host Member Committee would still play a vital role, but by taking the lead role for organisation and management of the Congress, WEC would be able to ensure better control, continuity and consistency of the event.
- Ensure the effectiveness of the Patrons' programme in order to attract the Patron revenue necessary to fund current and future work programmes;

**WORLD ENERGY COUNCIL
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FUTURE PLANS (CONTINUED)

- Develop the Global Partners programme and the WEConnect service;
- Continue to seek partnerships with other organisations which benefit the charity financially, support its goals or enhance its visibility.

CHANGES IN FIXED ASSETS

The movements in fixed assets during the year are set out in Note f) on page 24 and Notes 7 and 8 on pages 28-29 of these financial statements.

DIRECTORS AND DIRECTORS' INTERESTS

The Directors of the company (who are also the Trustees of the charity) during the year are listed on page 1. New Directors appointed at the 2009 Executive Assembly in Reykjavik assumed their seats on 19 September and are also listed on page 1 of this report.

AUDITORS

A resolution to reappoint Horwath Clark Whitehill LLP was approved by the Board at the Annual General Meeting in September, 2009.

Approved by the Board on 10 June, 2010, and signed on behalf of the Board by

Pierre Gadonneix
Chair
World Energy Council

Graham Ward, CBE, MA, FCA
Chair
Finance Committee

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WORLD ENERGY COUNCIL

We have audited the group and parent company financial statements of World Energy Council for the year ended 31 December 2009 set out on pages 21 to 31. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and Section 44 of the Charities Act 1993. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The trustees' (who are also the directors of World Energy Council for the purpose of company law) responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities.

We have been appointed auditors under the Companies Act 2006 and section 43 of the Charities Act 1993 and report to you in accordance with those Acts. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (United Kingdom and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006 and the Charities Act 1993. We also report to you if in our opinion the information given in the Trustees' Annual Report is not consistent with the financial statements.

In addition, we report to you if, in our opinion, the charitable company has not kept adequate accounting records, if the charity's financial statements are not in agreement with those records, if we have not received all the information and explanations we require for our audit or if certain disclosures of trustees' remuneration specified by law are not made.

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

Basis of opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2009 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the Companies Act 2006 and the Charities Act 1993; and
- the information given in the Trustees' Annual Report is consistent with the financial statements.

[This report has not yet been signed]

Tina Allison

Senior Statutory Auditor

For and on behalf of

Horwath Clark Whitehill LLP

Statutory Auditor

St Bride's House

10 Salisbury Square

London

EC4Y 8EH

[Date]

WORLD ENERGY COUNCIL
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating an Income and Expenditure Account)
FOR THE YEAR ENDED 31 DECEMBER 2009

| | Notes | Restricted £'000 | Unrestricted £'000 | Group Total 2009 £'000 | Group Total 2008 £'000 |
|---|-------|---------------------|-----------------------|------------------------------|------------------------------|
| INCOMING RESOURCES | | | | | |
| Voluntary Income | | | | | |
| Donations | | - | - | - | 9 |
| Income from activities in furtherance of the Charity's objects | | | | | |
| --Subscription fees | | - | 1,400 | 1,400 | 1,310 |
| --Patron income | | - | 775 | 775 | 880 |
| --Project income | | - | 31 | 31 | (3) |
| --Gifts in kind | | - | 209 | 209 | 205 |
| Activities for generating funds | | | | | |
| --Other income | | - | 44 | 44 | 85 |
| Interest | | - | 4 | 4 | 43 |
| Dividends | | - | 12 | 12 | 15 |
| Foreign Exchange gain | | - | - | - | 380 |
| Congress Income | | - | 169 | 169 | - |
| Total incoming resources | 2d | - | 2,644 | 2,644 | 2,924 |
| RESOURCES EXPENDED | | | | | |
| Charitable Activities | | | | | |
| --Subscription costs | | - | 904 | 904 | 754 |
| --Work programme | | - | 1,572 | 1,572 | 1,741 |
| --Congress expenditure | | - | 95 | 95 | 28 |
| --Gifts in kind | | - | 209 | 209 | 205 |
| Governance costs | | - | 17 | 17 | 16 |
| Total resources expended | 3 | - | 2,797 | 2,797 | 2,744 |
| Net (outgoing)/incoming resources | | - | (153) | (153) | 180 |
| Other recognised gains and losses | | | | | |
| Gains/(Losses) on investments | | | | | |
| Unrealised investment gains/(losses) | | - | 44 | 44 | (92) |
| Net movement in funds | | - | (109) | (109) | 88 |
| Accumulated fund balances brought forward | | - | 1,858 | 1,858 | 1,770 |
| Accumulated Fund balances carried forward | | - | 1,749 | 1,749 | 1,858 |

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

The notes on pages 21 to 29 form part of these financial statements.

WORLD ENERGY COUNCIL
CONSOLIDATED AND CHARITY BALANCE SHEET
AS AT 31 DECEMBER 2009

| | Notes | Group 2009 £'000 | Charity 2009 £'000 | <i>Group 2008 £'000</i> | <i>Charity 2008 £'000</i> |
|---|---------|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 7 | 28 | 28 | 38 | 38 |
| Investments | 8 | 317 | 317 | 273 | 273 |
| | | 345 | 345 | 311 | 311 |
| CURRENT ASSETS | | | | | |
| Debtors | 9 | 515 | 567 | 309 | 333 |
| Short term deposits | | 4 | 4 | 1,149 | 1,149 |
| Cash at bank and in hand | | 1,339 | 1,281 | 576 | 548 |
| | | 1,858 | 1,852 | 2,034 | 2,030 |
| CREDITORS: amounts falling due within one year | 10 | 454 | 448 | 487 | 483 |
| NET CURRENT ASSETS | | 1,404 | 1,404 | 1,547 | 1,547 |
| TOTAL ASSETS | | 1,749 | 1,749 | 1,858 | 1,858 |
| FUNDS | | | | | |
| | 12 & 13 | | | | |
| Unrestricted | | | | | |
| Designated Funds - WEC Foundation | | 1,240 | 1,240 | 1,586 | 1,586 |
| - Gerald Doucet Memorial Fund | | 9 | 9 | 9 | 9 |
| General | | 500 | 500 | 263 | 263 |
| | | 1,749 | 1,749 | 1,858 | 1,858 |

These financial statements were approved by the Board and authorised for issue on 10 June, 2010, and signed on their behalf by:

Pierre Gadonneix
Chair
World Energy Council

Graham Ward, CBE, MA, FCA
Chair
Finance Committee

The notes on pages 21 to 29 form part of these financial statements.

WORLD ENERGY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

1. STRUCTURE OF GROUP

World Energy Council is comprised of two legal entities:

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

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

2. ACCOUNTING POLICIES

a) Basis of preparation

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

b) Consolidation

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

c) Fund accounting

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

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

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

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

d) Incoming resources

Income represents mainly the gross invoiced value of subscription fees charged to WEC members. Patron income represents corporate contributions for work programme purposes and is credited directly to the WEC Foundation, a designated fund.

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 received in kind are recognised as income at the amount that would have been received had the gift been made in cash. Gifts are accounted for on a received basis.

WORLD ENERGY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

e) Resources expended

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

Support costs comprise the costs of all resources utilised to support the charity's primary activities and have been apportioned to charitable activities on the basis of the square metres occupied by each activity in the offices.

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

f) Tangible fixed assets and depreciation

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

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

| | |
|--|-----------------|
| Leasehold improvements | - over 10 years |
| Office equipment and website development costs | - over 4 years |

g) Investments

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

h) Foreign currency transactions

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

i) Cash and bank balances

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

j) Taxation

Under Section 505 of the Income and Corporation Taxes Act of 1998, a charity is exempt from tax on its income insofar as it is applied for charitable purposes only. All of the disbursements appear to fall within the charitable objects, and consequently, no tax liability will arise.

k) Cash flow statement

The company is exempt from the requirement of Financial Reporting Standard No. 1 to prepare a cash flow statement, as it is entitled to the filing exemptions as a small company under sections 246 to 249 of the Companies Act 1985 when filing accounts with the Registrar of Companies.

**WORLD ENERGY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

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.

m) Irrecoverable VAT

WEC is not registered for VAT, and accordingly, resources expended are shown gross of irrecoverable VAT.

WORLD ENERGY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

| 3. RESOURCES EXPENDED | Unrestricted Fund £'000 | 2009 Total £000 | 2008 Total £'000 |
|--|-------------------------------|-----------------------|------------------------|
| Subscription costs | | | |
| Staff costs | 366 | 366 | 317 |
| Professional fees | 55 | 55 | 133 |
| Membership support | 7 | 7 | 15 |
| Bad debts | 59 | 59 | 75 |
| Travel and entertainment | 149 | 149 | 128 |
| Bank charges and interest | 57 | 57 | 4 |
| Exchange loss | 116 | 116 | - |
| Support costs | 95 | 95 | 82 |
| | <u>904</u> | <u>904</u> | <u>754</u> |
| Work programme | | | |
| <u>Project</u> | | | |
| SER | 28 | 28 | 28 |
| <u>Studies</u> | | | |
| Staff costs | 146 | 146 | 132 |
| General expenses | 15 | 15 | 49 |
| Survey of Energy Resources | - | - | 36 |
| Assessment of Energy Policy and Practices | - | - | 300 |
| Study Group | 88 | 88 | - |
| Steering Group | 190 | 190 | - |
| Human Resources | 23 | 23 | - |
| Water for Energy | 23 | 23 | - |
| Logistics | 46 | 46 | - |
| Rules of Trade Task Force | 20 | 20 | 23 |
| Mega Cities | 10 | 10 | 1 |
| Scenarios | 24 | 24 | - |
| Support costs | 41 | 41 | 39 |
| <u>Technical programme</u> | | | |
| Staff Costs | 94 | 94 | 101 |
| General expenses | 9 | 9 | 20 |
| PGP | 37 | 37 | 43 |
| CFFS | 9 | 9 | 14 |
| EnEff | 54 | 54 | 41 |
| Grid Liability | 3 | 3 | - |
| Renewables | 13 | 13 | - |
| Interconnectivity | - | - | 10 |
| Biofuels | - | - | 1 |
| Support costs | 35 | 35 | 31 |
| <u>Regional programme</u> | | | |
| Staff costs | 23 | 23 | 37 |
| General expenses | 16 | 16 | 16 |
| Africa | 41 | 41 | 63 |
| Asia | 21 | 21 | 36 |
| Europe | 51 | 51 | 47 |
| Inga TF | 3 | 3 | - |
| LAC | 43 | 43 | 29 |
| North America | 15 | 15 | 15 |
| Support costs | 32 | 32 | 31 |
| Work Programme c/fwd | <u>1,153</u> | <u>1,153</u> | <u>1,143</u> |

WORLD ENERGY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

| 3. RESOURCES EXPENDED | Unrestricted Fund £000 | 2009 Total £000 | 2008 Total £'000 |
|--------------------------------------|-------------------------------|------------------------|------------------------|
| Work Programme b/fwd | 1,153 | 1,153 | 1,143 |
| <u>Communications & Outreach</u> | | | |
| Staff costs | 211 | 211 | 378 |
| Miscellaneous | 2 | 2 | 2 |
| Website | 15 | 15 | 20 |
| Publications | 26 | 26 | 11 |
| Consultancy | 50 | 50 | 50 |
| Travel and hospitality | 66 | 66 | 78 |
| Support costs | 49 | 49 | 59 |
| | <u>1,572</u> | <u>1,572</u> | <u>1,741</u> |
| Congress | | | |
| Congress expenditure | 76 | 76 | - |
| Support costs | 19 | 19 | 28 |
| | <u>95</u> | <u>95</u> | <u>28</u> |
| Gift in kind | <u>209</u> | <u>209</u> | <u>205</u> |
| Governance costs | | | |
| Audit | 15 | 15 | 14 |
| Trustee meetings | 2 | 2 | 2 |
| | <u>17</u> | <u>17</u> | <u>16</u> |
| TOTAL RESOURCES EXPENDED | <u>2,797</u> | <u>2,797</u> | <u>2,744</u> |
| 4. SUPPORT COSTS | Unrestricted Fund £'000 | 2009 Total £'000 | 2008 Total £'000 |
| Support costs | | | |
| Accommodation costs | 135 | 135 | 130 |
| Office services | 73 | 73 | 68 |
| Accountancy | 24 | 24 | 29 |
| Legal and professional | 22 | 22 | 21 |
| Depreciation | 17 | 17 | 20 |
| Other | - | - | 1 |
| | <u>271</u> | <u>271</u> | <u>269</u> |

These costs are allocated to charitable activities on the basis of square metres occupied by each activity in the offices.

| 5. STAFF COSTS | 2009 £'000 | 2008 £'000 |
|-----------------------|---------------|---------------|
| Wages and salaries | 753 | 907 |
| Social security costs | 77 | 47 |
| Other staff costs | 10 | 10 |
| | <u>840</u> | <u>964</u> |

WORLD ENERGY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

5. STAFF COSTS (Continued)

During the year, one (2008: nil) employee received emoluments between £160,000 and £170,000; one (2008: one) employee received emoluments between £95,000 and £105,000; and one employee received emoluments of between £65,000 and £75,000.

No employer pension contribution was made on the above employees' behalf.

The average number of employees during the year, calculated on a full-time equivalent basis, was 10 (2008: 9).

6. TRUSTEES' REMUNERATION AND EXPENSES

The Trustees neither received nor waived any emoluments during the year (2008: £nil). During the year, nil (2008: nil) was reimbursed to Trustees for travel expenses.

7. TANGIBLE FIXED ASSETS

All tangible fixed assets are held by the Charity.

| | Leasehold improvements £'000 | Office equipment £'000 | Website £'000 | Total £'000 |
|----------------------------|------------------------------------|------------------------------|------------------|------------------------|
| Cost | | | | |
| At 1 January 2009 | 146 | 96 | 193 | 435 |
| Additions | - | 7 | - | 7 |
| At 31 December 2009 | 146 | 103 | 193 | 442 |
| Accumulated depreciation | | | | |
| At 1 January 2009 | 120 | 84 | 193 | 397 |
| Charge for period | 10 | 7 | - | 17 |
| At 31 December 2009 | 130 | 91 | 193 | 414 |
| Net Book Values | | | | |
| At 31 December 2009 | 16 | 12 | - | 28 |
| <i>At 31 December 2008</i> | <i>26</i> | <i>12</i> | <i>-</i> | <i>38</i> |

8. FIXED ASSET INVESTMENTS

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

| | 2009 | <i>2008</i> |
|---|--------------|--------------|
| Market values | £'000 | <i>£'000</i> |
| Market value at 1 January 2009 | 273 | <i>365</i> |
| Unrealised gain/(loss) on investments | 44 | <i>(92)</i> |
| Market value at 31 December 2009 | 317 | <i>273</i> |
| Historical cost at 31 December 2009 | 226 | <i>226</i> |

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8. FIXED ASSET INVESTMENTS (CONTINUED)

UK listed investments are held in unit funds. These are represented by:

| | 2009 | 2008 |
|---------------------------|--------------|-------|
| | £'000 | £'000 |
| Fixed interest securities | 34 | 35 |
| Equity shares | 283 | 238 |
| | 317 | 273 |

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

| | 2009 | 2008 |
|---|--------------|-------|
| | £'000 | £'000 |
| Units held | | |
| 18,601 CAF UK Equity Growth | 26 | 20 |
| 19,666 HSBC Common Fund for Income | 21 | 23 |
| 9,653 COIF | 94 | 84 |
| 32,744 Schroders | 83 | 65 |
| 4,601 Dresdner RCM Chariguard UK Equity Fund Income | 86 | 66 |

9. DEBTORS

| | Group | Charity | <i>Group</i> | <i>Charity</i> |
|------------------------------------|--------------|----------------|--------------|----------------|
| | 2009 | 2009 | <i>2008</i> | <i>2008</i> |
| | £'000 | £'000 | <i>£'000</i> | <i>£'000</i> |
| Trade debtors | 241 | 241 | 172 | 172 |
| Amount due from subsidiary company | - | 177 | - | 59 |
| Other debtors | 1 | - | 1 | - |
| Prepayments | 45 | 45 | 41 | 41 |
| Accrued income | 228 | 104 | 95 | 61 |
| | 515 | 567 | 309 | 333 |

10. CREDITORS: amounts falling due within one year

| | | | | |
|------------------------------------|------------|------------|-----|-----|
| Trade creditors | 159 | 156 | 337 | 337 |
| Taxation and social security costs | 22 | 22 | 21 | 21 |
| Accruals | 145 | 142 | 57 | 53 |
| Deferred income | 83 | 83 | 32 | 32 |
| Other | 45 | 45 | 40 | 40 |
| | 454 | 448 | 487 | 483 |

| | 2009 | 2008 |
|--|--------------|-------|
| | £'000 | £'000 |
| Deferred income reconciliation: | | |
| Balance brought forward | 32 | 58 |
| Received in year | 83 | 32 |
| Utilised in year | (32) | (58) |
| Balance carried forward | 83 | 32 |

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11. FINANCIAL COMMITMENTS

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

| Obligations under operating leases comprise | Group 2009 £'000 | <i>Group 2008 £'000</i> |
|---|---------------------------------|---------------------------------|
| Land and buildings Expiring between 2 and 5 years | <u>81</u> | <u>81</u> |
| Fixtures and fittings Expiring between 2 and 5 years | <u>13</u> | <u>15</u> |

12. STATEMENT OF FUNDS

| | <i>1 January 2009 £'000</i> | Income £'000 | Expenditure £'000 | Investment Gains £'000 | Transfers £'000 | 31 December 2009 £'000 |
|--------------------------------|-------------------------------------|-----------------|----------------------|------------------------------|--------------------|---|
| General reserve | 263 | 1,854 | (2,686) | - | 1,069 | 500 |
| <u>Designated</u> | | | | | | |
| Foundation | 1,586 | 790 | (111) | 44 | (1,069) | 1,240 |
| Gerald Doucet Memorial Fund | <u>9</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>9</u> |
| Total | <u>1,858</u> | <u>2,644</u> | <u>2,797</u> | <u>44</u> | <u>-</u> | <u>1,749</u> |

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

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

13. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

| | Unrestricted | | | Total |
|-----------------------|------------------|---------------------|---|--------------|
| | General £'000 | Foundation £'000 | Gerald Doucet Memorial Fund £'000 | £'000 |
| Tangible fixed assets | 28 | - | - | 28 |
| Investments | - | 317 | - | 317 |
| Net current assets | <u>472</u> | <u>923</u> | <u>9</u> | <u>1,404</u> |
| | <u>500</u> | <u>1,240</u> | <u>9</u> | <u>1,749</u> |

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14. SUBSIDIARY COMPANY

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

| | Total 2009 £'000 | <i>Total 2008 £'000</i> |
|--|---------------------------------|---------------------------------|
| Turnover | 200 | 39 |
| Administrative expenditure | (111) | (41) |
| Net profit/(loss) | 89 | (2) |
| Foreign exchange (loss)/gain | (6) | 7 |
| Profit on ordinary activities | 83 | 5 |
| Payment under gift aid | (83) | (5) |
| Retained profit for the year | - | - |
| The aggregate of the assets, liabilities and funds was: | | |
| Assets | 183 | 63 |
| Liabilities | (183) | (63) |
| Funds | - | - |

15. RELATED PARTY TRANSACTIONS

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