



C40 Cities Climate Leadership UK

(C40 Cities UK)

(A company limited by guarantee)

Report and Financial Statements for the year ended 31 December 2024

Charity number 1173124

Company number 10401717

C40 Cities Climate Leadership UK

Report and Financial Statements
For the year ended 31 December 2024

Contents

Page	
2	Reference and administrative information
3-12	Director's report
13-16	Independent auditor's report to the members of C40 Cities Climate Leadership UK
17	Statement of Financial Activities
18	Balance Sheet
19	Statement of cash flows
20-28	Notes to the financial statements

C40 Cities Climate Leadership UK

Report and Financial Statements
For the year ended 31 December 2024

Charity name	C40 Cities Climate Leadership UK
Principal and registered office	44 Featherstone Street, London, EC1Y 8RN
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
Krishna Patel (appointed 14 March 2024)

Company Secretary	Juliette Carter
Chief Executive	Mark Watts
Auditor	HaysMac LLP, 10 Queen Street Place, London, EC4R 1AG
Solicitor	Bates Wells Brathwaite, 10 Queen Street Place London, EC4R 1BE
Banker	NatWest Bank, 94 Moorgate, London, EC2M 6UR

Report of the Directors for the year ended 31 December 2024

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 2024.

The accounts (financial statements) have been prepared in accordance with the *Statement of Recommended Practice (second edition): 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)* effective 1 January 2019, 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 2019.

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 heating 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 climate breakdown, 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 Trustees of C40 Cities UK believe that operating as part of the broader C40 network and adopting the strategy set by C40 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 network around the world and with other partner organisations in order to achieve its charitable objectives (which are global in nature). The Trustees of C40 Cities UK continue to consider that operating as part of this network is in the charity's best interests, having contributed to and considered C40's 2021-2024 Business Plan which C40 Cities UK has worked towards during the last financial year.

Our mission is to help the world avoid climate breakdown. Our cities are working to halve their collective emissions by 2030, while improving equity, building resilience, and creating the conditions for everyone, everywhere to thrive. The change required can be delivered by supporting mayors to work alongside a broad coalition of representatives from labour, business, the youth climate movement, and civil society to go further and faster than ever before, by gaining support for climate action and ensuring a just transition to net zero.

C40 sectoral and thematic networks bring together city officials from across our seven regions, who have a common purpose of addressing the climate emergency. These exchanges of knowledge and sharing of best practice help cities respond and accelerate, avoid mistakes and delays, and implement fairer and more impactful climate actions to meet Paris Agreement goals.

C40 also supports groups of cities, within one country or region, to implement high-impact policies and projects through regionally tailored programmes. These programmes offer mayoral engagement, technical support, peer-to-peer engagement, and capacity building. Our regional delivery structure better enables C40 to leverage relationships between peer cities and technical and financial partners regionally, as well as globally, and to be more responsive to local context, priorities, and needs. Regional engagement is also supported by the leadership of our Vice Chairs on the Steering Committee, who unite and amplify regional mayoral voices.

A distinguishing feature of C40 is that it operates on performance-based requirements, not membership fees. C40 member cities earn their membership through action. C40's Leadership Standards set the minimum requirements for all member cities and ensure the integrity of C40 as a network of climate leaders. Consequently, by being part of the network C40 Cities UK is able to hold itself to a set of external standards and be held to account for its work towards its charitable purposes by its regulators, the public and by the C40 network.

The C40 Leadership Standards are reflected in the Business Plan 2021 - 2024 which establishes five requirements for each city in the C40 Cities Network, which the trustees of C40 Cities UK decided to adopt and agree to in 2021. C40 Cities UK's contribution to that business plan is set out below ('Achievements and Performance').

Achievements and Performance

In 2024, C40 continued to focus its work strategically around two main missions, to position itself strategically and deliver more effectively in the evolving geopolitical and economic context:

- Help get the world off fossil fuels to halt climate breakdown, in particular by halving fossil fuel use in cities by 2030.
- Address the impacts and injustices of climate breakdown, focusing on increasing equity and climate resilience in cities.

Based on the needs of C40 member cities and the geopolitical context we work in, C40's 2024 sub-missions are critical to be able to deliver its two main missions. The critical work that C40 does in support of science-based, urban climate action is broader than these sub-missions. But they help define the main cross-organisational focuses, for a given period, to leverage policy and advocacy resources across C40 to build public support and social acceptance for local climate action. The four sub-missions are:

1. Winning the case that fossil gas is nearly as bad as coal.
2. Delivery of zero-emission areas in cities.
3. Unlock investment and finance for city climate projects.
4. Advance delivery of 50 million good green jobs by 2030.

These missions, sub-missions and Leadership Standards have been reviewed and updated in light of C40's more ambitious and focused vision for the **2025-30 Business Plan**.

In 2024, our mayors united in favour of stronger climate justice by pushing back against continued fossil fuel expansion and calling for subnational integration into Nationally Determined Contributions, through CHAMP (The Coalition for High Ambition Multilevel Partnerships), endorsed by 74 countries representing 36% of global emissions. In previous years, our work has led to 1,143 cities, home to almost 10% (722M) of the world's population committing to emission reductions consistent with 1.5°C ambition of the Paris Agreement.

Throughout 2024, C40 Cities UK contributed towards the progress of the C40 network towards the five goals for each city set out in the **C40 Cities Network 2021 – 2024 Business Plan**:

1. Plan: *Supporting cities to develop ambitious climate action plans*

As a membership requirement, all C40 cities must continually develop their climate action planning efforts. This includes ensuring that plans are timely (updated at least every five years) and respond to the latest recommendations of integrity and robustness. C40 reviews all member city plans for alignment with its frameworks.

Karachi, Dhaka North, Dhaka South, Delhi, Ho Chi Minh, Ekurhuleni, Tel Aviv completed their first net zero aligned Climate Action Plans (CAPs) in 2024, demonstrating the impact of C40's technical assistance and CAP review feedback to cities.

Throughout 2023, in consultation with advisory cities, C40 developed the new Cities Climate Transition Framework (CCTF) as the first framework for city climate action that responds to the UN Secretary General's call for Non State Actors to demonstrate integrity, transparency and accountability on their net zero climate commitments. In 2024, Paris and Stockholm participated in C40's pilot of the new 'Cities Climate Transition Framework' - the new cornerstone framework for Climate Action Planning - and their CAPs are the first to meet this new leadership level.

2. Deliver: *Supporting cities to deliver high-impact actions*

C40 supports cities to deliver on their climate action plan, focusing on rapid, transformative climate action across key sectors.

High Impact Actions (HIAs)

The number of High-impact actions delivered by C40 cities has tripled over the last 10 years. C40 cities have implemented 1,200 high-impact actions and are progressing 1,172. However, cities need to at least nearly triple the pace of implementation by 2030.

Establishing Net Zero Carbon Buildings, Clean Construction & Clean Energy

In May 2024, New York City broke ground on a US \$200 million key initiative aiming to protect the city against projected sea level rise and extreme weather events. The project will ultimately protect 100,000 residents and 300,000 existing jobs, while creating 400 good, green jobs in the construction process. It is one part of the city's multibillion dollar coastal resilience efforts. The project prioritises on-site reuse of existing materials, where possible, and will use construction equipment that minimises noise and air pollution.

Transforming City Streets

Mexico City, a signatory of the C40 Green & Healthy Streets Accelerator is charging ahead with its ambitious shift to sustainable public transport, tackling the challenge of fossil fuel dependence head-on. Through a groundbreaking collaboration, the city developed its first-ever technical guidelines for electric buses and trolleybuses, providing a clear roadmap for the transition.

Planning and Designing Sustainable Cities

C40 worked in partnership with the Greater London Authority to deliver a challenge inviting young Londoners to develop their city as one where everyone thrives, equipping the next generation of professionals with the skills and tools to take bold climate action and learn about sustainable urban planning. 650 young people from over 40 schools, colleges and universities presented their vision and ideas to transform London's built environment. University students were tasked with redesigning the Pool of London - an area defined as a 'Key Area of Change' in London's City Plan for 2036 - into a greener, more accessible and thriving commercial hub. Meanwhile, school children used Minecraft Education to reimagine their city, with entries feeding into the development of priorities for the next London Plan as part of the Planning for London program.

Improving Air Quality

Madrid and Barcelona – two signatory cities to the C40 Clean Air Accelerator – in 2024 achieved their best air quality levels since records began, thanks to effective and inclusive air quality actions implemented by their local governments.

Other delivery initiatives include, Reducing Waste & Improving Collection; Strengthen Urban Food Systems; Creating Climate Resilience; and Improving Access to Finance for Cities.

3. Mainstream: *Cities Mainstream*

As a membership requirement, all C40 cities use the necessary governance structures, financial, regulatory and other tools at their disposal to address the climate crisis and mainstream their equitable climate targets into the most impactful city decision-making processes.

Across all regions, C40 cities are taking action to mainstream climate in their master plans, sectoral plans, financial allocations, city procurement processes and governance systems,

financial planning and budgeting structures and processes in an inclusive and equitable way.

For example, Mayor of London and C40 Co-Chair Sadiq Khan has announced a new £100 million fund to accelerate decarbonisation through energy efficiency and clean energy solutions, towards the city's ambitious target to reach net zero by 2030. The London Efficient and Decentralised Generation of Energy Fund is a partnership with Sustainable Development Capital LLP (SDCL), a leading investor in low-carbon infrastructure, and marks a key milestone in leveraging private investment for London's Green Finance Fund (part of the city's Climate Finance Facility). Mayor Khan says that "the fund will support hundreds of companies as we build a better, cleaner and greener London for all."

4. Innovate: *Cities innovate*

Across all regions, C40 cities are taking action to reduce emissions from urban consumption, both within and beyond city boundaries. This offers new opportunities for cities to address inequalities and secure a better future with improved benefits such as air quality, health and wellbeing, jobs, affordability and resilience.

C40 cities are demonstrating this, through C40's networks and accelerators such as Clean Construction, Good Food Cities and Green and Healthy Streets. They are scaling solutions and improving urban services such as affordable and low-carbon housing, offering healthy, plant-rich meals in municipal schools, providing sustainable public transport, and working with businesses to drive innovation and provide low-carbon options.

C40 supported Barcelona and Glasgow (a non-C40 member city) in exploring and implementing interventions through policy, power and partnerships to reduce greenhouse gas emissions and support greater health and wellbeing for all.

Glasgow City Council held workshops to bring together staff and local partners to better understand how to develop local solutions to address vulnerability to socioeconomic and climate shocks. This collaborative process ultimately laid the foundation for a programme which supports community-led climate action to address interconnected environmental and social challenges.

5. Lead: *Cities Lead*

In 2024, C40 cities worked together to positively influence the G20 Presidency through the Urban 20 engagement group of the G20, co-convened by C40 and United Cities and Local Government (UCLG). This ensured the voice of mayors and actions of cities was heard in the United Nations Framework Convention on Climate Change (UNFCCC) negotiations in priority areas for cities, including on the just transition work programme, in the operationalisation of the loss and damage fund, and recognition of the key role cities play as implementors of climate action.

Governance

C40 is governed by a Steering Committee of mayors, elected by their peers to represent the geographical diversity of the network. The current Co-Chairs of C40 are Mayor of London, Sadiq Khan and Mayor of Freetown, Yvonne Aki-Sawyerr. As the elected leaders of the C40 organisation, the Co-Chairs play a key role in raising the bar on climate ambition around the world and advocating for the role of cities in addressing the climate crisis. The C40 Board of Directors provides operational oversight to C40. The President of the Board, appointed by the longest serving Co-Chair of C40, is Michael R. Bloomberg, former Mayor of New York City. C40 Cities Climate Leadership Group, Inc. is a Delaware incorporated, non-

stock, non-profit corporation registered in the United States and is C40's main operating entity. C40 also has registered offices in the UK, Belgium, Denmark, South Africa, India and China.

The Governance structure of C40 UK is described on Page 9. Key management personnel are the Management Team listed on Page 10.

Financial Review

Fund balance, income, and expenditure

During 2024, C40 Cities UK received income of £13.9m (2023: £13.0m) and incurred £14.2m of expenses (2023: £11.8m). C40 Cities UK's income in 2024 was predominantly in the form of a grant from C40 Inc to deliver activities in the C40 Network business plan.

As a result, C40 Cities UK generated a net deficit of £0.3m in 2024, which reduced the £3.1m brought forward reserves to £2.8m of reserves by the year-end. This comprises unrestricted reserves of £3.0m, and restricted reserves of (£0.2m). 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 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 14 May 2025 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 2025 budget, C40 Cities UK seeks to hold unrestricted (free) reserves in the region of £1.0m. As at 31 December 2024, C40 Cities UK holds unrestricted reserves of £3.0m, and a cash balance of £5.5m.

Trustees believe that the reserves policy has been complied with as unrestricted reserves exceed the minimum requirement.

Cash held on deposit

C40 Cities UK holds an interest-bearing bank account, and grant funds received from C40 Cities Inc are held within that account.

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. The Mayor of London, Sadiq Khan, 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 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.

C40 UK does not fund raise from the general public and therefore, no complaints have been received in relation to fund raising.

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, the most recent one was held in March 2025.

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 50% 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 Cities UK's risk register that is regularly reviewed by the Trustees.

Trustee Meetings

Trustees met formally two times during the year, at which meetings they received reports from the Executive Director (overview of the 5 year strategy), Managing Director of Corporate Services (operational issues) and the Chief Financial Officer (Quarterly Financial Report); reviewed the risks and mitigation plans in the Risk Register; approved the charity's 2023 Annual Report and Accounts for the year ended 31 December 2023; and approved the 2025 budget along with grants from C40 Inc. 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 Managing Director of Corporate Services speaks 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
Managing Director of Corporate Services	Juliette Carter
Managing Director, Climate Finance, Knowledge and Partnerships	Andrea Fernandez
Managing Director of Regions and Mayoral Engagement Jan 2024)	Hastings Chikoko (resigned
Managing Director of Regions and Mayoral Engagement Feb 2024)	Shruti Narayan (appointed
Managing Director of Climate Action Implementation	Aditi Maheshwari
Managing Director, Communications	Luke Upchurch (appointed Jul 2024)
Managing Director, C40 Centre for Urban Climate Policy and Economy	David Miller
Managing Director, Governance & Executive Engagement	Anna Beech
Managing Director, Climate Solutions and Networks	Cassie Sutherland
Managing Director for Inclusion & Global Leadership	Caterina Sarfatti
Chief Financial Officer	Rachel Yoxen (appointed January 2024)

Mark Watts, Kevin Austin, Juliette Carter, Andrea Fernandez, Anna Beech, Cassie Sutherland, Luke Upchurch and Rachel Yoxen were employed by C40 Cities UK during the period. Shruti Narayan, Aditi Maheshwari and David Miller were 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.

The Trustees have also considered the entity's ability to continue as a going concern though cash flow forecasts up to July 2026. These forecasts have been prepared on the basis of moderate growth in the current funding arrangements. Further details are set out in note 1. The Trustees of C40 Cities UK, having considered its current funding arrangements, believe it is appropriate to prepare the accounts on a going concern basis.

The Trustees/Directors' report, which incorporates the strategic report was approved by the Board of Trustees on 14 May 2025 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 (who are also the directors of C40 Cities Climate Leadership UK for the purposes of company law) 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 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 and 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 have been followed, subject to any material departures disclosed and explained in the financial statements;
- Observe the methods and principles in the Charities SORP;
- assess the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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 for the year ended 31 December 2024 which comprise Statement of Financial Activities, statement of cashflows, balance sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2024 and of the charitable company's net movement in funds, including the income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating 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 a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Directors' Report (incorporating the strategic report). Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies

or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report and Financial statements (which includes the Directors' report prepared for the purposes of company law) for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Director's report included within the Annual Report and Financial statements have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

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

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to company law and applicable employment regulations and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as Companies Act 2006 and the Charities Act 2011, and consider other factors such as payroll tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

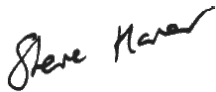
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing accounting journal entries, in particular those journal entries which exhibited the characteristics we had identified as possible indicators of irregularities; and
- Challenging assumptions and judgements made by management in their critical accounting estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Steven Harper (Senior Statutory Auditor)
For and on behalf of HaysMac LLP, Statutory Auditor
Date: 24 July 2025

10 Queen Street Place
London
EC4R 1AG

C40 Cities Climate Leadership UK
Statement of Financial Activities (including Income and Expenditure
Account) for the year ended
31 December 2024

	Notes	2024 Unrestrict ed £'000	2024 Restrict ed £'000	2024 Total £'000	2023 Total £000
Income					
Donations		8,518	5,258	13,776	12,895
Other income		<u>125</u>	<u>-</u>	<u>125</u>	<u>103</u>
Total Income	3	<u>8,643</u>	<u>5,258</u>	<u>13,901</u>	<u>12,998</u>
Expenditure on:					
Raising funds		-	-	-	5
Charitable activities	5	<u>8,147</u>	<u>6,091</u>	<u>14,238</u>	<u>11,827</u>
Total Expenditure		<u>8,147</u>	<u>6,091</u>	<u>14,238</u>	<u>11,832</u>
Net income/(expenditure) and net movement in funds		496	(833)	(337)	1,166
Reconciliation of funds Total funds brought forward		<u>2,515</u>	<u>584</u>	<u>3,099</u>	<u>1,933</u>
Total funds carried forward		<u>3,011</u>	<u>(249)</u>	<u>2,762</u>	<u>3,099</u>

The accompanying notes are an integral part of these financial statements

C40 Cities Climate Leadership UK
Balance Sheet at 31 December 2024

		2024	2023
		£'000	£'000
Fixed Assets			
Tangible Assets	7	-	-
Non Current Asset		<u>215</u>	<u>215</u>
		215	215
Current Assets			
Debtors	8	439	1,939
Cash at Bank and in Hand		<u>5,553</u>	<u>2,554</u>
		5,992	4,493
Current Liabilities			
Creditors	9	<u>(3,445)</u>	<u>(1,609)</u>
		(3,445)	(1,609)
Net Current Assets		2,547	2,884
Total Net Assets		<u>2,762</u>	<u>3,099</u>
Represented by:			
Funds and reserves			
Restricted funds	11	(249)	584
Unrestricted funds	11	3,011	2,515
Total funds		<u>2,762</u>	<u>3,099</u>

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

These financial statements were approved and authorised for issue by the Board of Trustees on 14 May 2025 and were signed on its behalf by:

Anthia Williams

C40 Cities Climate Leadership UK
Statement of cash flows for the year ended 31 December 2024

	2024	2023
	£'000	£'000
Cash flow from operating activities:		
Net income / (expenditure) for the year	(337)	1,167
Adjustment for:		
Depreciation and amortisation charge	-	-
Long Term Rent Deposit	-	(216)
Decrease / (Increase) in debtors	1,500	(1,731)
Increase / (Decrease) in creditors	1,836	1,044
Net cash absorbed by operating activities	<u>3,336</u>	<u>(903)</u>
Change in cash and cash equivalents in the year	2,999	264
Cash and cash equivalents at the beginning of the year	<u>2,554</u>	<u>2,290</u>
Cash and cash equivalents at end of the year	<u>5,553</u>	<u>2,554</u>

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

C40 Cities Climate Leadership UK
Notes forming part of the financial statements for the year ended 31 December
2024

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 grant income from C40 Cities Inc. C40 Cities UK and C40 Cities Inc work to a 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, and the upcoming Business Plan period, being 2025-2030.

The financial statements have been prepared on a going concern basis following consideration by the Trustees as detailed here.

The financial model of the charity is such that it only enters into activities to the extent it is confident that sufficient funding has been secured in excess of the fixed costs of running the charity. The charity has entered into a lease agreement for the rental of its offices and the future lease payments are disclosed in note 14 to the accounts. The fixed costs of operating are detailed in note 5 to the accounts.

The Trustees have reviewed the cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that the charity will have sufficient funds to meet its liabilities as they fall due for that period. 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 of support, to the value of GBP 1m to permit an orderly wind-down. The cash flow forecast used to assess the going concern basis of preparation does not rely on these arrangements.

Consequently, the Trustees are confident that the charity will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements. No material un-certainty has been identified by the trustees.

C40 Cities Climate Leadership UK
Notes forming part of the financial statements for the year ended 31 December
2024

1) Basis of accounting and going concern (Continued)

A summary of the principal 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.

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.

C40 Cities Climate Leadership UK
Notes forming part of the financial statements for the year ended 31 December 2024

2) Accounting policies (Continued)

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.

3) Income from donations

The charity's donations total is comprised mainly of donations from C40 Inc.

	Unrestricte d 2024 £'000	Restrict ed 2024 £'000	Total 2024 £'000	Total 2023 £'000
Grant income – C40 Inc	8,518	4,057	12,575	12,592
Other restricted grants	-	1,201	1,201	-
In Kind Income	-	-	-	304
Other Income	-	-	-	103
	<hr/>			
Total income from donations	8,518	5,258	13,776	12,999

Further information about the grant income from C40 Inc can be found in the Related Parties note 12.

In prior year 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.

C40 Cities Climate Leadership UK
Notes forming part of the financial statements for the year ended 31 December
2024

4) Expenditure

	Direct Costs 2024 £'000	Support Costs 2024 £'000	Total 2024 £'000	Direct Costs 2023 £'000	Support Costs 2023 £'000	Total 2023 £'000
LS1 - Plan	73	77	150	148	70	218
LS2 - Deliver	6,231	1,558	7,789	6,221	1,409	7,630
LS3 - Mainstream	3,379	555	3,934	1,369	502	1,871
LS4 - Innovate	412	146	558	101	132	233
LS5 - Lead	1,003	804	1,807	1,148	727	1,875
	11,098	3,140	14,238	8,987	2,840	11,827

4) Expenditure (Continued)

Total Expenses include:	2024	2023
	£'000	£'000
Staff Costs	11,729	10,519
Governance costs:	40	73
Other expenditure	2,469	1,235
Total	14,238	11,827

Governance costs above include:

	2024	2023
	£'000	£'000
Current year Audit costs	28	27
Grant Audits (Other Auditors)	7	15
Legal Costs	5	17
Total	40	73

C40 Cities Climate Leadership UK
Notes forming part of the financial statements for the year ended 31 December
2024

5) Staff costs, trustee remuneration and expenses and costs of key management personnel

a) Staff costs comprise:

Staff costs during the year were as follows:	2024	2023
	£'000	£'000
Wages and salaries	10,188	9,022
Social security costs	1,082	1,010
Pension costs	458	405
Other costs	-	82
	<u>11,728</u>	<u>10,519</u>

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

	2024	2023
	No.	No.
The average number of employees during the year was as follows:	153	147

Staff costs for the year include total termination benefits of £35,245 (2023: £NIL). This comprises ex-gratia payment and payment in lieu of notice.

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

	2024	2023
£60,000 - £69,999	27	29
£70,000 - £79,999	24	16
£80,000 - £89,999	55	5
£90,000 - £99,999	4	2
£110,000 - £119,999	1	-
£120,000 - £129,999	1	-
£130,000 - £139,999	4	2
£160,000 - £169,999	1	1
£190,000 - £199,000	1	-
£200,000 - £210,000	-	1
		24

C40 Cities Climate Leadership UK
Notes forming part of the financial statements for the year ended 31 December
2024

5) Staff costs, trustee remuneration and expenses and costs of key management personnel (Continued)

As outlined in note 12, 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 incurred or reimbursed.

The total employee benefits received by key management personnel during the year were £1,193,993 (2023: £965,635).

6) Debtors

	2024	2023
	£'000	£'000
Prepayments and accrued income	269	198
Due from other C40 entities	88	1,728
Sundry debtors	82	13
Total debtors	439	1,939

7) Creditors

	2024	2023
	£'000	£'000
Trade Creditors	70	38
Accruals	353	273
Deferred Income	-	995
PAYE and NIC	287	303
Due to other C40 entities	2,735	-
	3,445	1,609

C40 Cities Climate Leadership UK
Notes forming part of the financial statements for the year ended 31 December 2024

8) Restricted funds

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

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.

9) Restricted funds	Balance at 1 January 2024 £'000	Income 2024 £'000	Expenditure 2024 £'000	Balance at 31 December 2024 £'000
C40 Inc	584	5,258	(6,091)	(249)
Total Restricted Funds	584	5,258	(6,091)	(249)

C40 Inc remains committed to supporting C40 UK in its restricted and unrestricted grant activities and any shortfall in reserves will be covered by grant funding.

	Balance at 1 January 2023 £'000	Income 2023 £'000	Expenditure 2023 £'000	Balance at 31 December 2023 £'000
C40 Inc	599	3,620	(3,635)	584
Total Restricted Funds	599	3,620	(3,635)	584

C40 Cities Climate Leadership UK
Notes forming part of the financial statements for the year ended 31 December
2024

10) Analysis of net assets between funds

	Unrestricted funds 2024 £'000	Restricted funds 2024 £'000	Total 2024 £'000	Total 2023 £'000
Fund balances at 31 December 2024 are represented by:				
Tangible Fixed Assets	-	-	-	-
Non Current Assets	-	215	215	215
Current assets	3,024	2,968	5,992	4,493
Creditors: amounts falling due within one year	(13)	(3,432)	(3,445)	(1,609)
Total net assets	3,011	(249)	2,762	3,099

11) Liability of member

The liability of the member is limited to £1.

12) 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 £12,575,000, being £8,518,000 unrestricted grant income and £4,057,000 restricted grant income. The total grant income was received in cash. The grant income received from C40 Inc represents 99% of C40 Cities UK's total income.

C40 Cities Climate Leadership UK
Notes forming part of the financial statements for the year ended 31 December
2024

12) Related Parties (Continued)

Other grant income relates to the grant from C40 Inc. as a contribution towards the rental of the office premises. C40 Inc has committed to supporting the payment of the rent.

There were no other related party transactions.

13) Lease Commitments

C40 UK with support from C40 Inc as stated above has entered a lease in respect of the rent on its premises from November 2023 to October 2026. The payments are as follows:

	2024	2023
	£'000	£'000
Within one year	861	942
Later than one year but less than 5 years	2,673	4,016
	<hr/> 3,534	<hr/> 4,958