

Company Registration Number 05534395
Charity Number 1112249

PURE LEAPFROG

A COMPANY LIMITED BY GUARANTEE

**ANNUAL REPORT AND CONSOLIDATED FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED 31 AUGUST 2018

PURE LEAPFROG A COMPANY LIMITED BY GUARANTEE

FINANCIAL STATEMENTS

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**PURE LEAPFROG
A COMPANY LIMITED BY GUARANTEE**

MEMBERS OF THE BOARD AND PROFESSIONAL ADVISERS

YEAR ENDED 31 AUGUST 2018

Registered charity name	Pure Leapfrog
Charity number	1112249
Company registration number	05534395
Registered office	7-14 Great Dover Street London SE1 4YR
Trustees	Simon Cordery Mark Henderson Michael Jampel Shelagh Kirkland Graeme Ludlow
Senior management team	Claire Hanratty CEO/Secretary
Auditor	Johnston Carmichael LLP Chartered Accountants 7-11 Melville Street Edinburgh EH3 7PE
Bankers	Barclays Bank PLC 1 Churchill Place London E14 5HP
Solicitors	Stone King LLP 13 Queen Square Bath BA1 2HJ

PURE LEAPFROG A COMPANY LIMITED BY GUARANTEE

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

YEAR ENDED 31 AUGUST 2018

The Trustees present their report and the audited financial statements of the charity and group for the year ended 31 August 2018. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102) in preparing the annual report and financial statements of the charity.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and with the charity's governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Reference and administrative details

Reference and administrative details are shown in the schedule of members of the board and professional advisers on page 1 of the financial statements.

The trustees

The trustees who served the charitable company during the year and since the year end were as follows:

Simon Cordery	
Michael Jampel	
Mark Henderson	
Shelagh Kirkland	
Graeme Ludlow	
Richard Croft	(Resigned 31/03/2018)
Dr Susanne Denison	(Resigned 27/09/2017)
Stephen Nash	(Resigned 27/09/2017)

The Team

The Leapfrog Group has a staff of five people (staff and consultants) as at 31st August 2018 with more than fifty years' experience in climate change, finance and legal related fields.

PURE LEAPFROG A COMPANY LIMITED BY GUARANTEE

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

YEAR ENDED 31 AUGUST 2018

Chairmans statement

Welcome to Pure Leapfrog's 2017-18 Annual Report and Accounts.

I am delighted by the way in which Pure Leapfrog and Leapfrog Finance have built on their strong record of achievement – embarking on exciting directions for the future and creating new opportunities to support communities in their goal of securing a cleaner, greener energy future.

A short tour through some of the milestones this year includes:

The establishment of Leapfrog Launchpad Limited

We all know that the policy environment is not an easy one for renewables but the social and environmental needs in our communities, demand that we find new ways of addressing these challenges. This is what makes the establishment of Leapfrog Launchpad so exciting. Working alongside communities - complementing their passion, local knowledge and connections with commercial expertise we know will bring transformative change and replicable models for community based energy.

A new Bridge Finance facility

We are also delighted to be able to continue assisting communities to acquire, install and build renewable energy assets with the new £20 million bridge facility from Big Society Capital that was approved in May 2018 and signed in November. The extended array of technologies that can be funded through this new facility is essential in view of the changed economic and regulatory environment.

A new partner

The new partnership between Leapfrog Finance and Coop Energy, part of a cooperative itself, to develop and fund new community-based renewables projects is another very exciting development. With its parent, Mid-Counties Cooperative, being a long-standing supporter of community energy, Coop Energy is committed to innovation that enables communities to have a core role in the post-subsidy renewable energy space.

A landmark year for the British Airways Carbon Fund

As a result of a record number of projects being funded and completed during the year, the British Airways Carbon Fund has had more impact than ever.

Through a concerted effort from the team in identifying and developing opportunities, more local community facilities have been transformed through renewable energy and energy efficiency measures than in the combined previous 5 years of the Fund. Projects were supported in places the Fund has not previously been including, Zambia, Scotland, Leicester and Birmingham. Most importantly however, the services these facilities could provide to their local community have been transformed through energy cost and carbon savings.

The foundations are now in place for another exciting year in 2018/19. Thank you for taking the time to read this report. We encourage everyone who supports our aims to get in touch and become involved.



Mark Henderson
Chairman

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TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

YEAR ENDED 31 AUGUST 2018

Trustees' Report

Objectives and Activities

Pure Leapfrog is a charity that provides expertise, support and finance to community renewable energy and energy efficiency projects. We enable communities to take control of generating their own clean, green energy, making communities more environmentally and financially sustainable, and reducing fuel poverty. Pure Leapfrog is the owner of a trading subsidiary, Leapfrog Finance Limited, which in turn owns Leapfrog Bridge Finance Limited - we have consolidated these accounts with those of the Charity. Pure Leapfrog is also a partner in a joint venture to support new models of community energy – Leapfrog Launchpad Limited. The Chair's and Trustees' Report covers all organisations.

We review our aims, objectives, activities and strategy to monitor the impact of our work and to gauge the success of our activities in delivering our aims and objectives. The review helps us to ensure that our activities and strategy remain focused on our stated purposes and ensures that we are helping the community energy sector in the best way possible and that we continue to deliver public benefit.

The Trustees refer to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims, objectives and activities and in the planning of future activities.

Our Vision

A fair, sustainable, socially inclusive energy system in which people and communities actively participate by generating and benefitting from their own clean energy and actively reducing energy demand.

Our Mission

To give all communities the opportunity to own, generate and benefit from clean, green power and work together to reduce energy demand by making finance accessible and affordable.

Our Objectives

To ensure our vision is realised, we are dedicated to eliminating the financial and non-financial barriers faced by community energy in the UK. Our aim is to build a national centre of excellence, staffed with the leading community energy finance and project experts, and to become the go-to organisation for helping community organisations to overcome the hurdles they face in delivering projects.

Principal Activities

The principal activities of the group companies during 2017/18 that delivered on our charitable and social purposes were as follows:

Pure Leapfrog

- Lending – continued operation of the Community Energy Fund which from 2011 – 2016 provided small loans to community energy groups and charities for renewable energy installations with the support of a facility from Big Society Capital.
- British Airways Carbon Fund – Pure Leapfrog continued to manage the donations made by British Airways customers – applying them towards renewables projects that have carbon and social outcomes for local community sites.
- Tools & templates for community energy – providing access to and support for the development of tools and templates that will benefit the community energy sector
- Access to knowledge – providing access to pro bono legal support for community energy groups.
- Carbon Offsetting – providing small-scale offsetting services for individuals and businesses.

PURE LEAPFROG A COMPANY LIMITED BY GUARANTEE

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YEAR ENDED 31 AUGUST 2018

Leapfrog Finance Limited and Leapfrog Bridge Finance Limited

- Lending – as a social and environmental impact investor Leapfrog Finance Limited and Leapfrog Bridge Finance Limited provide 100% bridge finance for communities to invest in renewable energy and generate community benefit funds that through investment by the community generate social and environmental outcomes for deprived communities.

Leapfrog Launchpad Limited

- Providing support to communities in the development of new models for community energy in partnership with Lux Nova Partners Investments Limited and Energised Ventures Limited .

More detail on each of the above activities during 2017/2018 is provided in the following section.

Achievements & Performance

Our Impact

In the 2017/2018 year the work of Leapfrog entities enabled the following outcomes:

Leapfrog Finance	<p>The £10m of community benefit funds secured through lending in prior years are now bearing fruit with the following outcomes in 2017/18:</p> <ul style="list-style-type: none"> • 7,845 groups & individuals benefitted from support (either cash or advisory) funded by the community benefit funds. • Nearly £225,000 was saved by those who received face-to-face fuel poverty and energy efficiency advisory services. • £35,000 was saved on energy bills by schools and community organisations through the installation of LED lighting. • 3,355 tonnes of CO2 was avoided through energy savings initiatives – approximately 1,340 trees. • £50,000 donated to community organisations seeking to improve social outcomes in the areas of: Family, friends & relationships; Mental health & well-being; Housing & facilities.
Community Energy Fund	<p>The 13 remaining loans generated more than £180,000 in savings to communities principally in the form of free/reduced cost electricity to tenants allowing limited operating funds to be spent on other areas. Groups also provided education and advisory services around energy efficiency and fuel poverty.</p>
British Airways Carbon Fund	<ul style="list-style-type: none"> • £427,213 of grants were awarded to 14 projects during the period with 65% of these grants completed by 31 August 2018. <p>The completed projects will generate:</p> <ul style="list-style-type: none"> • £1.1m of savings to community groups in costs avoided over the life of the assets (e.g. energy/heat) • 1,822 tonnes of CO2 avoided over the lifetime of the projects ~ equivalent to 660 trees. • 120,000 people benefitted from completed grants.
Carbon Offsetting	<p>Carbon credits were purchased for 11,212 tonnes of CO2 ~ 4500 trees.</p>
Legal Support	<p>74 legal templates were provided to 11 groups at no up-front cost to support successful project delivery.</p> <p>8 community groups were referred for pro bono legal advice.</p>

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TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

YEAR ENDED 31 AUGUST 2018

Highlights

British Airways Carbon Fund

2017/18 was a very big year for the British Airways Carbon Fund.

A record number of projects were funded and completed in areas across the UK (including a large number of projects in locations where no support had previously been provided) and internationally, in Kenya and Zambia.

The donations from British Airways customers to the Carbon Fund not only had impact at a geographic scale. These donations powered a wide range of technologies - from roof-top solar panels to solar powered water pumps, from air-source heat pumps to LED lighting, and insulation to battery storage on scout-huts, schools, child-care centres, churches, sports centres, community farms, nature conservancies and community museums.

The carbon impact of these projects is by definition small because we are working at a local building scale but this should not diminish the importance of creating replicable models, the role of local carbon initiatives in educating and raising awareness of the need for humankind to reduce carbon everywhere, at all scales.

While the range of technologies, locations and beneficiaries is heartening what stands out for the Pure Leapfrog team that manages the Carbon Fund is the benefit that these projects bring to local communities striving to deliver services to local people.

A couple of small examples are provided below:

KlasCare – East Fulton, Scotland

A £12,000 donation by the Carbon Fund enabled energy efficient lighting, heating, hot water system and highly rated insulation to be installed on a derelict former janitor's house, as part of its revival.

Klas Care co-founder, Lesley Compton who drove the building's refurbishment and new focus drew attention to the community value of the project, saying *"Not only will the new facility enable KLAS Care to significantly expand affordable child care in the area, the main purpose of our social enterprise efforts, but it has already become a focus for community activity, from parent groups to cycling initiatives and other activities involving members of the community from the youngest to the oldest."*

Bowden House School, East Sussex

In May 2018, the Bowden House School installed an 82kWp solar PV system across various buildings. The School is a weekly residential school in Seaford that supports students between the ages of 9-16+ who present a range of complex social, emotional and mental health difficulties.

The School's Head of Care, Lindsay Haworth was thrilled by the outcome noting that, *"The money we saved on our solar panel installation has enabled us to convert one of our old, school buildings to a youth club for our students to use in the evenings."*

Oi Pejeta Conservancy, Kenya

Having supported the pilot installation of solar powered water pumping at Oi Pejeta Conservancy in 2016/7, the British Airways Carbon Fund was pleased to enable the next stage of development in this important work. A further grant enabled Oi Pejeta to restore the Nyumba Nne borehole and replace the existing diesel generator with a solar-powered water pump and Wifi. In addition to the forecast carbon and cost savings to Oi Pejeta from powering Nyumba Nne with solar, they will save an additional US\$5,000 per annum as the restored pump will be sufficient to supply water to 70% of the area.

"We are delighted to have worked with British Airways and Pure Leapfrog to install new technology to reduce our emissions, and to transform the education prospects of many of the children in this community. We are very grateful to British Airways' customers for helping us to do this", said Richard Vigne, CEO of Oi Pejeta Conservancy.

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Melosheb School, Zambia

The installation of 1.7kW solar PV system on a new computer lab at the school and an accompanying battery storage system was transformational for Melosheb School students and teachers.

Previously the school had no electricity supply meaning that pupils were unable to work after dark. The new system has led to greatly improved working and learning environment at the school. Most significantly, electricity has allowed for the introduction of computer equipment which will dramatically improve the education opportunities available to students and teachers.

As the project was finalised, school representative, Chisulo Mwale wrote, *"We are so happy to see our project coming to completion with the community appreciating the benefits and outcome of our hard work. We understand that it is on us to sustain the solar panels life span - a responsibility that we take seriously as a school. We are eternally grateful for the support rendered to us from Pure Leapfrog and the British Airways Carbon Fund."*

We look forward to an interesting array of projects in 2018/2019 in a year that celebrates the 100th anniversary of British Airways.

Leapfrog Finance Limited

2017/2018 saw Leapfrog Bridge Finance Limited secure a new facility of £20m from Big Society Capital. This new facility is able to support communities with finance on an expanded range of renewable energy technologies, including ground mount & rooftop solar, onshore wind, heat networks, energy efficiency, storage (in conjunction with generation) and other proven renewable energy technologies.

With this new facility in place from November 2018, the Leapfrog Finance Limited team has been working hard to develop opportunities with communities around the above technologies. In spite of the looming end to the Feed-In-Tariff, we see real potential for new community-based renewables and are heartened by the opportunities that are already emerging.

Alongside this facility, Coop Energy has contracted with Leapfrog Bridge Finance to deploy £20m of investment in community based renewables. As a cooperative itself, Coop Energy is committed to benefitting community members and is a primary supporter of Community Energy in England and Wales.

Leapfrog Finance Limited was also delighted to see the Verdant Community Energy project (led by Communities for Renewables) complete the full refinance of the £11.9m bridge loan provided by Leapfrog Bridge Finance Limited. With senior debt from Triodos bank alongside a community bond offer delivered through Triodos' innovative Individual Savings Account (ISA) platform this asset is now in the hands of Burnham and Weston Community Energy for long term operation. Community benefit funds of £3m will be released over the assets' life generating significant social impact through community grants & fuel poverty advisory services.

Just after the year end we also saw both New Mains of Guynd Solar Park CIC and Drove Lane Solar Park CIC refinance the senior debt portions of their loans and embark on the process of community bond raises.

Community Energy Fund

This loan book had a balance at year end of £554,382 across 14 loans.

Since the end of the financial year we have been pleased to see two of our borrowers repay early, enabling them to save on interest costs and continue the benefit they have delivered to the community. Our congratulations go out to Southmead Development Trust and Fenham Swimming Centre.

We are also pleased to have been able to come to an agreement with NSA Afan to settle their outstanding debt while ensuring that the beneficiaries of the installed solar systems continue to receive free electricity.

Leapfrog Launchpad Limited

2018 also saw the establishment of Leapfrog Launchpad Limited (LLL) – a joint venture between Lux Nova Partners Investments Limited, Energised Ventures Limited and Pure Leapfrog.

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The Launchpad was set up by the partners to work alongside community groups, providing expertise, knowledge and support for new models of community renewables.

Because post-subsidy models require skills & knowledge that are often beyond the current expertise or access of community groups, LL will provide commercial expertise (ranging from legals to technical, finance, governance, social impact & other commercial) to help groups develop new models for community/local energy.

The partners are largely providing our services in return for a small discounted equity stake in a successful project. If the project is successful & replicable, we will take a small stake. If the project does not succeed, we will write off our costs. Where a project is likely to take full time or dedicated resources, we will assist the community partner with sourcing funding that enables development.

Excitingly, the Launchpad is already working on 4 transformational projects with communities. Each of these projects brings new, large scale opportunities for communities and our goal is to ensure the pilots are replicable across the U.K.

We look forward to these projects coming to life in 2019.

Social and Environmental Impact Measurement and Reporting

As an environmental and social impact investor, Pure Leapfrog is committed to ensuring our investments yield tangible outcomes. We work closely with our investees to ensure they understand the importance of impact and design it into their investments and reporting systems.

However, our commitment to communities is larger than our own investments. We know that the passion, energy and investments made by community energy groups on the ground in local areas deliver impact in many forms – from community benefit funds spent on local projects to fuel poverty advisory. However, the tools and processes to monitor and report on this impact has not previously been part of sector reporting meaning this enormous value is not being recognised – by communities, investors and governments.

With this in mind and building on work done in 2016/17 that identified the areas in which community energy delivers social and environmental impact, Pure Leapfrog secured grant funding from Friends Provident Foundation to work with Community Energy England and South East London Community Energy to deliver an impact monitoring and reporting tool.

The tool is now well advanced in development and it is intended that it will be delivered for a first phase of use in early 2019. The tool will initially operate on a stand-alone basis but Community Energy England is keen to advance the tool further so that it will integrate with the State of the Sector report. Discussions have also been held with Community Energy Scotland to align the tool so that it can be used across Great Britain.

Carbon Offsetting

Legislative changes in 2017 that saw salary sacrifice of carbon offsetting (among other benefits) being treated as cash income for tax purposes meant that there was a substantial reduction in carbon offsetting activity in 2017/18. That aside, it was great to see that numerous individuals and companies continued personal and business commitments to offsetting their emissions (from utilities, flights, transport and business processes) resulting in over 11,000 tonnes of CO2 being offset in the year – equivalent to 4,500 trees being planted.

Working with our partner, EcoAct (formerly Carbon Clear), we have purchased credits through this year in the following projects:

- *Mai Ndombe Forestry Conservation*. This project aims to prevent logging of the DRC's biodiversity rich rainforests around the banks of Lake Mai Ndombe in West Congo. The project does this while supporting the local community by creating jobs, building schools and community activities. The project is VCS Certified.

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TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

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- *Darfur Low-Smoke Stoves, Sudan.* This project helps to improve households' health and energy budgets in the desert town of El Fasher by replacing traditional cooking methods, such as burning wood and charcoal inside the home, with low-smoke gas stoves. The project is implemented by NGOs – Practical Action and the Women Development Associations Network – who support local women to run a community-owned micro-finance facility managed by a women's collective. This project is Gold Standard certified.
- *Wayang Windu Phase 2 Geothermal Power Project, Indonesia.* This project is a 117MW geothermal power station, which is an additional power unit to an existing grid-connected renewable power plant. The project involves the generation of power using a reliable and renewable resource in place of power generation by a more greenhouse gas intensive fuel/source. The project reduces greenhouse gas emissions through the displacement of fossil fuel electricity generation with a clean, renewable energy source. It is VCS Certified.
- *Dowa and Kasungu Borehole Rehabilitation, Malawi.* This programme provides much needed safe drinking water to communities in Malawi's Dowa and Kasungu districts by repairing damaged boreholes and drilling new holes. Through the project, the boreholes are maintained and the quality of the water is checked on a regular basis. Previously, local people typically used wood fuel on inefficient three-stone fires to purify water for drinking. By gaining access to safe water, families can reduce their household consumption of firewood, thereby lowering the risk of contracting respiratory diseases linked to inhaling smoky fumes. The project will have saved 70,000 tonnes of CO₂ emissions by 2019. This project is Gold Standard certified.

Financial Review

Financial position at the end of the period

As set out in the consolidated statement of financial activities, the total group incoming resources during the year end 31st August 2018 was £1,765,704 (2017: £1,897,811) while the group outgoing resources were £1,962,221 (2017: £1,850,616).

Reserves

The group net reserve of £219,985 (2017: £421,729) was held at the end of the year. £177,555 (2017: £386,181) of this balance related to restricted funds held primarily for future grants or loans to UK projects.

The Trustees have a target policy of maintaining 3-6 months of unrestricted cash reserves in the charity. A similar policy is in place for the Leapfrog Finance entities. This has been very difficult to achieve in the past two years and on this basis, an assessment of available reserves against this threshold is undertaken at each Board meeting, and between Board meetings should the need arise.

At 31 August 2018, the unrestricted reserves in the group amounted to £42,430 (2017: £35,548). These reserves were not above the threshold level required by the Trustees at year end, the settlement that took place within 2 months after year end restored reserves to required levels.

The signing of new contracts by Leapfrog Finance and Leapfrog Bridge Finance also paves the way for restoring cash reserves in these entities.

PURE LEAPFROG A COMPANY LIMITED BY GUARANTEE

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

YEAR ENDED 31 AUGUST 2018

Going Concern

Two key factors have strengthened the position of Pure Leapfrog as a going concern.

Firstly, the inclusion of assets from NSA Afan (valued at £144,572) as part of the settlement of their outstanding loan in October 2018, reverses the loan provision of 2016/17 (£31,999) and settles the outstanding debt of £49,999. Pure Leapfrog will now maintain these assets over their life, and continue to provide the tenants of these properties with free energy and repay Big Society Capital the remaining debt.

In an effort to reduce the future risk of further defaults in the Community Energy Fund, the charity will continue to actively monitor loans and work with borrowers to ensure that they can repay loans on schedule or early.

Secondly, the establishment of the Leapfrog Launchpad Limited creates both a firm direction for the charity and also a source of funding for its future. After the financial year end a grant for £105,000 was received from Joseph Rowntree Charitable Trust towards the work of Pure Leapfrog as coordinating partner for the Launchpad. This grant has not been included in these accounts as it applies for 3 years from 1 January 2019.

The new contracts with Big Society Capital & Coop Energy signed post year end provide a strong basis for Leapfrog Finance Limited & Leapfrog Bridge Finance Limited moving forward. Already projects are flowing through the pipeline and new co-funding opportunities are being explored.

Future Direction

A principal area of focus for the Trustees in 2017/18 was establishing a viable long term role for the charity in a post-subsidy environment.

The Leapfrog Launchpad joint venture we have described above, will be at the heart of that focus. In fact, it nicely returns Pure Leapfrog to its original roots as 'Carbon Leapfrog' whereby it sought to provide expert-based support to communities seeking to create a renewable energy future.

Pure Leapfrog is acting as coordinator and leader for Leapfrog Launchpad Limited, bringing the partners together, acting as the central liaison point with the communities we work with, documenting progress and identifying new opportunities.

Structure, Governance and Management

Overview

Pure Leapfrog is governed by a Memorandum and Articles of Association, constituted 11 August 2005. It is a registered charity, no. 1112249 regulated by the Charities Commission. Pure Leapfrog is a limited company, no. 05534395.

The responsibilities of the Trustees and management/staff are set out in the Board charter and delegated authorities policy. Trustees and staff are recruited through an open advertisement process. There have been no new Trustees through the year. A suite of business and human resource policies guide the activities of staff. A full review of policies and procedures was carried out in late 2017 to ensure they remain up-to-date with changing charity, business and regulatory environments.

As it was for many businesses, the introduction of the General Data Protection Regulation (GDPR) in May 2018 was an important consideration for the charity and its trading subsidiaries. Staff underwent training ahead of this regulation coming into force and a review of Leapfrog's policies, communications and website was also undertaken to ensure compliance.

Charity staff pay is set based on publicly available benchmarking information and research into current terms.

Pure Leapfrog's wholly owned trading subsidiary, Leapfrog Finance Limited, company no. 07038343, in turn owns Leapfrog Bridge Finance Limited, company no. 09726408. Fully consolidated accounts have been prepared for the year ending 31st August 2018.

**PURE LEAPFROG
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TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

YEAR ENDED 31 AUGUST 2018


Statement of disclosure to auditor

Each trustee, as at the date of this report, has confirmed that insofar as he/she is aware, there is no relevant audit information (that is, information needed by the charitable company's auditor in connection with preparing their report) of which the charitable company's auditor is unaware, and he/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the charitable Company's auditor is aware of that information.

The financial statements have been prepared in accordance with the special provisions of the Companies Act 2006 relating to small companies.

Registered office:
7-14 Great Dover Street
London
SE1 4YR

Signed by order of the trustees


.....
Mark Henderson
Chairman
.....
15-3-2019

PURE LEAPFROG A COMPANY LIMITED BY GUARANTEE

STATEMENT OF TRUSTEES' RESPONSIBILITIES

YEAR ENDED 31 AUGUST 2018

The trustees (who are also directors of Pure Leapfrog for the purposes of company law) are responsible for preparing the Trustees' 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 group and charitable company and of the incoming resources and application of resources, including the income and expenditure, of the group and charitable company for that period. In preparing these 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 2015 (FRS 102);
- 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and charitable company will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the group and 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 group and charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the group and charitable company'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 information.

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 legislation in other jurisdictions.

PURE LEAPFROG A COMPANY LIMITED BY GUARANTEE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF PURE LEAPFROG

YEAR ENDED 31 AUGUST 2018

Opinion

We have audited the financial statements of Pure Leapfrog (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 August 2018 which comprise the Group and Parent Charitable Company Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Group Statement of Cash Flows and the 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 (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 August 2018 and of the group's and parent charitable company's incoming resources and application of resources, including the group's and the parent charitable company's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, and the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

PURE LEAPFROG A COMPANY LIMITED BY GUARANTEE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF PURE LEAPFROG

YEAR ENDED 31 AUGUST 2018

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 trustees report (incorporating the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Act 2011 require us to report to you if, in our opinion:

- the parent charitable company has not kept sufficient and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent 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 group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011, and report in accordance with those Acts.

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.

PURE LEAPFROG A COMPANY LIMITED BY GUARANTEE

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF PURE LEAPFROG

YEAR ENDED 31 AUGUST 2018

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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

**Scott Jeffrey (Senior Statutory Auditor)
for and on behalf of Johnston Carmichael LLP
Chartered Accountants
Statutory Auditor**

..... 2019

7-11 Melville Street
Edinburgh
EH3 7PE

Johnston Carmichael LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

PURE LEAPFROG
A COMPANY LIMITED BY GUARANTEE

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING THE
INCOME AND EXPENDITURE ACCOUNT)**

YEAR ENDED 31 AUGUST 2018

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £	Total Funds 2017 £
Income					
Other trading activities	3	331,906	1,090,201	1,422,107	1,459,453
Donations	4	129,052	176,813	305,865	369,742
Charitable activities	5	4,686	-	4,686	23,673
Investments	6	13,430	19,616	33,046	44,943
Total income		479,074	1,286,630	1,765,704	1,897,811
Expenditure on					
Raising funds	7	(271,644)	(1,090,201)	(1,361,845)	(1,381,265)
Charitable activities	8	(195,321)	(405,055)	(600,376)	(469,351)
Total expenditure		(466,965)	(1,495,256)	(1,962,221)	(1,850,616)
Net (expenditure)/income		12,109	(208,626)	(196,517)	47,195
Corporation tax charge	13	(5,227)	-	(5,227)	(4,223)
Transfers between funds		-	-	-	-
Net movement in funds		6,882	(208,626)	(201,744)	42,972
Fund balances at 1 September 2017		35,548	386,181	421,729	378,757
Total funds carried forward		42,430	177,555	219,985	421,729

All of the above amounts relate to continuing activities.

The notes on pages 21 to 37 form part of these financial statements


**PURE LEAPFROG
A COMPANY LIMITED BY GUARANTEE**

CONSOLIDATED BALANCE SHEET

FOR THE YEAR ENDED 31 AUGUST 2018

		2018		2017	
	Note	£	£	£	£
Fixed assets					
Tangible assets	14		1,251		4,374
Investments	15		<u>377,061</u>		<u>516,213</u>
			378,312		520,587
Current assets					
Investments	16	15,498,440		21,765,443	
Debtors	18	325,595		708,748	
Cash at bank and in hand		<u>322,321</u>		<u>950,924</u>	
		16,146,356		23,425,115	
Creditors: amounts falling due within one year	19	<u>(15,994,156)</u>		<u>(1,683,333)</u>	
Net current assets			<u>152,200</u>		<u>21,741,782</u>
Total assets less current liabilities			530,512		22,262,369
Creditors: amounts falling due after more than one year	20		(310,381)		(21,840,232)
Deferred tax			<u>(146)</u>		<u>(408)</u>
Net assets			<u>219,985</u>		<u>421,729</u>
Funds					
Restricted income funds	22		177,555		386,181
Unrestricted income funds	23		<u>42,430</u>		<u>35,548</u>
Total funds			<u>219,985</u>		<u>421,729</u>

These financial statements were approved by the directors on 15-3-2019 2019 and are signed on their behalf by:



 Mark Henderson
 Chairman

Company Registration Number: 05534395

The notes on pages 21 to 37 form part of these financial statements

**PURE LEAPFROG
A COMPANY LIMITED BY GUARANTEE**

**CHARITY STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING THE INCOME
AND EXPENDITURE ACCOUNT)**

FOR THE YEAR ENDED 31 AUGUST 2018

	Note	Unrestricted Funds	Restricted Funds	Total Funds 2018	Total Funds 2017
		£	£	£	£
Income					
Other trading activities	3	23,407	-	23,407	13,704
Donations	4	129,052	176,813	305,865	369,742
Charitable activities	5	4,686	-	4,686	23,673
Investments	6	34,136	19,616	53,752	53,985
Total income		191,281	196,429	387,710	461,104
Expenditure on					
Charitable activities	8	(179,462)	(405,055)	(584,517)	(463,720)
Total expenditure		(179,462)	(405,055)	(584,517)	(463,720)
Net expenditure		11,819	(208,626)	(196,807)	(2,616)
Transfers between funds		-	-	-	-
Net movement in funds		11,819	(208,626)	(196,807)	(2,616)
Reconciliation of funds					
Fund balances at 1 September 2017		(10,513)	386,181	375,668	378,284
Total funds carried forward		1,306	177,555	178,861	375,668

All of the above amounts relate to continuing activities.

The notes on pages 21 to 37 form part of these financial statements

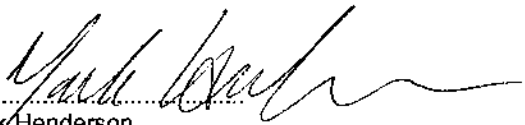
**PURE LEAPFROG
A COMPANY LIMITED BY GUARANTEE**

CHARITY BALANCE SHEET

FOR THE YEAR ENDED 31 AUGUST 2018

		2018		2017	
	Note	£	£	£	£
Fixed assets					
Tangible assets	14		307		1,972
Investments	15		377,062		516,214
			<u>377,369</u>		<u>518,186</u>
Current assets					
Investments	16	203,677		212,487	
Debtors	18	10,880		118,211	
Cash at bank and in hand		<u>232,772</u>		<u>265,962</u>	
		447,329		596,660	
Creditors: amounts falling due within one year	19	<u>(335,456)</u>		<u>(223,535)</u>	
Net current assets			<u>111,873</u>		<u>373,125</u>
Total assets less current liabilities			489,242		891,311
Creditors: amounts falling due after more than one year	20		<u>(310,381)</u>		<u>(515,643)</u>
Net assets			<u>178,861</u>		<u>375,668</u>
Funds					
Restricted income funds	22		177,555		386,181
Unrestricted income funds	23		<u>1,306</u>		<u>(10,513)</u>
Total funds			<u>178,861</u>		<u>375,668</u>

These financial statements were approved by the directors on 15-3-2019 2019 and are signed on their behalf by:


.....
Mark Henderson
Chairman

Company Registration Number: 05534395

The notes on pages 21 to 37 form part of these financial statements.

**PURE LEAPFROG
A COMPANY LIMITED BY GUARANTEE**

CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 31 AUGUST 2018

	2018		2017	
	£	£	£	£
Net cash outflow/(inflow) from operating activities		(507,547)		968,212
Investing activities				
Interest paid	(1,114,727)		(792,890)	
Interest receivable	1,123,247		805,681	
Cash on sale of fixed assets	717		-	
Purchase of tangible fixed assets	-		(1,783)	
Net cash flow from investing activities		9,237		11,008
Financing activities				
Loans provided to clients	(518,413)		(21,791,582)	
Loans repaid from clients	8,079,851		3,991,445	
Investment in joint venture	(100)		-	
New loan finance	-		21,341,135	
Repayment of borrowings	(7,691,631)		(3,979,652)	
Net cash flow from financing activities		(130,293)		(438,654)
Net (decrease)/increase in cash and cash equivalents		(628,603)		540,566
Cash and cash equivalents at the beginning of the year		950,924		410,358
Cash and cash equivalents at the end of the year		322,321		950,924

Reconciliation of net movement in funds to net cash flow from operating activities

	2018	2017
	£	£
Net movement in funds for the reporting period	(201,744)	42,972
Tax charge	5,227	4,223
Interest receivable	(1,123,247)	(805,681)
Interest payable	1,114,727	792,890
Release of prior year bad debt provision	(31,999)	-
Depreciation of fixed assets	1,688	1,592
Decrease/(increase) in debtors	383,152	(417,928)
(Decrease)/increase in creditors	(635,351)	1,350,144
Net cash outflow from operating activities	(507,547)	968,212

The notes on pages 21 to 37 form part of these financial statements

PURE LEAPFROG A COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2018

1. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

General information and basis of preparation

Pure Leapfrog is a private company limited by guarantee registered in England and Wales. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the registered office is given in the charity information on page 1 of these financial statements.

These financial statements consolidate the results of the charity, its wholly owned subsidiary Leapfrog Finance Limited, and Leapfrog Bridge Finance Limited (a wholly owned subsidiary of Leapfrog Finance Limited) on a line by line basis. No results have been consolidated in respect of the investment in Leapfrog Launchpad as the entity remains dormant.

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and the Companies Act 2006.

The financial statements are prepared under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the charity and rounded to the nearest pound.

The company has availed itself of s396 of the Companies Act 2006, as permitted in paragraph 4(1) of Schedule 1 of SI 2008 No 409, and adapted the Companies Act formats to reflect the special nature of the company's activities.

Reduced Disclosure Framework

The parent company qualifies to adopt the reduced disclosure framework for FRS 102 and has taken advantage of the exemption to present a cash flow statement.

Going concern

The financial statements have been prepared on the going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held, the available bank facilities, and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds is charged against the specific fund. The purpose and use of each restricted fund is set out in the notes to the financial statements.

PURE LEAPFROG A COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 AUGUST 2018

1. Accounting Policies (continued)

Income recognition

All income is included in the Statement of Financial Activities (SOFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

If there are conditions attached to donations then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

Income from trading activities includes income earned from trading subsidiaries to raise funds for the charity. Income is received in exchange for supplying services in order to raise funds and is recognised when entitlement has occurred. Trading income includes fee income and loan interest receivable which are recognised over the period to which the loan facility is provided.

The group receives both corporate and individual donations. These are recognised once the amount has been received. The income and expenditure for these donations will be classified as either restricted or unrestricted funds within the accounts dependent on the underlying conditions attached.

Investment income includes bank and loan interest. Bank interest is recognised when receivable.

Expenditure recognition

Expenditure is recognised on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised when there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It can be categorised under the following headings:

- Costs of raising funds includes costs incurred by trading subsidiary entities including interest payable;
- Expenditure on charitable activities includes all costs associated with the provision of services.

Support costs

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs, administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity and include project management carried out at Headquarters.

The analysis of these costs is included in note 9.

Governance costs

Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to the statutory audit.

Purchase of carbon credits

The purchase of carbon credits are payments made in furtherance of the charitable objectives of the charity. The purchase of carbon credits are accounted for where the Trustees have approved the purchase without condition and this intention has been conveyed to the recipient. Where a purchase of carbon credits is required to fulfil a commitment to a donor wishing to offset carbon emissions, a liability for such a purchase is recognised in the financial statements.

PURE LEAPFROG A COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 AUGUST 2018

1. Accounting Policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Computer equipment	over 3 years
Office equipment	over 3 years

Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible fixed assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Investments

Investments in subsidiaries are measured at cost less impairment.

Grants and programme related investments are made in accordance with the charity's aims and objectives which are primarily made in furtherance of the charity's objectives. All loans are repayable over periods ranging between a few months up to 10 years and bear interest rates between 0% and 6%. Those repayable in greater than one year are recorded as fixed asset investments.

Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

PURE LEAPFROG A COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 AUGUST 2018

1. Accounting Policies (continued)

Impairment of financial assets

Financial assets, other than those held at fair value through income and expenditure, are assessed for indicators of impairment at each reporting date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the assets original effective interest rate. The impairment loss is recognised in income and expenditure.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in income and expenditure.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Basic financial liabilities

Basic financial liabilities, including creditors are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest rate method.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

Provisions

Provisions are recognised when the group has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

Leases

Rentals payable and receivable under operating leases are charged to the SoFA on a straight line basis over the period of the lease.

**PURE LEAPFROG
A COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 AUGUST 2018

1. Accounting Policies (continued)

Employee and retirement benefits

When employees have rendered service to the group, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Tax

The company is a registered charity and is recognised as such by HMRC for taxation purposes. As a result there is no liability to corporation tax on its charitable income.

2. Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical Judgements and estimates

Programme related investments

The group makes an assessment of the recoverable value of amounts provided in the form of programme related investments to external parties. When assessing the recoverability of these amounts owed, management considers factors such as the market value of certain assets held by the relevant entities. Provisions are made where there are indications that the outstanding loan balance is not recoverable in full.

3. Income from other trading activities

Group	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £	Total Funds 2017 £
Trading activities	331,906	1,090,201	1,422,107	1,459,453
	<u>331,906</u>	<u>1,090,201</u>	<u>1,422,107</u>	<u>1,459,453</u>

Of the total income from other trading activities in 2018 £1,090,201 (2017: £570,730) related to restricted income.

**PURE LEAPFROG
A COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 AUGUST 2018

3. Income from other trading activities (continued)

Charity	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £	Total Funds 2017 £
Trading activities	23,407	-	23,407	13,704
	<u>23,407</u>	<u>-</u>	<u>23,407</u>	<u>13,704</u>

Of the total income from other trading activities in 2018 £nil (2017: £nil) related to restricted income.

4. Donations and legacies

Group	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £	Total Funds 2017 £
Individual donations	18,503	-	18,503	45,961
Gift aid	2,918	-	2,918	-
Corporate donations	107,631	97,813	205,444	280,581
Philanthropic grants	-	79,000	79,000	43,200
	<u>129,052</u>	<u>176,813</u>	<u>305,865</u>	<u>369,742</u>

Of the total donations in 2018 £176,813 (2017: £285,082) related to restricted income.

Charity	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £	Total Funds 2017 £
Individual donations	18,503	-	18,503	45,961
Gift aid	2,918	-	2,918	-
Corporate donations	107,631	97,813	205,444	280,581
Philanthropic grants	-	79,000	79,000	43,200
	<u>129,052</u>	<u>176,813</u>	<u>305,865</u>	<u>369,742</u>

Of the total donations in 2018 £176,813 (2017: £285,082) related to restricted income.

5. Income from charitable activities

Group and charity	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £	Total Funds 2017 £
Consultancy and events	3,300	-	3,300	19,267
Other income	1,386	-	1,386	4,406
	<u>4,686</u>	<u>-</u>	<u>4,686</u>	<u>23,673</u>

Of the income from charitable activities in 2018, £nil (2017: £nil) was restricted income.

**PURE LEAPFROG
A COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 AUGUST 2018

6. Income from investments

Group	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £	Total Funds 2017 £
Bank interest	63	-	63	1,649
Loan interest	13,367	19,616	32,983	43,294
	<u>13,430</u>	<u>19,616</u>	<u>33,046</u>	<u>44,943</u>

Of the income from investments in 2018 £19,616 (2017: £30,377) related to restricted income.

Charity	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £	Total Funds 2017 £
Bank interest	63	-	63	1,649
Loan interest	13,367	19,616	32,983	43,294
Gift aid	20,706	-	20,706	9,042
	<u>34,136</u>	<u>19,616</u>	<u>53,752</u>	<u>53,985</u>

Of the income from investments in 2018 £19,616 (2017: £30,377) related to restricted income.

7. Costs of raising funds

Group	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £	Total Funds 2017 £
Trading subsidiary costs	271,644	1,090,201	1,361,845	1,381,265
	<u>271,644</u>	<u>1,090,201</u>	<u>1,361,845</u>	<u>1,381,265</u>

Of the total costs of raising funds in 2018 £1,090,201 (2017: £570,720) related to restricted expenditure.

8. Analysis of charitable activities

Group	Unrestricted Funds 2018 £	Restricted Funds 2018 £	Total 2018 £	Total 2017 £
Purchase of carbon credits	2,446	54,051	56,497	59,355
Grants and related projects	15,074	291,656	306,730	97,420
Support costs (note 9)	65,220	-	65,220	46,141
Loan interest	-	24,527	24,527	32,160
Staff and consultants	72,873	66,820	139,693	182,487
Governance costs (note 10)	33,292	-	33,292	19,530
Loss on sale of fixed asset	718	-	718	259
Small loan book	5,698	(31,999)	(26,301)	31,999
	<u>195,321</u>	<u>405,055</u>	<u>600,376</u>	<u>469,351</u>

Of the total charitable activities expenditure incurred in the year £405,055 (2017: £219,690) was restricted.

**PURE LEAPFROG
A COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 AUGUST 2018

8. Analysis of charitable activities (continued)

Charity	Unrestricted Funds 2018 £	Restricted Funds 2018 £	Total 2018 £	Total 2017 £
Purchase of carbon credits	2,445	54,051	56,496	59,355
Grants and related projects	15,074	291,656	306,730	97,420
Support costs (note 9)	63,762	-	63,762	46,010
Loan interest	-	24,527	24,527	32,160
Staff and consultants	72,873	66,820	139,693	182,487
Governance costs (note 10)	18,892	-	18,892	14,030
(Profit)/loss on sale of fixed asset	718	-	718	259
Small loan book	5,698	(31,999)	(26,301)	31,999
	<u>179,462</u>	<u>405,055</u>	<u>584,517</u>	<u>463,720</u>

Of the total charitable activities expenditure incurred in the year £405,055 (2017: £219,690) was restricted.

Grants and related projects include payments to entities which fulfil the objectives of the charity per the Trustees' Report.

9. Analysis of support costs

Group	Unrestricted Funds 2018 £	Restricted Funds 2018 £	Total 2018 £	Total 2017 £
Office costs	5,866	-	5,866	10,870
IT and infrastructure	6,891	-	6,891	4,386
Membership and subscription fees	2,169	-	2,169	1,893
Accounting fees	35,789	-	35,789	24,279
Travel and subsistence	2,913	-	2,913	1,265
Bank and online payment charges	1,402	-	1,402	1,499
Marketing/advertising	8,502	-	8,502	1,537
Depreciation	1,688	-	1,688	412
	<u>65,220</u>	<u>-</u>	<u>65,220</u>	<u>46,141</u>

Of the total support costs incurred in the year £nil (2017: £nil) was restricted.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 AUGUST 2018

9. Analysis of support costs (continued)

Charity	Unrestricted Funds 2018 £	Restricted Funds 2018 £	Total 2018 £	Total 2017 £
Office costs	5,866	-	5,866	10,734
IT and infrastructure	6,891	-	6,891	4,386
Membership and subscription fees	2,169	-	2,169	1,893
Accounting fees	35,789	-	35,789	24,284
Travel and subsistence	2,913	-	2,913	1,265
Bank and online payment charges	1,402	-	1,402	1,499
Marketing/advertising	8,502	-	8,502	1,537
Depreciation	230	-	230	412
	<u>63,762</u>	<u>-</u>	<u>63,762</u>	<u>46,010</u>

Of the total support costs incurred in the year £nil (2017: £nil) was restricted.

10. Analysis of governance costs

Group	Unrestricted Funds 2018 £	Restricted Funds 2018 £	Total 2018 £	Total 2017 £
Audit fees	22,800	-	22,800	12,000
Insurance costs	3,826	-	3,826	3,572
Trustee expenses	1,800	-	1,800	-
Professional fees	4,866	-	4,866	3,958
	<u>33,292</u>	<u>-</u>	<u>33,292</u>	<u>19,530</u>

Of the total governance costs incurred in the year £nil (2017: £nil) was restricted.

Charity	Unrestricted Funds 2018 £	Restricted Funds 2018 £	Total 2018 £	Total 2017 £
Audit fees	8,400	-	8,400	6,500
Insurance costs	3,826	-	3,826	3,572
Trustee expenses	1,800	-	1,800	-
Professional fees	4,866	-	4,866	3,958
	<u>18,892</u>	<u>-</u>	<u>18,892</u>	<u>14,030</u>

Of the total governance costs incurred in the year £nil (2017: £nil) was restricted.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 AUGUST 2018

11. Net (expenditure)/income for the year

This is stated after charging:	2018	2017
	£	£
Depreciation	1,688	1,592
Auditor's remuneration		
- audit of the financial statements	22,800	12,000
- corporate tax compliance	1,920	1,920
	<u>1,920</u>	<u>1,920</u>

12. Staff costs and emoluments

Total staff costs were as follows:

	2018	2017
	£	£
Wages and salaries – charitable activities	113,939	151,564
Wages and salaries – raising funds	139,693	182,487
Social security costs	21,764	29,191
Pension costs	2,885	797
	<u>278,281</u>	<u>364,039</u>

Included within wages and salaries is £48,520 (2017 - £33,000) relating to consultant costs paid to companies which have a common director.

Particulars of employees:

The average number of employees within the group during the year, was 4 (2017 - 6).

The number of employees whose annual remuneration was £60,000 or more were;

	2018	2017
	number	number
£60,001 - £70,000	1	1
£80,001 - £90,000	1	1

Trustees' and key management personnel remuneration and expenses

The trustees neither received nor waived any remuneration during the year (2017 - £nil).

The total compensation cost of key management personnel is £86,615 (2017 - £140,300). The charity considers its key management personnel comprise the senior management team. No trustees are accruing pension benefits in the current or prior year.

During the year expenses reimbursed to a trustee totalled £nil (2017 - £173). As a result of consultancy services provided in relation to the settlement of an outstanding loan in the small loan book a payment of £1,800 (2017 - £nil) was made to a trustee. The board has agreed that a further £4,950 is payable post year end.

13. Taxation

	2018	2017
	£	£
Current tax		
UK corporation tax on profits for the current period	5,489	3,815
Deferred tax		
Origination and reversal of timing differences	<u>(262)</u>	<u>408</u>
	<u>5,227</u>	<u>4,223</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 AUGUST 2018

14. Tangible fixed assets

Group	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation			
At 1 September 2017	1,868	4,681	6,549
Additions	-	-	-
Disposals	-	(1,498)	(1,498)
At 31 August 2018	1,868	3,183	5,051
Depreciation			
At 1 September 2017	380	1,795	2,175
Charge for the year	261	1,427	1,688
Disposals	-	(63)	(63)
At 31 August 2018	641	3,159	3,800
Net Book Value			
At 31 August 2018	1,227	24	1,251
At 31 August 2017	1,488	2,886	4,374
Charity			
Cost or valuation			
At 1 September 2017		2,188	2,188
Additions		-	-
Disposals		(1,498)	(1,498)
At 31 August 2018		690	690
Depreciation			
At 1 September 2017		216	216
Charge for the year		230	230
Disposals		(63)	(63)
At 31 August 2018		383	383
Net Book Value			
At 31 August 2018		307	307
At 31 August 2017		1,972	1,972

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 AUGUST 2018

15. Fixed asset investments

	2018 Group	2017 Group	2018 Charity	2017 Charity
	£	£	£	£
Programme related investments	376,961	516,213	376,961	516,213
Shares in subsidiary company	-	-	1	1
Shares in joint ventures	100	-	100	-
	<u>377,061</u>	<u>516,213</u>	<u>377,062</u>	<u>516,214</u>

During the year the charity invested £100 in Leapfrog Launchpad Limited, a joint venture in which it has a 33% stake. At the year end this entity was yet to commence trading.

16. Current asset investments

	2018 Group	2017 Group	2018 Charity	2017 Charity
	£	£	£	£
Programme related investments	15,498,440	21,765,443	203,677	212,487
	<u>15,498,440</u>	<u>21,765,443</u>	<u>203,677</u>	<u>212,487</u>

Programme related investments are amounts which the charity has lent to third parties in line with its charitable objectives. These investments are repayable in less than one year.

	Capital & funds £	Profit for the year £
The company owns 100% of the £1 ordinary share capital of: Leapfrog Finance Limited, a company incorporated in England and Wales. (Company Number 07038343)	<u>40,303</u>	<u>15,161</u>
Leapfrog Bridge Finance Limited (indirect) (09726408)	<u>960</u>	<u>609</u>

The principal activity of Leapfrog Finance Limited is that of Fund Management Activities. Turnover for the year was £265,575 with expenditure totalling £246,389 and Corporation Tax charge of £4,025.

Leapfrog Finance Limited, owns 100% of the 1 £1 ordinary share of Leapfrog Bridge Finance Limited, a financial intermediation company incorporated in England and Wales. Turnover for the year was £1,320,717 with expenditure totalling £1,318,906 and Corporation Tax charge of £1,202.

PURE LEAPFROG
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 AUGUST 2018

17. Financial instruments

	2018 Group £	2017 Group £	2018 Charity £	2017 Charity £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	<u>16,497,703</u>	<u>23,935,744</u>	<u>818,218</u>	<u>1,108,960</u>
Carrying amount of financial liabilities				
Measured at amortised cost	<u>16,292,680</u>	<u>23,510,182</u>	<u>645,837</u>	<u>734,297</u>

18. Debtors

	2018 Group £	2017 Group £	2018 Charity £	2017 Charity £
Trade debtors	1,500	111,679	1,500	111,664
Amounts owed by group undertakings	-	-	-	132
VAT repayable	5,713	2,903	5,713	2,903
Other debtors	20,001	244	-	242
Prepayments and accrued income	<u>298,381</u>	<u>593,922</u>	<u>3,667</u>	<u>3,270</u>
	<u>325,595</u>	<u>708,748</u>	<u>10,880</u>	<u>118,211</u>

19. Creditors: Amounts falling due within one year

	2018 Group £	2017 Group £	2018 Charity £	2017 Charity £
Other loans	15,154,428	201,481	222,651	201,481
Trade creditors	49,402	20,228	27,186	9,127
Taxation and social security	11,858	13,383	-	4,881
Other creditors	<u>778,468</u>	<u>1,448,241</u>	<u>85,619</u>	<u>8,046</u>
	<u>15,994,156</u>	<u>1,683,333</u>	<u>335,456</u>	<u>223,535</u>

20. Creditors: Amounts falling due after more than one year

	2018 Group £	2017 Group £	2018 Charity £	2017 Charity £
Other loans	<u>310,381</u>	<u>21,840,232</u>	<u>310,381</u>	<u>515,643</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 AUGUST 2018

21. Creditors –other loans

Creditors include bank loans which are due for repayment as follows:

	2018 Group £	2017 Group £	2018 Charity £	2017 Charity £
Amounts repayable:				
In one year or less	15,154,428	201,481	222,651	201,481
In more than one year but not more than two years	159,101	21,530,644	159,101	206,055
In more than two years but not more than five years	83,302	250,753	83,302	250,753
In more than five years	67,978	58,835	67,978	58,835
	<u>15,464,809</u>	<u>22,041,713</u>	<u>533,032</u>	<u>717,124</u>

Of the loan liability in the Group, £14,931,777 (2017 - £21,324,589) is secured by fixed and floating charges over the assets of Leapfrog Bridge Finance Limited.

22. Restricted income funds

Group

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers £	Balance at 31 August 2018 £
British Airways Carbon Fund	370,647	43,762	(261,300)	-	153,109
Other corporate donations	5,509	49,000	(54,509)	-	-
Carbon credit purchases	-	54,051	(54,051)	-	-
M&E Grant	-	30,000	(9,909)	-	20,091
LBF loan interest	-	1,090,201	(1,090,201)	-	-
Big Society Capital facility	10,025	19,616	(25,286)	-	4,355
	<u>386,181</u>	<u>1,286,630</u>	<u>(1,495,256)</u>	<u>-</u>	<u>177,555</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 AUGUST 2018

22. Restricted income funds

Charity

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers £	Balance at 31 August 2018 £
British Airways Carbon Fund	370,647	43,762	(261,300)	-	153,109
Other corporate donations	5,509	49,000	(54,509)	-	-
Carbon credit purchases	-	54,051	(54,051)	-	-
M&E Grant	-	30,000	(9,909)	-	20,091
Big Society Capital facility	10,025	19,616	(25,286)	-	4,355
	<u>386,181</u>	<u>196,429</u>	<u>(405,055)</u>	<u>-</u>	<u>177,555</u>

British Airways Carbon Fund

The British Airways Carbon Fund represents donations received from British Airways customers through British Airways plc, which are to be used to reduce carbon emissions through community renewable energy and energy efficiency projects in the UK and internationally.

Other Corporate donations

Corporate donations are amounts received from corporate entities which have specific restrictions attached.

Carbon Credit Purchases

Money received and spent on carbon credits during the year to offset the carbon footprints of individuals, businesses and travellers.

M&E Grant

Social and Environmental Impact Monitoring and Evaluation Tool.

Big Society Capital Facility

Big Society Capital has extended a £30m facility to Leapfrog Finance Limited to enable it to provide bridge finance to communities wishing to acquire, build and install renewable energy projects in the UK with a particular emphasis on social impact in deprived communities. This facility expires in April 2019 and a new facility for £20m was signed in November 2018 for a 3 year term.

**PURE LEAPFROG
A COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 AUGUST 2018

23. Unrestricted income funds

Group	Balance at 1 September 2017 £	Income £	Expenditure £	Corporation Tax/ transfers £	Balance at 31 August 2018 £
General Funds	35,548	479,074	(466,965)	(5,227)	42,430
	<u>35,548</u>	<u>479,074</u>	<u>(466,965)</u>	<u>(5,227)</u>	<u>42,430</u>
Charity	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers £	Balance at 31 August 2018 £
General Funds	(10,513)	191,281	(179,462)	-	1,306
	<u>(10,513)</u>	<u>191,281</u>	<u>(179,462)</u>	<u>-</u>	<u>1,306</u>

24. Analysis of net assets between funds

Group	Investments £	Tangible fixed assets £	Net current assets £	Long term liabilities/ Deferred tax £	Total £
Restricted funds	376,961	-	110,975	(310,381)	177,555
General unrestricted funds	100	1,251	41,225	(146)	42,430
Total Funds	<u>377,061</u>	<u>1,251</u>	<u>152,200</u>	<u>(310,527)</u>	<u>219,985</u>
Charity	Investments £	Tangible fixed assets £	Net current assets £	Long term liabilities £	Total £
Restricted funds	376,961	-	110,975	(310,381)	177,555
General unrestricted funds	101	307	898	-	1,306
Total Funds	<u>377,062</u>	<u>307</u>	<u>111,873</u>	<u>(310,381)</u>	<u>178,861</u>

25. Company limited by guarantee

The company is limited by guarantee and there is therefore no share capital. Members' liability is limited to £1 per member. At 31 August 2018, there were 5 members.

26. Related party transactions

Other transactions with related parties

The company has taken advantage of exemptions under Financial Reporting Standard 102 s.33.1A not to disclose transactions with group undertakings.

**PURE LEAPFROG
A COMPANY LIMITED BY GUARANTEE**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 AUGUST 2018

27. Post balance sheet event

Post year end the charity received tangible fixed assets, namely solar panels, as repayment of a portion of the investment loans. Based on the expected future economic benefits of the assets the estimated valuation of the assets exceeds the outstanding loan balance of £49,999.

One junior debt and one senior debt repayment also occurred in the Leapfrog Bridge Finance Facility. Verdant completed its community bond raise and settled its junior debt loan on 26 September 2018. Additionally, Drove Lane and New Mains of Guynd CICs finalised their senior debt raise and repaid £8m (between them) on 12 October 2018.

