

**COOL EARTH**

**Annual Report 2014**

Cool Earth Action

Company number: 06053314

Charity number: 1117978

This Annual Report includes the Trustees' Annual Report, the Auditor's Report and the Financial Statements for the year ended 31 January 2014.

The trustees present their report and the financial statements for Cool Earth Action (referred to as "Cool Earth") for the year ended 31 January 2014.

## **OBJECTIVES AND ACTIVITIES**

The charity Cool Earth believes that local people are the best custodians of the forest. As such, rainforest villages are at the heart of all their projects, they decide how the money is spent and they drive the process.

Cool Earth's community-led model is protecting rainforest in projects across Brazil, Ecuador, Peru, the Democratic Republic of the Congo and most recently, Papua New Guinea. To date, these projects are saving 386,000 acres of at-risk rainforest through partnerships with 113 rainforest villages.

### **PUBLIC BENEFIT**

Under Section 17 of the Charities Act, 2011, the trustees have followed the Charity Commission's guidance on public benefit. Cool Earth aims to achieve the following objectives:

- To provide grant funding to rainforest communities to support their work in protecting at-risk forest and ensure their voice is heard in agreements that affect the future of rainforest.
- To promote a greater understanding of the role that forest communities play in keeping rainforest ecosystems intact and the role that rainforests play in supporting life across the planet.

### *Benefits and beneficiaries*

The charity strives to promote sustainable development for the benefit of the public. In doing so, the charity provides the following range of benefits:

- Preventing the destruction of rainforest through community-led conservation.
- Protecting habitats for rainforest biodiversity.
- Mitigating climate change through preventing the release of CO<sub>2</sub> from deforestation.
- Building capacity in rainforest communities.
- Educating the general public on the importance of rainforest protection.

These benefits are, in particular, provided to the following range of beneficiaries:

- Rainforest communities in South America, the Democratic Republic of the Congo and Papua New Guinea.
- The general public, schools and educators across the UK and internationally.

### *Trustees' assessment of public benefit*

In monitoring the progress of the charity in terms of delivery of public benefit, the trustees use the following measures of success and gather evidence accordingly:

- Developing projects where the rainforest would otherwise be destroyed and which are strategically located to form shields of protection for neighbouring forest.
- Assessing and measuring the amount of forest saved and CO<sub>2</sub> stored by each project through satellite mapping and carbon measurement.
- Monitoring the biodiversity within the project and neighbouring areas to assess protection of fauna and flora.
- Evaluating the effectiveness of community investments, focusing particularly on income generated from the sale of sustainable rainforest products.
- For Cool Earth's education aims, the trustees measure how many schools sign up to and use the charity's newsletter and resources, and what levels of funds are raised from participating schools and colleges.

### CHARITABLE ACTIVITIES

In pursuance of the charitable objectives the charity undertakes the following principal charitable activities:

#### *Project work*

Cool Earth supports or provides funding to a number of projects overseas, in particular in Peru, Ecuador, Papua New Guinea, the Democratic Republic of the Congo and Brazil. These projects involve:

- Investment in the protection and conservation of rainforest that without Cool Earth's support would otherwise be cleared within eighteen months.
- Investment in sustainable community enterprises that are consistent with rainforest protection.
- Building the capacity of local partners to improve the livelihoods of people living within and near to Cool Earth's projects.
- Supporting local Non-Governmental Organisations ("NGOs") in their conservation activities.

## *Advocacy and Education*

Cool Earth promotes sustainable means of achieving economic growth and conservation by producing materials, presenting at conferences and schools, and managing events that disseminate the charity's message throughout its sponsor territories, principally the United Kingdom, Europe, and the United States of America.

## ACHIEVEMENTS AND PERFORMANCE

Cool Earth's project activities are comprised of three main activities:

**FOREST PROTECTION** – focusing on rainforest that is most at-risk and which forms shields to protect millions of acres of neighbouring forest.

**INCOME GENERATION** – developing sustainable income streams for community partners to relieve the pressure on the standing forest.

**PARTNER SUPPORT** – putting local people in control, equipping them with the resources they need to keep their forest intact.

### ACHIEVEMENTS IN FOREST PROTECTION:

- Increased area of community protected forest to 386,000 acres. This is keeping 92 million trees standing and locking in more than 100 million tonnes of CO<sub>2</sub>.
- Formed a rainforest shield to protect 4 million acres of neighbouring forest.
- Launched the Awajún Project in July 2013 to work with six villages to save 56,000 acres of rainforest in northern Peru.
- Fully-funded the Awacachi Project in Ecuador, securing the long-term protection of 55,000 acres of vulnerable Chocó forest.
- Created a corridor to link 900,000 acres of rainforest between the Cotacachi-Cayapas Ecological Reserve and the Awá Indigenous Reserve in Ecuador.
- Safeguarded the habitat of 33 species on the IUCN Red List with the completion of the Awacachi Project, including the Great Green Macaw. A fifth of all recorded species in this area are listed as threatened.
- Held 10 awareness meetings, four field trips and trained 45 people in GPS mapping in the Lubutu Project of eastern DR Congo and mapped 600,000 acres of community forest.
- Started consultation with three villages in eastern Papua New Guinea with the aim of saving 140,000 acres of forest from conversion to palm oil plantations.
- Initial field visit to three communities on the Rio Tambo of Peru, which will extend the Ashaninka Project to the north.
- Completed capacity building on forest management with 69 communities around the El Sira Communal Reserve and strengthened ECOSIRA - the indigenous co-manager of Peru's largest Communal Reserve.

## ACHIEVEMENTS IN INCOME GENERATION:

- Supporting cacao growers in the Ashaninka Project to improve crop quality. It was export quality for the first time and sold to a UK chocolatier in December.
- Sourced samples from Cool Earth's projects for UK and US companies – mainly focusing on cacao, achiote and traditional jewellery.
- Building the capacity of AMARNO – an Awajún association that makes traditional seed jewellery - including accounting, pricing, invoicing and developing a business plan.
- Facilitated a relationship between AMARNO and Vivienne Westwood.
- Stocking AMARNO's work on the Cool Earth website to provide an online outlet for their jewellery.
- Funded artisans from the Awajún Project to attend indigenous fairs in Lima, generating sales and leading to new markets.
- Completed business plan for 24 rubber producing communities in the El Sira Project.
- Employed a Fish Farm expert for the Ashaninka and Awajún Projects. Three fish farms completed and three more under construction. The farms will address malnutrition and boost local income through the sales of fry (young fish).

## ACHIEVEMENTS IN PARTNER SUPPORT:

- Increased Cool Earth's indigenous partners to 35,410 people across 113 villages.
- Equipped six rainforest schools with learning tools.
- The prevalence of malaria dropped by 60% in the Ashaninka Project with the provision of mosquito nets and safe water storage.
- Installed clean drinking water for the Ashaninka village of Coveja.
- Provided an outboard canoe for Huaracayo village in the Awajún Project that is designated for medical emergencies.
- Registered two Community Associations in Peru and one in Papua New Guinea and opened association bank accounts – a requirement for all of Cool Earth's community partners.
- Strengthened four Community Associations with a laptop, printer and solar power.
- Provision of three motorboats for remote communities to improve community transport.
- Project baseline carried out in the Awajún Project that identified community needs, potential income streams and provided figures to measure project progress. This included household surveys and satellite mapping of forest quality.
- Provided grant for community investment for six villages in the Hunstein Range of Papua New Guinea. This included legal support, fuel fund and solar fridge for anti-venom.

## **GOVERNANCE, STRUCTURE AND MANAGEMENT**

The charitable company is governed by the rules and regulations set down in its Memorandum and Articles of Association dated 15 January 2007.

The overall strategic direction of the charity is determined by the trustees, who meet formally at least twice each year. The trustees are responsible for planning and policy making, and accordingly, all key decisions are referred to and taken by the board of trustees.

### COMPANY INFORMATION

The trustees of the charity, also the directors of the company, who have held office since 1 February 2013 are as follows:

Mr. Mark Ellingham  
Mr. Johan Eliasch  
The Rt Hon. Frank Field DL MP

The principal address of the charity is Tremough Innovation Centre, Penryn, TR10 9TA and the registered office address of the company is 2 Park Street, London, W1K 2HX.

The charity is registered under the charity number 1117978, and the company is incorporated with the company registration number 06053314.

The trustees have made the following professional appointments:

Solicitor:	Berwin Leighton Paisner LLP, Adelaide House, London Bridge, London, EC4R 9HA
Banker:	The Co-operative bank, 62-64 Southampton Row, Holborn, London, WC1B 4ND
Auditor:	Baker Tilly UK Audit LLP, Third Floor, One London Square, Cross Lanes, Guildford, GU1 1UW
Accountant:	Baker Tilly Tax and Accounting Limited 3rd Floor, One London Square, Cross Lanes, Guildford, GU1 1UN

Mr. Matthew Owen acts in an executive capacity as the Executive Director of Cool Earth Action, and he is assisted in the day-to-day management of the charity by Mrs. Clare Vincent, who is the secretary to the board of trustees and directors, and the Company Secretary.

The trustees are assisted by an Advisory Board of individuals that are neither trustees nor directors. The current members of the Advisory Board are:

- Dr. John Chipman
- Sec. William S Cohen
- Dr. John Hemming
- Lord Howard of Lymp
- Lord Kerr of Monteriot
- Mr. Gustavo Kuersten
- Dr. Richard Sandor
- Sir Martin Sorrell

## TRUSTEES' RESPONSIBILITIES

The trustees, who are the directors of Cool Earth for the purposes of company law, are responsible for preparing their annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company, and of the incoming resources and application of resources, including the income and expenditure of the charitable company, for that period. In preparing those financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles in the Charities SORP.
- Make judgements and accounting 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.
- 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 proper accounting records that 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 also responsible for safeguarding the assets of the charitable company and for taking reasonable steps for the prevention and detection of 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 United Kingdom governing the preparation and dissemination of financial statements may differ from the legislation in other jurisdictions.

## DISCLOSURE OF INFORMATION TO THE AUDITOR

The trustees at the date of approval of this trustees' annual report confirm that so far as each of them is aware, there is no relevant audit information of which the charity's auditor is unaware, and the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that audit information.

## RISK AND CORPORATE GOVERNANCE MATTERS

The trustees recognise that Cool Earth's range of operations in the UK and overseas expose it to a range of risks. In order to manage these risks appropriately and mitigate their impact on the operation and effectiveness of Cool Earth, the trustees have developed a risk strategy that details categories of risk and appropriate management strategies. A risk register is maintained by the Executive Director, which summarises key risks and which the board reviews on a quarterly basis.

## RELATIONSHIPS WITH RELATED PARTIES

In order to maximise the impact of Cool Earth's activities to support communities to protect rainforest, it is the policy of Cool Earth to develop partnerships with local communities and NGOs. On occasions, Cool Earth has become a significant co-funder of conservation projects with a range of organisations who have been selected on the basis of their experience, record of community engagement and commitment to the aims of Cool Earth. Key partners of Cool Earth over the past year have included Ecotribal, Fauna and Flora International, Jempe, Tsimi and Umukai.

## COOL EARTH'S SUPPORTERS

Cool Earth is grateful to the support of a range of individuals and businesses and trusts over the last year. The support of the following has been invaluable for making donations or grants of £1,500 or more during the year.

AS Adventure

Ask

B & J Lloyd Family Charitable Trust

BAL

Bauer Consumer Media

Brother Earth

Brother International

Buyagift

Carbon Responsible

Classic Cottages

Climate Revolution

Doorstep Skis

Escada

Georgia May Jagger

Glow-worm

Island Foundation

Keycamp

Marks & Spencer

Medicash

Ovo Energy

Planet First

Prologis

The Pallet Network

Network Rail

Sainsbury's

Smeg

TalkTalk

The Adventurists

The Fuel Card Group

The Nairobi Coffee & Tea Company

The Office Coffee Company

The Reed Foundation

The Simon Gibson Charitable Trust

Vivienne Westwood

Waypoint Outcomes

## FINANCIAL REVIEW

### INCOME AND FUNDRAISING

Cool Earth's income for the year was £1.2 million and their business partners continue to be their primary funding source. Ovo Energy and Brother International have continued their long-term support and the partnership with The Adventurists has raised £166,000 and recruited more than 1,600 active fundraisers. A new partnership with Marks & Spencer will boost income by £100,000 each year for the next three years, starting from 2014.

In December 2013, Cool Earth participated in the 'Big Give Christmas Challenge' which matches donations made online over three days. Cool Earth's participation raised £120,000 – tripling the amount raised the previous year. Funds from the challenge will be used to provide healthcare access to the Ashaninka Project, starting from the final quarter of 2014.

Online donations via Cool Earth's website increased from £48,000 in the previous year to £54,000. A new website, designed to convert more web traffic into donations, launched ahead of Christmas and raised three times the amount compared to the same period last year. The new website is expected to play a key part in Cool Earth's fundraising for the coming year.

### FINANCIAL RESULTS OF ACTIVITIES AND EVENTS

Total incoming resources for the year amounted to £1,176,485 (2012/2013: £1,448,734), and total resources expended was £963,580 (2012/2013: £838,542) resulting in net incoming resources of £212,905 (2012/2013: £599,010).

### RESERVES POLICY

As of 31 January 2014, the charity had "free reserves" of £1,710,500 (31 January 2013: £1,482,734). Beyond the requirements of a prudent working capital base, since 2011 Cool Earth has been developing a Reserves Fund so it can realise its commitments to community partners even in the event of an income shortfall. A project reserve of £1.75 million was set as a five-year target, calculated on the basis of 18 months of project funding from 2015.

## INVESTMENTS POLICY

The trustees have wide ranging powers to invest the funds of the charity at their discretion and as they think fit. The charity makes use of a Sterling bank account and a US Dollar bank account to hold all the non-reserve funds of the charity as cash so that they are readily available to expend in support of the charity's activities as and when required by the trustees. Reserves are currently held in high interest deposit accounts and should significant funds be received in the future, the trustees will consider suitable investment opportunities.

## PLANS FOR FUTURE PERIODS

### FUTURE STRATEGY

The long-term aims of Cool Earth are consistent with its mission to help fund rainforest protection and inform people of the role local people play in conservation and the role of deforestation in climate change. Plans for 2014/15 are:

- Expand Cool Earth's existing projects to shield 10 million acres of rainforest through the formation of new community partnerships.
- Develop five-year plan with existing community partners to develop sustainable income streams that will replace Cool Earth funding.
- Consolidate Cool Earth's local presence in the three key rainforest regions, the Amazon, the Congo Basin and Oceania.
- Develop Cool Earth's Reserves Fund to safeguard Cool Earth's commitments to partner communities in the event of an income shortfall.
- Diversify income sources to ensure resilience of Cool Earth's revenue, including improving Cool Earth's online performance and increasing income from Trusts and Foundations.

### FUNDS HELD AS CUSTODIAN

Although the charity will maintain restricted funds to deal with incoming resources that are earmarked for a particular purpose by donors, sponsors, and other funders, the charity does not currently hold, and does not intend to hold, any funds as custodian for any third party.

This report was approved by the trustees on 10 October 2014, and was signed for and on behalf of the board by

..... Trustee  
The Rt Hon. Frank Field DL MP

10 October 2014

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COOL EARTH ACTION

We have audited the financial statements of Cool Earth Action for the year ended 31 January 2014 on pages 25 to 37. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### *Respective responsibilities of trustees and auditor*

As explained more fully in the Statement of Trustees' Responsibilities set out on page 9, 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.

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

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at;

[http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-\(issued-1-December-2010\).aspx](http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010).aspx).

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 January 2014 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 United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COOL EARTH ACTION

### *Opinion on other matter prescribed by the Companies Act 2006*

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

### *Matters on which we are required to report by exception*

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

- the 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.

PERRY LINTON FCA (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

3rd Floor, One London Square

Cross Lanes

Guildford

Surrey GU1 1UN

29 October 2013

# COOL EARTH ACTION STATEMENT OF FINANCIAL ACTIVITIES

(including Income & Expenditure Account) for the year ended 31 January 2014

	Notes	Unrestricted Funds £	Restricted Funds £	TOTAL 2014 £	TOTAL 2013 £
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income	1	1,158,569	-	1,158,569	1,413,128
Investment income	2	17,916	-	17,916	8,602
TOTAL INCOMING RESOURCES		1,176,485	-	1,176,485	1,421,730
RESOURCES EXPENDED					
Costs of generating funds					
Support costs	3	101,333	-	101,333	165,634
Charitable activities					
Project Work	4	760,043	43,188	803,231	596,203
Advocacy & Education	5	21,299	-	21,299	16,134
Governance costs	6	37,717	-	37,717	44,749
TOTAL RESOURCES EXPENDED		920,392	43,188	963,580	822,720
NET INCOMING/(OUTGOING) RESOURCES, NET INCOME/(EXPENDITURE) FOR THE YEAR, & NET MOVEMENT IN FUNDS					
		256,093	(43,188)	212,905	599,010
TRANSFERS					
Gross transfers between funds		(27,832)	27,832	-	-
RECONCILIATION OF FUNDS					
Fund balances brought forward at 1 February 2013		1,482,239	15,356	1,497,595	898,585
FUND BALANCES CARRIED FORWARD AT 31 JANUARY 2014		11	1,710,500	-	1,497,595
		=====			=====

The net movement in funds for the year arises from the charitable company's continuing operations. No separate statement of total recognised gains and losses has been presented as all such gains and losses are included in the statement of financial activities.

# COOL EARTH ACTION BALANCE SHEET

as at 31 January 2014

Company Number: 06053314

	Notes	2014 £	2013 £
<b>FIXED ASSETS</b>			
Tangible assets	8	80,102	54,052
<b>CURRENT ASSETS</b>			
Debtors	9	-	230,242
Cash at bank and in hand		1,646,298	1,251,730
		<u>1,646,298</u>	<u>1,481,972</u>
<b>LIABILITIES</b>			
Creditors: Amounts falling due within one year	10	(15,900)	(38,429)
<b>NET CURRENT ASSETS</b>		<u>1,630,398</u>	<u>1,443,543</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES &amp; NET ASSETS</b>		<u>1,710,500</u> =====	<u>1,497,595</u> =====
<b>THE FUNDS OF THE CHARITY</b>			
Restricted income funds			
Ashaninka Fund	11	-	15,356
Unrestricted income funds			
General Fund	11	1,710,500	1,482,239
<b>TOTAL CHARITY FUNDS</b>		<u>1,710,500</u> =====	<u>1,497,595</u> =====

The financial statements on pages 29 to 38 were approved by the trustees and authorised for issue on 10 October 2014, and are signed on their behalf by

..... Trustee  
Rt. Hon Frank Field MP

10 October, 2014

# COOL EARTH ACTION ACCOUNTING POLICIES

Financial statements for the year ended 31 January 2014

## Basis of Accounting

The financial statements have been prepared to comply with current statutory requirements (principally being the Companies Acts 2006 and the Charities Act 2011), under the historical cost convention, and in accordance with United Kingdom Generally Accepted Accounting Practice. The recommendations in Accounting and Reporting by Charities: Statements of Recommended Practice (revised 2005) issued by the Charity Commission in March 2005 have been followed. The accounting policies have been applied consistently in prior years.

## Going Concern

The charitable company is fundamentally dependent upon the continuing financial support of sponsors, supporters and other key funders to remain a going concern. The trustees have formulated financial plans for the future, and as at the date of adoption of these financial statements and on the basis of estimated future cash flows, the trustees are of the opinion that the charitable company will be able to continue its activities and meet all of its liabilities as they fall due for a period of at least twelve months from the date of the adoption of these financial statements. Therefore, these financial statements have been prepared on the going concern basis.

## Incoming Resources

All incoming resources are included in the statement of financial activities when the charity is entitled to the income, and the amount can be quantified with reasonable accuracy. Donations are normally brought into account when received, and are stated gross of any attributable tax recoverable. Government and institutional grants are accounted for on a receivable basis. Donations and grants given for specific purposes are treated as restricted income.

All other income, including investment income, is accounted for on a receivable basis as and when earned.

## Gifts In Kind

The value of gifts in kind is recognised as income where the gross value to the charity can be assessed with reasonable accuracy. Where this is not the case, the nature of the gift is disclosed.

# COOL EARTH ACTION ACCOUNTING POLICIES

Financial statements for the year ended 31 January 2014

## Foreign Currencies

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date. All exchange gains or losses are included in the statement of financial activities in the period to which they relate.

## Resources Expended

All expenditure is accounted for on an accruals basis inclusive of any irrecoverable Value Added Tax, and is allocated as direct costs in the statement of financial activities where the costs can be identified as being directly related to generating funds, to a charitable activity, or to governance matters. Where costs cannot be directly attributed, they are allocated to categories on a basis consistent with the budgeted use of the resources concerned and in proportions based upon a suitable ratio applicable to the nature of the cost involved.

Grants payable are recognised in the period in which the approved offer is conveyed to the recipient in those cases where the offer is conditional, such grants being recognised only when the conditions attaching to the award are fulfilled. Grants offered subject to conditions, which have not been met at the balance sheet date, are noted as a potential commitment, but are not treated as a liability.

Governance costs comprise specific direct costs incurred by the charity in relation to operating the charitable company as a charitable company, which includes audit fees, and a proportion of certain other support costs allocated to governance by the trustees.

## Tangible Fixed Assets

All tangible assets purchased costing more than £1,000 that have a useful economic life that exceeds one year are capitalised and classified as tangible fixed assets. Tangible fixed assets are stated at historical cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value over its expected useful life, as follows:

Website, office & computer equipment on a 25% reducing balance basis

# COOL EARTH ACTION ACCOUNTING POLICIES

Financial statements for the year ended 31 January 2014

## Fund Accounting

The general fund comprises the accumulated surpluses of unrestricted incoming resources over resources expended, which are available for use in furtherance of the general objectives of the charity.

Designated funds are a particular form of unrestricted funds consisting of amounts, which have been allocated or designated for specific purposes by the trustees. The use of designated funds remains at the discretion of the trustees.

Restricted funds are funds subject to specific conditions imposed by donors. The purpose and use of the restricted funds are set out in the notes to the accounts. Amounts unspent at the period end are carried forward in the balance sheet.

COOL EARTH ACTION  
 NOTES TO THE FINANCIAL STATEMENTS  
 for the year ended 31 January 2014

	Unrestricted Funds £	Restricted Funds £	TOTAL 2014 £	TOTAL 2013 £
<b>1. VOLUNTARY INCOME</b>				
Donations received on-line through the charity's website	205,553	-	205,553	48,194
Other donations received from individual, corporate sponsors and other supporters	953,016	-	953,016	1,364,934
	<u>1,158,569</u>	-	<u>1,158,569</u>	<u>1,413,128</u>
	=====			=====
<b>2. INVESTMENT INCOME</b>				
Bank interest receivable on short term cash deposits	17,916	-	17,916	8,602
	=====			=====
<b>3. COST OF GENERATING FUNDS</b>				
Direct costs:				
Publicity costs	-	-	-	-
Support costs (see note 6)	101,333	-	101,333	165,634
	<u>101,333</u>	-	<u>101,333</u>	<u>165,634</u>
	=====			=====

COOL EARTH ACTION  
 NOTES TO THE FINANCIAL STATEMENTS  
 for the year ended 31 January 2014

	Unrestricted Funds £	Restricted Funds £	TOTAL 2014 £	TOTAL 2013 £
<b>4. COSTS OF PROJECT WORK</b>				
Direct costs:				
Donations to Fauna & Flora International	15,822	-	15,822	15,822
Donations to Ecotribal	208,996	43,188	252,184	207,218
Other donations	141,801	-	141,801	6,000
Other direct project costs	23,571	-	23,571	67,071
	<u>390,190</u>	<u>43,188</u>	<u>433,378</u>	<u>296,111</u>
Support costs (see note 6)	369,853	-	369,853	300,092
	<u>760,043</u>	<u>43,188</u>	<u>803,231</u>	<u>596,203</u>
	=====			=====
<b>5. COSTS OF ADVOCACY &amp; EDUCATION</b>				
Direct costs:				
Advocacy work	-	-	-	-
Support costs (see note 6)	21,299	-	21,299	16,134
	<u>21,299</u>	<u>-</u>	<u>21,299</u>	<u>16,134</u>
	=====			=====

COOL EARTH ACTION  
 NOTES TO THE FINANCIAL STATEMENTS  
 for the year ended 31 January 2014

	Fundraising trading: cost of goods sold and other costs £	Project Work £	Advocacy & Education £	Governance costs £	TOTAL 2014 £	TOTAL 2013 £
6. SUPPORT & GOVERNANCE COSTS						
Project work costs	-	147,990	-	-	147,990	100,239
Staff costs (note 7)	38,735	46,781	8,722	9,973	104,211	93,845,
Recharged support staff costs	-	52,603	-	-	52,603	58,153
Public relations and communications costs	172	1,768	2,003	-	3,943	689
Promotional marketing costs	20,233	966	-	-	21,199	1,163
Travel and subsistence expenses	1,119	36,188	-	-	37,307	46,439
Communications costs	2,848	2,679	315	66	5,908	31,005
Legal and professional fees	14,467	55,646	-	10,743	80,856	141,192
Other costs	22,076	1,672	3,528	3,252	30,528	20,813
Auditor's remuneration:						
Audit fee (0:0:0:100)	-	-	-	12,000	12,000	12,000
Accountancy and advisory services (5:70:20:5)	199	2,781	794	199	3,973	4,207
Exchange gains (5:70:20:5)	149	2,089	597	149	2,984	(1,153)
Depreciation - owned assets (5:70:20:5)	1,335	18,690	5,340	1,335	26,700	18,017
	101,333	369,853	21,299	37,717	530,202	526,609

Support costs are allocated directly based on activity and thereafter using the ratios shown in italic above, which are based on estimated assessed impact of the costs involved. Included within auditor's remuneration are amounts payable to Baker Tilly UK Audit LLP in respect of audit services of £12,000 (2012/2013: £12,000) and amounts payable to Baker Tilly Tax and Accounting Limited in respect of accountancy and advisory services of £3,973 (2012/2013: £4,207).

COOL EARTH ACTION  
 NOTES TO THE FINANCIAL STATEMENTS  
 for the year ended 31 January 2014

2014

7. STAFF COSTS

No.

The average monthly number of persons employed by the charitable company (excluding trustees) during the year was, as follows:

Support staff

7

==

£

Staff costs for the above persons:

Wages and salaries

89,496

Social security costs

14,715

Expenses reimbursed

-

104,211

=====

No employee received total emoluments in excess of £60,000 during the current year.

No trustee received any remuneration for services provided to the charity as a trustee in the current or previous year. No trustee was reimbursed in respect of expenses incurred in behalf of the charity during the current or previous year.

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8. TANGIBLE ASSETS

	Website, office & computer equipment £	
Cost:		
1 February 2013		177,903
Additions		52,750
31 January 2014		<u>230,653</u>
Depreciation:		
1 February 2013		123,851
Charge for the year		26,700
31 January 2014		<u>150,551</u>
Net book value:		
31 January 2014		80,102
		=====
31 January 2013		54,052
		=====
	2014	2013
	£	£

9. DEBTORS

Amounts falling due within one year:		
Prepayments and accrued income	-	230,242
	=====	=====

10. CREDITORS

Amounts falling due within one year:		
Accruals	15,900	38,429
	=====	=====

# COOL EARTH ACTION

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 January 2014

### 11. THE FUNDS OF THE CHARITY

	Balance at 1 February 2013 £	Incoming resources £	Outgoing resources £	Transfers between funds £	Balance at 31 January 2014 £
Restricted income					
Funds:					
Ashaninka Fund	15,356	-	(43,188)	27,832	-
Unrestricted income					
Funds:					
General Fund	1,482,239	1,176,485	(920,392)	(27,832)	1,710,500
	<u>1,497,595</u>	<u>1,176,485</u>	<u>(963,580)</u>	<u>-</u>	<u>1,710,500</u>
	=====	=====	=====	=====	=====

The Ashaninka Fund was originally set up in 2009 to recognise the donation income received from Brother International Europe Limited to be used in order to conserve not less than 1,000 acres of endangered rainforest in Cool Earth's Ashaninka project in Peru, and to provide support to the communities in this project. The Ashaninka Fund is still used for donation income received for the benefit of this project. During 2013, a significant contribution was made to Ecotribal for the exclusive benefit of this project, with the over spend against brought forward funds being covered from unrestricted income.

# ACCOUNTANT'S REPORT TO THE BOARD OF TRUSTEES OF COOL EARTH ACTION ON THE UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2014

In order to assist you to fulfil your duties under the Companies Act 2006 and the Charities Act 2011 ("the Acts") and regulations thereunder, we prepared for your approval the financial statements of Cool Earth Action which comprise the Statement of Financial Activities, the Balance Sheet and the related notes as set out on pages 23 to 33 from the charitable company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance>.

This report is made solely to the board of trustees of Cool Earth Action as a body, in accordance with the terms of our engagement letter dated 13 June 2013. Our work has been undertaken solely to prepare for your approval the financial statements of Cool Earth Action and state those matters that we have agreed to state to them in accordance with AAF 2/10 as detailed at [icaew.com/compilation](http://icaew.com/compilation). This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights against Baker Tilly Tax and Accounting Limited for any purpose or in any context. Any party other than the trustees which obtains access to this report or a copy and chooses to rely on this report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, Baker Tilly Tax and Accounting Limited will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

This report is released to the trustees on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

It is your duty to ensure that Cool Earth Action has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and net movement in funds of Cool Earth Action under the Acts and regulations thereunder.

We have not been instructed to carry out an audit or a review of the financial statements of Cool Earth Action. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the financial statements.

BAKER TILLY TAX AND ACCOUNTING LIMITED  
Chartered Accountants  
3<sup>rd</sup> Floor, One London Square  
Cross Lanes  
Guildford  
Surrey GU1 1UN  
29 October 2014