

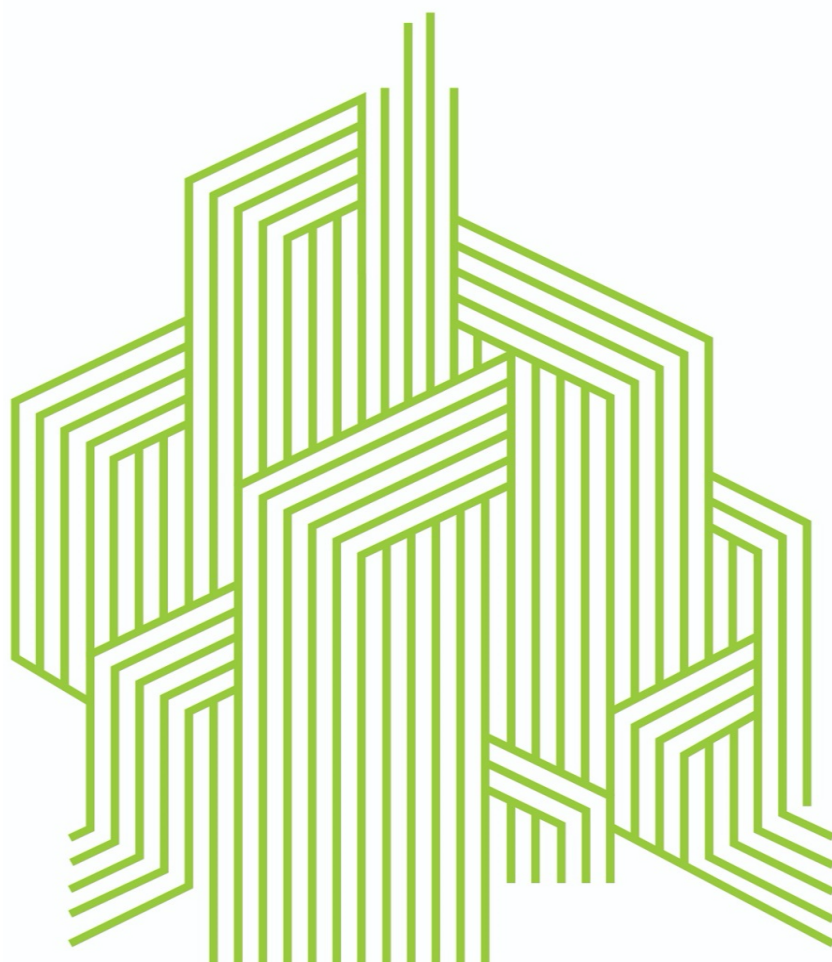
C40 Cities Climate Leadership UK

(C40 Cities UK)
(A company limited by guarantee)

Report and Financial Statements for the year ended 31 December 2020

Charity number 1173124

Company number 10401717



C40 Cities Climate Leadership UK

Report and Financial Statements For the year ended 31 December 2020

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C40 Cities Climate Leadership UK

Report and Financial Statements For the year ended 31 December 2020

Charity name	C40 Cities Climate Leadership UK
Principal and registered office	3 Queen Victoria Street, London, EC4N 4TQ
Charity number	1173124
Company number	10401717
Board of Directors	
The trustees who served during the period were:	
Antha Williams (Chair)	
Pelle Lind Bournonville	
Jemma Read	
Henrietta Foster	
Company Secretary	Kevin Austin
Chief Executive	Mark Watts
Auditor	KPMG LLP, 15 Canada Square, London, E14 5GL
Solicitors	Bates Wells Brathwaite, 10 Queen Street Place London, EC4R 1BE
Bankers	NatWest Bank, 94 Moorgate, London, EC2M 6UR

Report of the Directors for the year ended 31 December 2020

The Trustees (who are the directors) of C40 Cities Climate Leadership UK ("C40 Cities UK"), are pleased to present their report and financial statements for the charity for the year ended 31 December 2020.

The accounts (financial statements) have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

The charity is registered with the Charity Commission under registration number 10401717.

C40 Cities UK contributes towards the global strategy of its sole member, C40 Cities Climate Leadership Group Inc ("C40 Cities Inc"), therefore, throughout the Aims and Objectives and Achievement and Performance sections of this report, reference is made to the activities of C40 Cities Inc during this financial year.

Our Aims and Objectives

Purposes and Aims

The purposes and aims of C40 Cities UK, as set out in the objects contained in the company's Memorandum and Articles of Association, are:

The **advancement** of environmental protection and conservation of the natural environment, particularly by promoting the reduction of greenhouse gases (including carbon dioxide, methane and any other gases that may be identified from time to time as having a global warming potential);

- To promote sustainable development for the benefit of the public by the promotion of sustainable means of achieving economic growth and regeneration;
- To advance the education of the public in subjects relating to global warming, climate change, sustainable development and the protection, enhancement and rehabilitation of the environment and to promote study and research in such subjects provided that the useful results of such study are disseminated to the public at large; and
- Such other objects, as shall be exclusively charitable by the law of England and Wales as the Trustees shall decide

Sustainable development means "development which meets the needs of the present without compromising the ability of future generations to meet their own needs".

Public benefit

The achievement of the above aims drives our business planning. The beneficiaries of the charity are all global

citizens. The Achievements and Performance section below contains more information on how our work has contributed to the reduction of global greenhouse gas emissions over the last year.

The Trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit when exercising any powers or duties to which the guidance is relevant.

Mission

C40 Cities UK operates as part of the C40 Cities Network. The C40 Cities Network is headed by C40 Cities Inc (the sole member of C40 Cities UK).

The C40 Cities Network is a network of nearly 100 mayors of the world's leading cities. It is working to deliver the urgent action needed right now to confront the climate crisis and create a future where everyone, everywhere can thrive. Mayors of C40 cities are committed to using a science-based and people-focused approach to help the world limit global heating to 1.5°C and build healthy, equitable and resilient communities. Through a Global Green New Deal, mayors are working alongside a broad coalition of representatives from labour, business, the youth climate movement and civil society to go further and faster than ever before.

The Trustees of C40 Cities UK believe that operating as part of the C40 Cities Network and adopting the strategy set by C40 Cities Inc is the most effective way of maximising the charitable impact of C40 Cities UK. This approach allows C40 Cities UK to work in partnership with other organisations in the C40 Cities Network around the world and with other partner organisations in order to achieve its charitable objects (which are global in nature).

Having worked towards C40 Cities Inc's 2017 – 2020 Business Plan (which was approved by the Steering Committee in 2016) throughout 2017 – 2019 period, the Trustees of C40 Cities UK decided that contributing to the C40 Inc Business Plan continued to be in the interests of the charity in support of its charitable objects for 2020. The Business Plan sets out a collaborative strategy for advancement of the common mission of organisations within the global C40 Cities Network. It sets out a bold agenda, with its central focus to enable each C40 Cities Network mayor to commit to a climate action plan for their city in line with what is needed to deliver the Paris Agreement on climate change.

The Business Plan establishes the following five goals for each organisation in the C40 Cities Network:

Goal 1 - Engage mayoral leadership

Goal 2 - Support cities to prepare robust climate inventories, targets and plans

Goal 3 - Accelerate action through peer-to-peer exchange and direct support

Goal 4 - Remove barriers to city climate action

Goal 5 - Provide global thought leadership, agenda-setting communications and world class events

The C40 Cities Network's Participation Standards for membership are conditions for ongoing C40 membership. They also encourage all cities to have developed and be implementing, by the end of 2020, a climate action plan compatible with the Paris Agreement goal to constrain global average temperature rise below 1.5°C, while improving resiliency and inclusivity.

Achievements and Performance

Despite the ongoing COVID-19 pandemic, C40 Cities UK enjoyed a successful year in 2020, during which it contributed to the implementation of the C40 Cities Network Business Plan goals, in support of its charitable objects. C40 Cities Inc and C40 Cities UK worked in co-operation to maximise impact in advancing their compatible objects which are global in nature.

C40 Cities UK substantively contributed to providing direct support to 97 cities of the C40 Cities Network. C40's key programmes are driven by data-based reports like Deadline 2020 and assigned quantifiable targets. Our progress on these targets is monitored thanks to reporting frameworks like the Global Protocol for Community-Scale Greenhouse Gas Emission Inventories (GPC), the Carbon Disclosure Project (CDP), and the Global Covenant of Mayors' Common Reporting Framework (CRF), ensuring consistency across our regions and with the work of partner organizations.

2020 presented unprecedented challenges for cities, countries, and communities around the world. A global pandemic, the deepest recession since before the Second World War, a reckoning with racial injustice: all these crises crossed borders, reached into our homes, and upended our lives -- and all were compounded by the impacts of a climate emergency.

By 2020, 88 C40 mayors have committed to develop 1.5°C climate action plans to help limit global heating to 1.5°C and build healthy, equitable and resilient communities. The majority of cities are finalising these plans early in 2021. The C40 Steering Committee formally adopted the requirement that all C40 cities demonstrate progress toward a 1.5°C action plan in order to stay in the organization. In 2020, C40 launched new initiatives, including the Green Ports Forum, the Water Security Network, and a Pilot Implementation Initiative supporting cities to deliver inclusive climate action, in line with the vision for a Global Green New Deal.

The citizens of 97 cities of the C40 Cities Network are the ultimate beneficiaries of the charity's achievements. These 97 cities are the world's leading cities, representing over 700 million citizens and one quarter of the global economy. The mayors of these cities are committed to delivering on the most ambitious goals of the Paris Agreement at the local level, as well as to cleaning the air we breathe. Ultimately, the charity's efforts will contribute towards a more liveable and sustainable future for all global citizens.

Throughout 2020, C40 Cities UK contributed towards the progress of C40 Cities Inc and the C40 Cities Network towards the five goals set out in the C40 Cities Network 2017 – 2020 Business Plan:

Goal 1: Engage mayoral leadership – mayors are engaged and show leadership in the climate change agenda

- 29 C40 Network mayors have pledged to procure only zero-emission buses from 2025 and to ensure that a major area of their city is zero emission by 2030, with a potential for more than 120,000 zero emission buses.
- 23 C40 Network mayors committed to all zero-carbon new buildings by 2030. This alone could result in equivalent carbon savings of shutting down nearly 50 coal-fired power stations.
- 21 C40 Network mayors committed to advance towards zero-waste, diverting 130 million tonnes of waste by 2030. 18 C40 Cities Network mayors are already banning single use plastic.

- 37 C40 Network mayors pledged to set targets and implement policies towards meeting WHO air quality guidelines by 2030.
- 14 C40 mayors committed to achieve a Planetary Health Diet for all and reduce food loss and waste by 50% by 2030. 19 C40 Network mayors are already implementing policies to encourage low-carbon diets.
- 10 C40 Network mayors committed to divest from fossil fuel companies and invest in green and just recovery from COVID-19 crisis. These green investments are already estimated to yield average returns of 6.9% per year for sustainable funds, as opposed to 6.3% per year for traditionally invested funds.
- 3 C40 Network mayors pledged to reduce by 50% embodied emissions for new buildings and major retrofits and from infrastructure projects in their cities by 2030, in collaboration with leading companies and innovative business communities
- C40 Cities UK staff have supported on the project management, technical support and communication of these commitments.

Goal 2: Support cities to prepare robust climate inventories, targets and plans consistent with 1.5 °C target

- In 2020, C40 Cities Inc continued to devote additional resources to supporting cities in across all regions, with additional in-depth assistance in Latin America, South East Asia, China, and Africa, to develop their climate action plans. It is a condition of membership that all member cities must have a Climate Action Plan. There have been some delays due to COVID, but 54 member cities are already compliant. The programme is supported by C40 Cities UK staff in project management and administrative roles.
 - C40 Network mayors committed publicly to tough climate targets to deliver and implement Paris compatible action plans. By mid-2021, a majority of C40 cities are expected to have developed such action plans.
 - The Climate Action Planning Resource Centre continued to support C40 Cities Network and non-C40 Cities Network cities with a wide range of tools and resources to help city climate planners in the process of delivering climate action consistent with the objectives of the Paris Agreement.

Goal 3: Accelerate climate change actions and reduce costs through peer-to-peer exchange and direct support in the C40 Cities Network

- Working across multiple sectors and issues, C40 Cities Inc convened peer-to-peer best-practice sharing networks which provided a range of services in support of cities' climate change efforts. C40 Cities Network currently has 19 networks and forums covering topics which are of the highest priority for C40 Cities Network cities and have potential for the greatest climate impact in mitigation, adaptation and sustainability.
- The Green Ports Forum, launched in November 2020, will newly connect port cities and ports around the world in implementing policies and programs that mitigate air pollution and greenhouse gas emissions from ports, shipping and supply chains.
- The Water Security Network, launched in October 2020, will be helping cities to plan for and deliver best practice solutions on securing water supply and sustainably managing water in a changing climate.
- The C40 Knowledge Hub provides unique insights and expertly curated content geared specifically towards city decision makers and practitioners across a wide range of topics, as well

as AI-driven peer-to-peer connection, training and engagement tools. In 2020 alone, it has been visited by 111,000 users from over 200 countries and 9,500 municipalities.

- Since the onset of the COVID-19 pandemic, C40 also supported member cities in their response and recovery, while building on sustainability principles. The C40 peer sharing networks were quickly repurposed to enable rapid exchange of lessons learned and even direct support between cities, like personal protective equipment. For example, the food systems network normally focuses on city policies for healthy and low carbon food in places like schools. It quickly pivoted to helping cities share lessons on distributing sustainable food packages to the most vulnerable. The air quality and transport networks helped cities open up over 220km of new bike lanes. The building networks advised cities on how to generate jobs quickly through building retrofits. The waste networks helped cities provide for vulnerable residents and protect key workers across public services. The land use planning network turned its attention to identifying sites for virus testing and to repurposing buildings as hospitals and homeless shelters.

Goal 4: Remove barriers to action – key barriers to climate action are removed

- The C40 Cities Finance Facility (“CFF”), work undertaken substantially by C40 Cities UK, continues to support cities to access financial resources. In 2020, the initiative supported 20 projects in 17 cities with in-depth technical assistance and capacity development. In December 2020, the CFF was recognised as one of the winners of the United Nations Awards in the category of Financing for Climate Friendly Investment.
- The Financing Sustainable Cities Initiative (“FSCI”), also substantially undertaken by C40 Cities UK, helps cities accelerate and scale-up investment in sustainable urban solutions through capacity building, peer knowledge-sharing, and technical assistance, across clean energy, transportation and adaptation projects. From 2018-2020, the program has provided technical assistance to at least 25 C40 cities through six Finance Academies.
- The C40 Divest/Invest forum is a first-of-its-kind initiative to help urban leaders make the leap to effective and efficient divestment and accelerate green investment. The Forum is designed to support cities and their pension funds in developing Divest/Invest strategies. The new C40 declaration “Divesting from Fossil Fuels, Investing in a Sustainable Future”, launched in November 2020 and signed by 10 major C40 cities, champions fossil fuel-free, green finance as a key strategy for rebuilding equitable, sustainable urban economies and increasing resilience against future crises.

Goal 5: Provide global thought leadership, agenda-setting communications and world-class events

The pandemic has not stopped C40 Cities Network mayors from delivering on their world-leading climate ambitions. C40 mayors have continued to lead by example and set global standards, both with regards to climate crisis and the COVID-19 response and green & just recovery.

- In March 2020, the C40 Chair and Mayor of Los Angeles convened a **virtual meeting of 45 mayors and senior city leaders representing 360 million people across 31 countries** to share experiences on how to save lives and protect livelihoods during the COVID-19 pandemic.
- In April 2020, C40 mayors united to **launch the Global Mayors COVID-19 Recovery Task Force**, to rebuild our cities and economies in a way that improves public health, reduces inequality and addresses the climate crisis. The Task Force released a set of governing Principles for a Green and

Just Recovery from the pandemic, such as that recovery should not be a return to 'business-as-usual' - because that is a world on track for 3°C or more of over-heating, and that the recovery must address issues of equity.

- In July 2020, while C40 was supporting cities in their battle against the pandemic outbreaks, the mayoral Task Force started advocating for a **Green and Just Recovery Agenda**. It calls on national and regional governments, central banks and international finance institutions to support cities in their efforts by ensuring recovery and stimulus packages support a fair and sustainable transition.
- In October 2020, the **Case for a Green and Just Recovery report**, commissioned by the Mayoral Task Force mayors, provided decision-makers with more information on how stimulus packages may affect cities. It compared how urban greenhouse gas emissions, health and jobs could fare under a green and just recovery compared to a return to a scenario where the world opts to spend stimulus funding on a high-carbon recovery (see main findings opposite).
- In October 2020, the call for a green and just COVID-19 recovery became **Urban 20 (U20) cities' central message to the G20**. The U20 communique also made a strong call for G20 countries to increase ambition ahead of COP26 by "substantially reducing GHG emissions with the aim to collectively deliver the 50% global reduction required by 2030 and reaching carbon neutrality no later than 2050" through carbon-neutral cities and nature-based solutions, among others.
- In December 2020, to **honour the 5th anniversary of the Paris Agreement**, the City of Paris, with support from C40, organised a Zero Carbon Forum, with 30 international mayors speaking and over 800,000 viewers tuning in through online platforms. The Forum celebrated the role of cities in the implementation of the Paris Agreement, and the progress made since 2015, with C40 announcing that 54 cities are now on track to deliver the Paris Agreement. At the Climate Ambition Summit in London the next day, 75 countries presented new commitments on mitigation, adaptation and finance.
- At the end of 2020, **C40 launched the "Cities Race to Zero" campaign alongside committed partners**, which looks to enlist 1,000 cities to sign on to our target commitments as part of the multi-stakeholder Race to Zero initiative of the High-Level Climate Champions. In the lead up to the UN Climate Change Conference (COP26) in late 2021, Cities Race to Zero will be the biggest climate action pledge ever made by any group of governments.
- The **C40 Knowledge Hub COVID-19 Portal** and associated articles were viewed more than 65,000 times during 2020, representing approximately 20% of all site traffic for the year.

Fundraising

In 2020 all of C40 Cities UK's income was granted by C40 Cities Inc. C40 Cities UK does not currently and has no future plans to use third party fundraising organisations, nor does it carry out telephone or direct mail fundraising. C40 UK fundraising from external funders has been affected by Brexit. Some funders who previously funded C40 UK prefer to fund organisations based in the European Union. Organisations in the wider C40 network will now work with these funders.

C40 Cities Inc has a small global fundraising team focused on securing income to enable the C40 Cities Network globally to deliver its programmes for reducing climate change and its impacts.

Key management personnel remuneration

The C40 Cities UK Board approved a remuneration policy in 2017. The main objective of the remuneration policy is to attract, retain and reward talented staff and management by offering compensation that is

competitive within the sector. The intention of this is to motivate management to achieve C40 Cities UK's strategic objectives and encourage high levels of performance. Depending on the company's performance and financial position, and the level of inflation, the Management Team will aim to offer, at their discretion, an annual cost of living increase to staff salaries. Staff who are within the boundaries of their grade and have demonstrated good performance over the year may also be paid an additional sum over and above inflation. The Board is responsible for approving the budget, of which salaries form part, on an annual basis. Any annual salary award is made to staff effective 1 January each year. The Executive Director works globally and is employed by C40 Cities UK. His remuneration is set by the Trustees of C40 Cities UK in agreement with the Board of C40 Cities Inc.

C40 Cities UK approves all new compensation arrangements based on, to the extent reasonably available, information about compensation paid by similarly situated not-for-profit or charitable organisations, or organisations in comparable sectors for similar services, current compensation surveys compiled by independent firms, actual written offers from similarly situated organisations, and other relevant information.

Key management personnel are the Management Team listed on Page 13.

Plans for Future Periods

On January 1st of 2021, C40's new strengthened membership requirements or "Leadership Standards" went into effect, unanimously approved by the C40 Steering Committee.

The C40 Leadership Standards 2021-2024 are as follows:

- 1. Plan.** City has adopted a resilient and inclusive climate action plan aligned with the 1.5°C ambition of the Paris Agreement, and updates it regularly;
- 2. Deliver.** In 2024, city remains on track to deliver its climate action plan, contributing to increased resilience, equitable outcomes and halving C40's overall emissions by 2030;
- 3. Mainstream.** City uses the necessary financial, regulatory and other tools at their disposal to address the climate crisis and mainstreams their equitable climate targets into the most impactful city decision-making processes;
- 4. Innovate.** City innovates and starts taking inclusive and resilient action to address emissions beyond the direct control of the city government, such as associated with goods and services consumed in their city;
- 5. Lead.** Mayor and the city demonstrate global climate leadership and inspire others to act in support of the Paris Agreement.

The C40 Business Plan for 2021-2024 was launched at the same time, outlining how C40 staff will support our mayors to achieve these Standards. C40's aim is to support our cities as they implement their robust, science-based climate action plans which are aligned with the 1.5°C target of the Paris Agreement and prioritise increasing climate resilience and equity. If this is achieved, C40 cities will see emissions reductions consistent with halving their collective emissions by 2030.

The new C40 Business Plan reflects the immediate priorities of our mayors, building also on the Mayors' Agenda for a Green and Just Recovery, which translated the vision of the Global Green New Deal into the new context of the COVID-19 pandemic.

In the coming years, C40 will shift our in-depth regional resources to focus on the highest priority and highest impact climate actions in each region. When providing assistance, we will concentrate on our unique ability to support mayors in making the case for and enacting ambitious and sometimes difficult policies, by building coalitions of support and facilitating peer-to-peer knowledge exchange. We will also work to elevate the voices and impact of our mayors even further, thereby shifting the regional and global debate on how to drive increased ambition and action. We will support mayors to form coalitions with partners from business, labour, youth climate movements and wider civil society, and inspire more than 1,000 cities beyond C40's membership to commit to the same ambition and action. We will support our mayors as they seek to partner with national governments to accelerate action and meet science-based targets, and the finance and investment community around the world to stop funding things that make climate breakdown worse and instead catalyse the urgent and transformative change we need to avoid climate breakdown. We will help our mayors to use their strong track record domestically to bring hope, energy, best practices, and a universal narrative to others.

The delivery of the 2021-2024 Business Plan will be the priority of the C40 Cities Network in 2021, in particular supporting accelerated climate action implementation in cities, through best-practice sharing, and direct support in key areas such as building energy efficiency. C40 Cities UK will contribute to the delivery of the business plan described above.

Financial Review

Fund balance, income and expenditure

During 2020, C40 Cities UK received income of £7.2m (2019: £8.4m) and incurred £8.2m of expenses (2019: £7.6m). C40 UK income in 2020 was primarily in the form of a grant from C40 Inc. to deliver activities in the C40 Network business plan. C40 UK intentionally generated a loss of £1.0m in 2020. This had the effect of reducing the £1.7m of brought forward reserves to £0.7m of reserves by the year-end.

At 31 December 2020, C40 UK had total reserves of £0.7m. This was broken down into unrestricted reserves of £0.6m, and restricted reserves of £0.1m. This is in line with the board approved reserves policy.

Reserves and Investment Policy

Unrestricted reserves are available to be applied, at the discretion of the Trustees, to any of C40 Cities UK's charitable purposes. Restricted reserves are to be applied to the specific project intended by the donor.

Trustees seek to retain a prudent level of reserves from unrestricted income.

Trustees base their reserves policy on the identified needs to:

- Ensure sufficient working capital for the following months, particularly to provide against a failure to receive funds for the income in budget in a timely fashion.
- Mitigate the risk of unforeseen expenditure, in particular the need to embrace new initiatives and

opportunities when they arise, and which are not in budget.

- Support innovative programmes where they require a period of development and testing to prove their case.
- Maintain adequate funds to ensure an orderly winding down of discontinued operations.

C40 Cities UK is principally funded by restricted and unrestricted grants from C40 Cities Inc. C40 Cities UK requests and receives its grant income from C40 Cities Inc in sterling, and the majority of its expenditure is in sterling, so C40 Cities UK does not need to hold reserves against adverse movement in exchange rates.

C40 Cities Inc has committed to supporting C40 Cities UK in its statutory and contractual obligations to a maximum amount of £1 million for a period of two years from 22 May 2020 in order to permit an orderly wind-down.

Given the commitment it has received from C40 Cities Inc, the Trustees of C40 Cities UK require one month of total organisational expenditure to be kept as an unrestricted reserve. Based on the 2021 budget, C40 Cities UK seeks to hold unrestricted reserves in the region of £0.6m. As at 31 December 2020, unrestricted reserves were £0.6m, and the cash balance was £1.0m

Trustees believe that unrestricted reserves, being in line with the reserves policy, stand at a satisfactory level.

Cash held on deposit

C40 Cities UK holds an interest-bearing bank account, and grant funds received from C40 Cities Inc in advance of expenditure are occasionally placed on deposit.

Structure, Governance and Management

Governing Document

The organisation is a charitable company limited by guarantee, incorporated on 29 September 2016 and registered as a charity on 22 May 2017. The company is governed under its Memorandum and Articles of Association. In the event of the company being wound up, members are required to contribute an amount not exceeding £1.

Member

The sole Member of C40 Cities UK is C40 Cities Climate Leadership Group Inc. ("C40 Cities Inc"), a non-stock, non-profit corporation registered in the state of Delaware, that is exempt from federal income tax under section 501(c)(3) of the US Internal Revenue Code. C40 Cities Inc is at the centre of a network of over 90 of the world's megacities committed to addressing climate change. The mayors of C40 Cities Inc's member cities elect representatives to a Steering Committee, which sets the strategic direction of C40 Cities Inc and elects C40 Cities Inc's Chair from its members. Los Angeles Mayor, Eric Garcetti, is currently the Chair of C40 Cities Inc's Steering Committee. C40 Cities Inc also has a Board of Directors, made up of independent individuals representing various C40 partners, which oversees its governance and management. Michael R. Bloomberg, founder of Bloomberg LP & Bloomberg Philanthropies, and former Mayor of New York City is the President of the C40 Cities Inc Board of Directors.

Charity Activities

The charity's income is comprised of donations from funders, primarily C40 Cities Inc. C40 Cities Inc is funded by unrestricted grants from its three strategic funders, Bloomberg Philanthropies, Children's Investment Fund Foundation (CIFF) and Realdania, and by restricted grants both from its strategic funders and a variety of other funders.

Recruitment and Appointment of the Trustees

The Directors of the company are also charity Trustees for the purposes of charity law. Under the charity's Articles of Association, Trustees are appointed by the sole member, C40 Cities Inc. Trustees serve until the fourth Annual Retirement Meeting after their appointment, when they can be reappointed for an indefinite number of terms – however, we would expect Trustees to serve for no more than two terms, and we will plan succession on that basis.

During the period, all Trustees gave their time on a voluntary basis and they did not receive any benefits from the charity.

Trustee Induction and Training

A Trustee induction is carried out for all new Trustees, covering the purpose of the charity, a review of the charity's governing documents, policies and procedures, and the roles and responsibilities of Trustees, including the Trustees' duty to act at all times in the interests of the charity and the Trustees' duty to avoid conflicts of interest. The Trustee induction includes meetings with senior staff. Trustee training is provided, most recently in March 2019.

Trustees are experienced in their fields, and were selected based on their varied skills sets, including climate change, fundraising, international operations, finance and charity governance. We are pleased to highlight the gender diversity of the Board, being 75% female leadership.

The Trustees are aware of and endeavour to comply with the Charity Governance Code. In particular, there is close coordination between the Trustees and senior management to ensure the effective management of the charity. The Trustees act with integrity and care, complying with a Code of Conduct and conflict of interest policy. Trustees manage risk through C40's risk register that is regularly reviewed by the Trustees.

Trustee Meetings

Trustees met formally three times during the period, at which meetings they approved a revised Safeguarding Policy, reviewed the Risk Register, approved the charity's 2019 Annual Report and Accounts for the period ending 31 December 2019 approved the 2021 budget, approved grant income, approved the charity's contribution to the C40 Cities Network's global 2021-2024 Business Plan, and received reports from the Executive Director on the C40 Cities Network's global progress against its goals. Trustees receive updates on the charity's activities and delivery and those of the wider network between meetings as appropriate. Trustees also reviewed the management accounts against budget at each meeting.

Trustees and staff interact regularly between meetings: specifically, the Executive Director speaks with the Chair on a frequent basis; and the Director of Corporate Services and Deputy Executive Director speak with Board members in advance of each Board meeting.

Delegated Management

Executive management is delegated to the Executive Director, who is also the Executive Director of C40 Cities Inc, and to a global Management Team which includes employees of both C40 Cities UK and C40 Cities Inc. The members of the Management Team during the period were:

Executive Director	Mark Watts
Deputy Executive Director	Kevin Austin
Director of Corporate Services	Juliette Carter
Director of Governance & Global Partnerships	Andrea Fernandez
Director of Regions	Simon Hansen
Director of Global Initiatives	Shannon Lawrence
Director of Communications	H�rve Marro (left August 2020)
Director of International Diplomacy	David Miller
Director of Governance	Anna Beech

Mark Watts, Kevin Austin, Juliette Carter, Andrea Fernandez, Shannon Lawrence and Anna Beech are employed by C40 Cities UK. Simon Hansen, H rve Marro and David Miller are employed directly or indirectly by C40 Cities Inc.

Principal risks and uncertainties

C40 Cities Inc maintains a global Risk Register in relation to the C40 Cities Network, as well as a C40 Cities UK specific risk register. Each risk and its mitigating action are owned by a member of the Management Team, who discuss and review the risks as required at quarterly meetings, and the register is reviewed formally on a monthly basis. The mitigating actions are put into place to reduce the likelihood or impact of any detrimental events.

The Trustees consider the key risk facing C40 Cities UK is the high concentration of funding received from C40 Cities Inc. To mitigate this risk, a Cooperation Agreement between C40 Cities Inc and C40 Cities UK is in place to record their ongoing relationship to strengthen their joint efforts in the service of environmental issues and to promote joint working between the parties.

With regard to Brexit, which took place on 31 January 2020, the impact on the charitable purposes of C40 Cities UK has been largely mitigated by the registration of C40 Denmark in August 2019 allowing the C40 Cities Network to continue to benefit from European Union (EU) funding which will no longer be available to C40 Cities UK. During the November 2019 board meeting, the C40 Cities UK Board approved C40 Cities UK to become a member of C40 Denmark. The Board also approved Kevin Austin, Deputy Executive Director as representative of C40 Cities UK to C40 Denmark. Any future funding received from the European Union will be received by C40 Denmark. The risk posed by Brexit relating to staff from mainland Europe employed by C40 Cities UK has also been mitigated by the EU Settlement Scheme, under which EU nationals who are living in the UK prior to the Brexit date can apply and will be granted a settled or pre-settled status depending on the length of their residence in the UK. Where staff may be hired from mainland Europe after the Brexit date, they will be required to apply for European Temporary Leave to Remain, followed by an application under the new immigration system, potentially requiring employer's sponsorship. C40 Cities UK will assess each case as it arises.

On 11 March 2020, the World Health Organization declared the outbreak of Coronavirus COVID-19 a pandemic. Most global governments took restrictive measures to contain the spread of the virus, including: isolation, quarantine, restricting the free movement of people, closure of public and private premises (except those of basic necessity and health), closure of borders and a significant reduction in air, sea, rail and land transport. The COVID-19 pandemic had a limited operational impact on C40, as employees continued to operate effectively from home. There was an impact on the number of face-to-face meetings C40 Cities UK could run, including workshops and conferences, but many of these meetings moved to be run virtually.

The Trustees have also considered the impact of COVID-19 on the entity's ability to continue as a going concern though cash flow forecasts up to 30 June 2022. These forecasts have been prepared on a downside basis with the key assumption being that there is no growth in the current funding arrangements. Further details are set out in note 1. COVID-19 is not considered to have a material impact on these forecasts and therefore the entity's ability to continue as a going concern. The Trustees of C40 Cities UK, having considered its current funding arrangements and the status of the discussions for the next funding cycle, believe it is appropriate to prepare the accounts on a going concern basis.

The Trustees report, which incorporates the strategic report was approved by the Board of Trustees on 10 May 2021 and signed on its behalf by:



Antha Williams

Chair

Statement of Trustees' Responsibilities in Respect of the Trustees' Annual Report and the Financial Statements

The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law they have are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the income over expenditure for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



Independent auditor's report to the members of C40 Cities Climate Leadership UK

Opinion

We have audited the financial statements of C40 Cities Climate Leadership UK ("the charitable company") for the year ended 31 December 2020 which comprise the Statement of Financial Activities, Balance Sheet and Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the charitable company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The trustees have prepared the financial statements on the going concern basis as they do not intend to liquidate the charitable company or to cease its operations, and as they have concluded that the charitable company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the trustees' conclusions, we considered the inherent risks to the charitable company's business model and analysed how those risks might affect the charitable company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the trustees' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the charitable company will continue in operation.



Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud.

Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the charitable company’s high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Trustee Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent income recognition is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of the Company-wide fraud risk management controls

We also performed procedures including:

- Inspecting grant agreements to determine if income has been recognised in line with accounting policy
- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual income and cash related accounts.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the charitable company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation and the Charities SORP), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the charitable company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most



likely to have such an effect: health and safety, anti-bribery, employment law, regulatory capital and liquidity and certain aspects of charitable company legislation recognising the nature of the charitable company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The trustees are responsible for the other information, which comprises the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Trustees' Annual Report, which constitutes the strategic report for the financial year, is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- the charitable company has not kept adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.



Trustees' responsibilities

As explained more fully in their statement set out on page 15, 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing 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 they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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

Lynton Richmond

(Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

17th May 2021

C40 Cities Climate Leadership UK
Statement of Financial Activities (including Income and Expenditure) for the year ended 31
December 2020

		Unrestricted	Restricted	Total	Total
		2020	2020	2020	2019
		£'000	£'000	£'000	£'000
	Notes				
Income from:					
Donations		4,633	2,527	7,160	8,411
Other income		4	-	4	9
Total Income	3	<u>4,637</u>	<u>2,527</u>	<u>7,164</u>	<u>8,420</u>
 Expenditure on:					
Raising funds		-	-	-	35
Charitable activities		4,875	3,356	8,231	7,587
Total Expenditure	5	<u>4,875</u>	<u>3,356</u>	<u>8,231</u>	<u>7,622</u>
 Net (expenditure) / income for the year		(238)	(829)	(1,067)	798
 Reconciliation of funds					
Total funds brought forward		821	912	1,733	935
Total funds carried forward		<u>583</u>	<u>83</u>	<u>666</u>	<u>1,733</u>

C40 Cities Climate Leadership UK
Balance Sheet at 31 December 2020

		2020	2019
		£'000	£'000
Fixed Assets	Note		
Tangible Assets	7	1	3
Current Assets			
Debtors	8	155	388
Cash at Bank and in Hand		<u>1,001</u>	<u>1,849</u>
		1,156	2,237
Current Liabilities			
Creditors	9	<u>(491)</u>	<u>(507)</u>
Net Current Assets		<u>665</u>	<u>1,730</u>
Total Net Assets		<u>666</u>	<u>1,733</u>
Represented by:			
Funds and reserves			
Restricted funds	11	83	912
Unrestricted funds	11	<u>583</u>	<u>821</u>
Total funds		<u>666</u>	<u>1,733</u>

These financial statements were approved by the Board of Trustees on 10th May 2021 and were signed on its behalf by:



Antha Williams, Chair of Trustees

C40 Cities Climate Leadership UK
Statement of cash flows for the year ended 31 December 2020

	2020 £'000	2019 £'000
Cash flow from operating activities:		
Net (expenditure) / income for the year	(1,067)	798
<i>Adjustment for:</i>		
Depreciation and amortisation charge	2	7
Decrease / (Increase) in debtors	233	(184)
(Decrease) in creditors	(16)	(2,230)
Net cash absorbed by operating activities	(848)	(1,609)
Change in cash and cash equivalents in the year	(848)	(1,609)
Cash and cash equivalents at the beginning of the year	1,849	3,458
Cash and cash equivalents at end of the year	1,001	1,849

C40 Cities Climate Leadership UK**Notes forming part of the financial statements for the year ended 31 December 2020****1) Basis of accounting and going concern**

The financial statements have been prepared on the basis of historical cost in accordance with applicable accounting standards in the United Kingdom, the Companies Act 2006 and the Charities Act 2011. These financial statements are prepared in accordance with the Accounting and Reporting by Charities Statement of Recommended Practice (SORP 2015) under FRS 102 accounting framework.

The trustees have assessed whether the use of the going concern basis is appropriate. C40 Cities UK's funding for its expenditure is provided by a number of grants, the most important of which are provided by C40 Cities Inc. C40 Cities UK and C40 Cities Inc work to joint operational plan in order to fulfil a common set of objectives. C40 Cities UK therefore has a reasonable expectation that funding will continue to flow from C40 Cities Inc to enable these objectives to be achieved. There is no competition between the two entities and others in the group for sources of finance. C40 Cities Inc is considered to be a going concern on the basis that adequate funding agreements with Strategic Funders are either in place or have been pledged to cover the current Business Plan period, being 2021-2024..

On 11 March 2020, the World Health Organization declared the outbreak of Coronavirus COVID-19 a pandemic. Throughout 2020, most global governments took restrictive measures to contain the spread of the virus, including: isolation, quarantine, restricting the free movement of people, closure of public premises, closure of borders and a significant reduction in air, sea, rail and land transport. The trustees consider that COVID-19 will not have a material impact on the ability of the Strategic Funders to make grants to C40 Cities Inc and in turn C40 Cities UK due to their size and the level of reserves in place. C40 Cities UK has seen some operational impacts from COVID-19, due to reduced ability for staff to travel and hold face-to-face meetings with member city governments. Despite this, C40 Cities UK has continued to operate effectively with employees working from home. The pandemic has been particularly prevalent in large cities and therefore provides C40 Cities UK with additional opportunities to work with key targets.

The trustees have assessed cash flow forecasts up to 30 June 2022 which show that C40 Cities UK can meet its liabilities as they fall due. These forecasts have been prepared on a downside basis with the key assumption being that there is no growth in the current funding arrangements. COVID-19 is not considered to have a material impact of these forecasts, and therefore the entity's ability to continue as a going concern. In the event that future funding is not available to allow C40 Cities UK to continue with its activities, C40 Inc has undertaken to provide unconditional and irrevocable financial support, either in the form of a grant or another form, to the value of GBP 1m to permit an orderly wind-down. The forecast used to assess the going concern basis of preparation does not rely on these arrangements. The trustees of C40 Cities UK, having considered its current funding arrangements and the status of the discussions for the next funding cycle, believe it is appropriate to prepare the accounts on a going concern basis.

A summary of the principle accounting policies, which have been applied consistently, is set out below.

2) Accounting policies**a) Income**

Income is included in the Statement of Financial Activities when the charity is entitled to the income, the income is probable and the amount can be quantified with reasonable accuracy. Grant income is recognised when it becomes due in accordance with the grant agreements.

b) Expenditure

Expenditure is accounted for on an accruals basis.

Expenditure on fundraising includes the salaries of the fundraising staff and the direct costs associated with generating income. No support costs or overheads are allocated to expenditure on fund raising since the amounts would be immaterial.

C40 Cities Climate Leadership UK**Notes forming part of the financial statements for the year ended 31 December 2020**

Expenditure on charitable activities includes direct expenses incurred on the defined goals of the charity and attributable support costs including overheads. The basis of allocation of support costs is the proportion of C40 global staff costs spent on each of the goals of the charity. Support costs include governance costs such as legal and audit costs associated with meeting constitutional and statutory requirements.

c) Fund accounting

Unrestricted funds are used at the discretion of the trustees for the furtherance of the general objects of the charity.

Designated funds are unrestricted funds which have been set aside by the trustees for specific purposes or projects.

Restricted funds are those funds that have restrictions imposed by donors and can only be used for those purposes. They are not available for any other work than that specified by the donor.

d) Accounting estimates

An accounting estimate was used in the valuation of income received in kind, relating to the office space and associated services provided to the charity by Bloomberg L.P. The estimation technique used was based on the costs per square foot derived from local rental costs. The amount recognised reflects the value of the gift to the charity.

e) Tangible fixed assets

Tangible fixed assets, comprising computers and other equipment, are stated at cost less accumulated depreciation. Assets are depreciated on a straight-line basis over an estimated useful economic life of three years. Assets less than £1,500 are not capitalised.

f) Taxation

C40 Cities UK is a registered charity and is therefore not liable for corporation tax derived from its charitable activities as it falls within the exemptions available to registered charities. VAT, which is irrecoverable, is included within expenditure.

g) Pension

C40 Cities UK makes payments into a defined contribution pension scheme. The pension costs are allocated to activities and between restricted/unrestricted funds according to where the related staff costs are allocated.

C40 Cities Climate Leadership UK**Notes forming part of the financial statements for the year ended 31 December 2020****3) Income from donations**

The charity's donations total is comprised solely of donations from C40 Inc, Bloomberg LP and Climate-KIC.

	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	2020	2020	2020	2019	2019	2019
	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
Grant income	3,900	2,527	6,427	3,788	3,856	7,644
In-kind income	733	-	733	767	-	767
	4,633	2,527	7,160	4,555	3,856	8,411

Further information about the grant income from C40 Inc can be found in the Related Parties note 13.

4) Donated goods and services

C40 Cities UK receives in-kind income in the form of office space and associated services from Bloomberg LP. The accounting policy in relation to this is in note 2 d) Accounting estimates. See also related party disclosure in note 13.

	Direct costs	Allocation of support costs	Total	Total
5) Expenditure	2020	2020	2020	2019
	£ '000	£ '000	£ '000	£ '000
Goal 1: Engage Mayoral leadership	766	90	856	783
Goal 2: Support Cities to prepare robust climate change inventories, targets and plans	1,345	569	1,914	1,772
Goal 3: Accelerate action through peer-to-peer exchange and direct support	1,922	630	2,552	2,198
Goal 4: Remove barriers to city climate action	1,068	115	1,183	1,168
Goal 5: Provide global thought leadership, agenda-setting communications and world class events	1,326	400	1,726	1,667
	6,427	1,804	8,231	7,588

Support costs above include:

	2020	2019
	£ '000	£ '000
Governance costs:		
Audit costs	13	27
Legal costs	56	18
Total	69	45

C40 Cities Climate Leadership UK**Notes forming part of the financial statements for the year ended 31 December 2020****6) Staff costs, trustee remuneration and expenses and costs of key management personnel**

a) Staff costs comprise:	2020	2019
	£ '000	£ '000
Wages and salaries	6,136	4,547
Social security costs	639	500
Pension costs	268	203
Other staff costs	52	-
	<u>7,095</u>	<u>5,250</u>

The average number of employees during the year was as follows:

2020	2019
No.	No.
115	90

C40 Cities UK made termination payments totalling £6,379 in 2020 (2019: Nil).

Employee benefits, excluding employer pension costs and employer's NI, of higher paid staff within the following scales were:

	2020	2019
£60,000 - £69,999	4	10
£70,000 - £79,999	7	3
£80,000 - £89,999	3	1
£90,000 - £99,999	1	1
£100,000 - £109,999	1	2
£110,000 - £119,999	2	-
£120,000 - £129,999	-	-
£130,000 - £139,999	-	-
£140,000 - £149,999	-	1
£150,000 - £159,999	1	-
£160,000 - £169,999	-	-
£170,000 - £179,999	1	1

As outlined in note 13, C40 Cities UK and C40 Inc are aligned with their charitable aims, and staff work in the pursuit of these aims. The disclosure in this note relates to staff who are employed by C40 Cities UK.

None of the charity's trustees were paid or received any other benefits during the year, nor were any expenses reimbursed.

The total employee benefits received by key management personnel during the year were £767,939.

C40 Cities Climate Leadership UK
Notes forming part of the financial statements for the year ended 31 December 2020

7) Tangible assets	Total	
	£ '000	
Cost		
At 1 January 2020	6	
Additions	-	
At 31 December 2020	<u>6</u>	
Depreciation		
At 1 January 2020	3	
Charge for the year	2	
At 31 December 2020	<u>5</u>	
Net book value		
At 31 December 2020	<u>1</u>	
At 31 December 2019	<u>3</u>	
8) Debtors	2020	2019
	£ '000	£ '000
Trade debtors - donations receivable	-	170
Prepayments	38	42
Due from other C40 entities	113	173
Sundry debtors	4	3
Total debtors	<u>155</u>	<u>388</u>
9) Creditors	2020	2019
	£ '000	£ '000
Trade creditors	66	197
Accruals	233	172
PAYE and National Insurance	192	138
Total creditors	<u>491</u>	<u>507</u>

C40 Cities Climate Leadership UK
Notes forming part of the financial statements for the year ended 31 December 2020

10) Restricted funds

Restricted funds are those funds that must be used in accordance with donors' wishes.

AXA Group	These funds are restricted to the Infrastructure Interdependency project.
C40 Inc	These funds are an allocation of amounts granted to C40 Inc for work carried out by C40 Cities UK, and are restricted to the terms of the original grant agreements between C40 Inc and its funders.
Climate KIC	These funds are restricted to the following projects: Reinventing Cities, Lower Emissions Economy Partnership and Circular Economy.
L'Oréal	These funds are restricted to the Women4Climate project.
Michelin Foundation	These funds are restricted to the Women4Climate project.

	Balance at 1 Jan 2020	Income 2020	Expenditure 2020	Balance at 31 Dec 2020
	£ '000	£ '000	£ '000	£ '000
Restricted funds:				
AXA Group	12	-	(2)	10
C40 Inc	624	2,600	(3,151)	73
Climate KIC	-	(73)	73	-
L'Oréal	256	-	(256)	-
Michelin Foundation	20	-	(20)	-
	912	2,527	(3,356)	83

11) Analysis of net assets between funds

	Unrestricted funds 2020 £ '000	Restricted funds 2020 £ '000	Total 2020 £ '000	Total 2019 £ '000
Fund balances at 31 December 2020 are represented by:				
Tangible Fixed Assets	1	-	1	3
Current assets	873	283	1,156	2,237
Creditors: amounts falling due within one year	(291)	(200)	(491)	(507)
Total net assets	583	83	666	1,733

12) Liability of member

The liability of the member is limited to £1.

C40 Cities Climate Leadership UK
Notes forming part of the financial statements for the year ended 31 December 2020

13) Related Parties

The sole member of C40 Cities Climate Leadership UK (C40 Cities UK) is C40 Cities Climate Leadership Group Inc (C40 Inc), a non-stock, non-profit corporation registered in the state of Delaware (registered address: 120 Park Avenue, 23rd Floor, New York, NY 10017, USA). C40 Cities UK and C40 Inc have common global goals which all staff work towards. A memorandum of understanding outlines how the two entities work together towards these shared charitable aims.

One of the trustees of C40 Cities UK is also a Director of C40 Inc. During the year, C40 Cities UK received grant income from C40 Inc totalling £6,500,000, being £3,900,000 unrestricted grant income and £2,600,000 restricted grant income. All the grant income was received in cash. The grant income received from C40 Inc represents 91% of total income.

As identified in note 3, C40 Cities UK received income in kind in relation to office space and associated services from Bloomberg LP. Bloomberg Philanthropies is a donor of C40 Inc.

There were no other related party transactions.