Pure Leapfrog
(A company limited by guarantee)

Audited Report of the Board of Trustees and Consolidated Financial Statements For the Year Ended 31st August 2016

Charity number 1112249
Company number 5534395
Report of the Trustees for the year ended 31st August 2016

The Trustees present their annual report along with the consolidated financial statements of the charity and its subsidiary for the year ended 31st August 2016. 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 for Smaller Entities published on 16 July 2014, the Financial Reporting Standard for Smaller Entities (FRSSE) and the Charities Act 2011 and UK Generally Accepted Practices as it applies from 1 January 2015.

Statement on behalf of the Board of Trustees

Welcome to Pure Leapfrog’s 2015-16 Trustee Annual Report and Accounts. September 2015 marked a seminal moment for the charity with the launch of our wholly owned trading subsidiary Leapfrog Finance which has enabled us to fulfil our ambition to further support the scaling of community energy.

The energy system is becoming more complex as we shift towards one that is increasingly driven by trends in decarbonisation, data and decentralisation. In parallel to that, climate change remains a pressing issue, billions of people remain without access to reliable energy and there continue to be people stuck in fuel poverty. Against this backdrop, communities are coming together to take matters into their own hands whilst government policy in the UK has become hostile to renewables.

Big challenges require bold thinking and action. To this end we remain steadfast in supporting communities to fulfil their ambitions of creating a better, cleaner and fairer energy system.

SHIFTING GEAR

On the financial side, we did not manage to increase our surplus as planned this year. The impact of unforeseen changes in government support mechanisms saw the wider renewables market contract substantially. Community energy was not immune to the changes and as a consequence the business models which had underpinned some projects needed to be re-assessed.

As such, we have had to adapt and change the way we support this ecosystem. This is in-line with our ambition to diversify our income and become more self-sustaining which will enable us to scale up and further increase our impact in the sector. In these challenging circumstances our ability to lend all of our new £15m bridge loan facility and produce cash flow so close to breakeven should, I believe, be seen as an extremely positive result and is a great tribute to the team’s dedication and hard work.

Despite the challenges mentioned above, Pure Leapfrog’s financial position remains stable and we are projecting an improved financial result in the year ahead, growing both our income and our impact.

SIGNIFICANT MILESTONES INCLUDE:

The new £15m bridge facility signed in August 2015, supported by Big Society Capital means we can secure larger investments in sizeable community energy assets. This is unlocking millions of £’s of community benefit and helping create a new asset base for communities all across the UK. Our first
investment of £4m will support Plymouth Energy Community to unlock £3.5m of community benefit and has set the benchmark for social impact from a community solar farm.

“LEAP”, the Local Energy Accelerator Platform which helps accelerate the delivery of Community energy projects by providing a suite of 20 template legal contracts and guidance notes had its first full year of operation. This programme is made possible thanks to the continued support from Friends Provident and the hard work of our in-house lawyer, Aoife O’Leary. This programme is supporting the growth of the community energy sector by de-risking projects, eliminating upfront barriers and simplifying the project delivery process.

PROFILE RAISING FOR THE SECTOR

We continued our public engagement programme with a packed series of seminars, including a joint event with Bank of America Merrill Lynch that included a keynote speech from EnergyUK presenting the new energy sector strategy shift towards decentralised energy.

You may also have seen us speaking at various events throughout the financial year including the Community Energy Conference in September 2015 and the UK Clean Energy event in October 2015. In addition, our CEO Alex Germanis continued in his role on the board of Community Energy England (CEE).

INSIGHT FOR 2017 – POST SUBSIDY WORLD

Many of our activities over the next year will be continuing on the momentum built last year: scaling up and diversifying our finance products and service lines and continuing to develop the resources available with LEAP. We also have an exciting line up of events in the pipeline. To this end, we will continue to develop new products, new services and new support programmes to be announced throughout the year.

We remain unwavering in our belief that energy can be an asset for communities, helping to create new, resilient economies, tackling environmental issues and delivering social impact.

Thank you for taking the time to read this report. I look forward to the coming year and if you are as excited as I am about what we can do together to deliver the change, then I encourage you to get in touch and get involved.

Mark Henderson

CEO Statement

2015/2016 was pivotal for Pure Leapfrog as we scaled up the finance available to community groups in the UK, deepened our relationships with many key organisations and expanded our standardisation programme. This year marked some challenging moments with the government curtailing support for renewables via financial and tax incentives. Yet, despite these challenges, we still increased our impact by supporting communities to secure, own, manage and benefit from larger renewable energy assets.
RETURN ON INVESTMENT

Last year we presented our strategy to invest in growth. In creating a wholly owned trading subsidiary, our investment in Leapfrog Finance has enabled us to dramatically scale up the impact we can offer as a charity in the renewables sector and we are proud of the results. Leapfrog Finance’s investments in community energy strengthens the case that communities and social enterprises can deliver projects that deliver environmental, social and financial returns at scale.

POST SUBSIDY MODELS

Whilst having built the foundations for scaling up investments, the charity has also focused on the grass roots within the sector to both future-proof our relevance to community groups and ensure that we continue to meet their needs. LEAP, our legal focused ‘local energy accelerator platform’ had its first full year of operation, providing bankable template contracts. We have further developed the platform and begun marketing it to the sector. To date, LEAP has supported 14 projects that deliver 1,020 kWp of community energy.

HOW WE’RE DOING

As a group, we have been able to grow both our impact and our size. During the year, the Leapfrog Group grew revenues from £468k to £978k and grew our assets from £0.7m to £4.3m. This includes the charity’s two largest loans to date to Chase Solar (£0.25m) and Four Winds Coop (£0.42m), with Leapfrog Finance’s investment into PEC Renewables (£4m).

WHAT’S NEXT?

By establishing Leapfrog Finance as a trading subsidiary, this structure has protected the charity whilst allowing us to pursue larger investment opportunities, which naturally carry more risk. We believe this is the correct strategy and as we build the finance platform, we remain confident that we will be able to further increase the investments and, consequently, the impact we can make. In this regard we continue to explore ways in which we can expand the reach and impact of this venture.

In line with our strategic direction we will continue to innovate, develop strategic resources and support the delivery of new business models over the next year. One way we can achieve that is to invest in and incubate new products and services

The impact and progress we’ve made in the last year would not have been possible without the unwavering support from our Trustees, funders, corporate partners and members of our network. A big thank you to everyone who has supported us over this year, in particular to Big Society Capital, Bank of America Merrill Lynch, Esmée Fairbairn Foundation, City Bridge Trust and Friends Provident without whom we could not have launched our flagship initiatives.

I hope you enjoy reading the report and encourage you to join us on our journey.

Alex Germanis
Our Aims and Purpose

Pure Leapfrog is a charity that provides finance, expertise and support 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.

We review our aims, objectives, activities and strategy to see 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 Purpose

1. To promote sustainable development for the benefit of the public through:
   a. The preservation, conservation and the protection of the environment and the prudent use of resources;
   b. The relief of poverty, the promotion of health and the improvement of the conditions of life in socially and economically disadvantaged communities;
   c. The promotion of sustainable means of achieving economic growth and regeneration.
2. To advance the education of the public in subjects relating to sustainable development and the protection, enhancement and rehabilitation of the environment and to promote study and research in such subjects provided that the useful results of such study are disseminated to the public at large.
3. To promote for the benefit of the public the conservation, protection and improvement of the physical and natural environment.
4. To advance the education of the public in the conservation, protection and improvement of the physical and natural environment.

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 reduce 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.
Our Activities

Our primary activities and who we try to help are described below, along with our performance and achievements over the financial year. All of our activities focus on enabling communities throughout the UK and internationally to become more environmentally and financially sustainable through renewable energy and energy efficiency measures. All of our activities and services we provide are undertaken in order to further our charitable purposes for the benefit of the public.

Over the 2015/2016 financial year, Pure Leapfrog and Leapfrog Finance have achieved the following through our activities:

- Supported 16 carbon reduction projects in the UK and abroad.
- Impacted over 20,000 people
- Supported the installation of 6.5 MW of renewable energy
- Provided our largest loan to date: £4m to Plymouth Energy Community
- Engaged over 250 people through our networking events, conferences and high-impact meetings.

Impact Investment

Pure Leapfrog provides affordable finance to community energy projects of all sizes across the UK through the provision of small and large scale loans. As impact investors, all of the projects we support not only have a positive environmental impact through the reduction of carbon emissions, but they also deliver social and financial returns to the local community. The communities we support through our loans are primarily located in deprived areas of the UK.

We are able to provide finance through three different avenues: our Community Energy Fund, the British Airways Carbon Fund, and our trading subsidiary Leapfrog Finance.

Leapfrog Finance was launched in September 2015. It is a wholly-owned trading subsidiary of Pure Leapfrog which undertakes large scale investment into large scale community renewable energy projects. More information on Leapfrog Finance is available on page 10 of this report.

During the next financial year, we will be reviewing the investment programmes of support we offer to ensure that we are supporting community energy as well as we possibly can and that our resources are being focused in the most effective areas.

Community Energy Fund

In 2012 we set up our Community Energy Fund. The fund draws on a credit facility from Big Society Capital, whilst funders and sponsors contribute to it through donations. The fund enables us to provide low cost loans to communities primarily in deprived areas, providing access to capital for projects that would not be able to borrow from conventional finance providers.

This financial year we lent £670,000 to 2 community energy projects, taking the portfolio of loans we have supported to 23 and the total loaned to £1,594,028.83. Our loan of £420,000 to Four Winds for the installation of their second wind turbine was our largest loan to date through our community energy fund.
Total impact to date:
- Community benefit per £1 loaned out: £2.74
- Average loan period: 6.16 years
- Average interest rate: 5.11%
- Average loan to value: 29.80%
- Value-at-risk (90 days): 0

One of the projects supported this year through our Community Energy Fund was:

**Chase Community Solar**

Chase Community Solar was formed in 2014 to install solar PV on the roofs of council homes in the Cannock Chase District of Staffordshire. In September 2015 Pure Leapfrog provided a loan to Chase Community Solar to allow those solar PV installations to be made. Tenants of the properties will benefit from annual energy savings of between £50–£150 and a community benefit fund has been established that will support local projects in the Cannock Chase District, including those that provide energy advice to those in fuel poverty.

**The British Airways Carbon Fund**

In 2011 British Airways and Pure Leapfrog came together to create the first passenger programme to help UK based community energy projects – now known as The Carbon Fund. It is a voluntary scheme for British Airways’ customers who can choose whether to donate to support UK community energy projects when booking a flight on ba.com.

Pure Leapfrog manages donated funds on behalf of British Airways and both organisations work collaboratively to identify suitable community-based projects that not only reduce carbon emissions but also provide strong social impacts to communities.

This financial year we supported 3 projects through this fund, bringing the total number of projects supported to 18. Two of the projects supported the installation of LED lights and Solar PV in two schools in the UK, enabling them to reduce their electricity costs and freeing up valuable funds to go towards pupil education. We also supported one international project at the Ol Pejeta Conservancy in Kenya to help install a solar PV powered water pump.

**Case Study: Ol Pejeta Conservancy**

In 2016 the British Airways Carbon Fund helped fund the replacement of a diesel powered water pump with a solar PV powered pump at the Ol Pejeta Conservancy in Kenya.

The solar PV also powers the latest TV Whitespace Technology which allows broadband to be transmitted for up to 15km from the pump. The broadband is available for use by the local community and local schools are able to have access to it for free, aiding the pupils’ education.

The solar PV also enables data on the pump and solar panels to be transmitted via GPRS, allowing issues to be identified and managed quickly. The conservancy is located in a drought prone area and this will enable them to monitor and manage their water usage for the first time.

This project is a pilot of a programme that would see around 30 conservancies in the Laikipia Region switch to solar PV powered water pumps. The savings will help them to dramatically lower their environmental footprint, improve on water management in a water stressed area, and create long term and sustainable savings that will help them to channel critical funding towards programmes that support endangered species protection such as the Northern White Rhino.
Expertise and Support

Community projects face many barriers during project development, often relating to legal, financial and technical issues. Pure Leapfrog is one of the leading providers of expertise and support services to community energy groups in the UK to help them overcome the non-financial barriers that they face. We provide community energy strategy development for public organisations and commercial companies to create growth opportunities for the community energy movement, provide project template legal contracts and guidance, and assist public engagement with commercial developers.

Over the past year we have focused on working to facilitate and encourage the take up of community energy throughout the UK in a different policy environment. This work has included providing advisory services to local authorities and expanding LEAP, our innovative and dynamic legal toolkit for community energy projects.

The changes in government policy over our 2015/2016 financial year have had an impact on our activities and we are currently reviewing the services we offer to see where we can make the most difference and where there is the most need.

LEAP

Last year we proudly launched our new platform, the Local Energy Accelerator Platform (LEAP), a strategic, dynamic, up-to-date template document suite developed by the foremost renewable energy lawyers in the UK. In its first year of operation we have added with more resources and more groups have been able to accelerate the delivery of their projects through the use of the platform.

With the support of Friends Provident Foundation we commenced work on the toolkit in June 2015 with a survey of the community energy sector. The results of the survey have shaped the development of the toolkit with the goal of standardising documents, allowing groups access to the many associated reduced risks and costs of standardisation. In addition, in 2016 we partnered with Community Energy England and Regen SW, prominent sector body representatives, to ensure the resources are exactly adapted to all community energy group needs.

Organisations are charged a small licence fee to enable this resource to continue in a sustainable manner. The fee allows our in house Legal Officer to push the platform’s development and growth forward to meet the needs of the community energy sector as it evolves. The platform already has a suite of over 20 template documents covering each stage of a project over a range of technologies including solar, wind, hydro and energy efficiency. Although the platform has only been up and running for a year, it has already supported 10 UK projects and we have already expanded the provision of documents in response to the changing needs of the sector with a new legal and financial LED module, allowing community groups to deliver subsidy-free projects easily.

Case Study: SE24

In September 2016 Sustainable Energy for South London (SE24) installed 19.25kWp roof mounted solar PV on two churches in South London using documents from the Pure Leapfrog LEAP suite of template legal contracts. Herne Hill Methodist Church and Herne Hill United Church both provide vital services to their local communities and provide a home for a wide variety of community groups. The solar PV will reduce the cost of their electricity, thereby reducing the running costs of the buildings. The installations will also benefit the wider community as the funds generated will be used to provide advice, support and practical help to households living in fuel poverty.
Pure Leapfrog’s financial support for community clean energy projects began with carbon offsetting through projects in developing countries. We provide a carbon offsetting service to both organisations and individuals who wish to offset their carbon emissions. Companies can offset their emissions through a one-off donation or through give-as-you-earn and salary sacrifice schemes. Both small organisations and individuals can offset their business, personal and travel emissions through our website. Over the coming year we are hoping to expand this activity and aim to support even more carbon reduction projects and communities in developing countries.

This year Pure Leapfrog offset 18,004 tonnes (2015: 8,085) of carbon emissions by supporting many different projects across the world, including in Brazil, Turkey, Sudan and India. We focus our support on projects that align with our values of clean energy that deliver positive outcomes for communities. Projects that we have supported this year include:

- **Rural Biogas Units in Vietnam.** This project addresses both climate change issues and energy access in communities. Through training local workers to build and maintain biogas digesters that run on human and animal waste, the project not only creates local jobs, but it also reduces indoor air pollution and prevents carbon emissions from entering the atmosphere each year.

- **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 protects against further logging whilst supporting the local community by creating jobs, building schools and community activities.
Leapfrog Finance

In September 2015 we launched Leapfrog Finance, our wholly-owned trading subsidiary with a dedicated £15m community energy bridge facility from Big Society Capital.

It has been set up with a dedicated board and executive team, and oversight from the charity ensures the values and objectives of the charity are met whilst providing the freedom to grow the platform and ring fencing risks and liabilities.

The Bridge Fund supports large scale community energy projects and funds construction or project acquisition and is designed to enable community groups to take ownership of between 15 and 30MW of community energy projects.

The community ownership aspect means that profits are channelled towards social impact programmes in local communities and enable communities to use local generation to address local needs such as fighting fuel poverty. As a social investor, Leapfrog Finance aims to facilitate the generation of significant net surplus for communities over the lifetime of the projects.

In the financial year ended 31 August 2016 Leapfrog Finance have provided finance to one large scale project: Plymouth Energy Community. Subsequently in the following financial year Leapfrog Finance has gone on to renew and extend the facility to £30m, enabling two more investments that have supported another 20MW of community owned solar in the UK.

**Case Study: Plymouth Energy Community**

In March 2016 Plymouth Energy Community (PEC) installed a 4.1MW solar array on a derelict brownfield site. The project, Ernesettle Community Array, was built in partnership with Plymouth City Council, Communities for Renewables CIC and the Four Greens Community Trust. Not only will the array generate enough clean energy to meet the annual needs of 1,000 homes but it will also generate an estimated £3,500,000 of additional income for PEC to help them continue to tackle fuel poverty and develop climate change projects.

The Four Greens Trust will also receive £600,000 through rental income which will go towards improving services and opportunities in Ernesettle and the surrounding areas. In addition, PEC have established 18 acres of bug-friendly wildflower meadow around the solar panels, complete with two bug hotels built by pupils from a local school and local volunteers using recycled materials.
Our Strategy and Goals

Our strategy is driven by our vision and purpose. Over our last financial year, the community energy sector as a whole has experienced increased challenges due to government policy changes and we have revised our strategy and goals in order to continue to be able to support the growth of community energy in the current policy environment.

Our strategy is focused on supporting the growth of community energy through 3 core areas of activity:

1) **Enabling** project delivery by providing technical support to community energy projects, in the form of advisory services and standardised project agreements. We aim to remove barriers to entry, and to provide help to communities so they can access, manage, and monitor the funds from those projects. We will work with Government and the commercial sector to support project delivery.

2) Driving **innovation** in the community energy sector. We do this by developing new business models that support communities in retaining maximum benefit from a clean, and fair, energy system.

3) Facilitating access to competitive **finance** for community energy projects, thereby unlocking the potential value available to communities engaging with the energy system. We do this through our commercial arm Leapfrog Finance, as well as through the provision of grants, carbon offsetting finance and managing benefits on behalf of communities.
Reference and Administrative Details of the Charity, its Trustees and Advisors

Pure Leapfrog (formerly PURE the Clean Planet Trust) is a UK registered charity. Pure Leapfrog is a UK registered charity (number 1112249) as well as a UK company limited by guarantee (number 05534395). The Trustees of the charity act as Directors for the company for the purposes of the Companies Act 2006. As Directors of the Company and Trustees of the Charity – the Board meetings and minutes cover both roles as Trustees and Directors.

Trustees

Garry Charnock – resigned 15th June 2017
Richard Croft
Susanne Denison (Secretary)
Mark Henderson
Shelagh Kirkland (Treasurer)
Karen Lawrence – resigned 30th September 2016
Steven McNab – resigned 27th October 2016
Stephen Nash

Chief Executive

Alex Germanis

Registered Office

7-14 Great Dover Street, London, SE1 4YR

Auditors

Greenback Alan LLP, 11 Raven Wharf, Lafone Street, London, SE1 2LR

Bankers

Barclays Bank PLC, 1 Churchill Place, London, E14 5HP

Solicitors

Stone King LLP, 13 Queen Square, Bath, BA1 2HJ

Accounting Services

BVN Partners LLP, Cooper House 3P1, 2 Michael Road, London, SW6 2AD
Structure, Governance and Management

Pure Leapfrog is governed by a Memorandum and Articles of Association, instituted 11 August 2005. It is a registered charity, no. 1112249 and hence governed by the Charities Commission. Pure Leapfrog concurrently operates as a limited company, no 05534395.

Due to the specialist area the charity is engaged in (providing professional support and loans to community energy projects and carbon offsetting) recruitment of Trustees has focused on people with the appropriate specialist knowledge. Pure Leapfrog has 8 Trustees as of 31st August 2016. All new Trustees receive an induction and additional Trustee training is provided on an ad-hoc basis as required.

Pure Leapfrog has a wholly owned trading subsidiary, Leapfrog Finance, company no. 07038343, which in turn owns Bridge Finance, company no. 09726408. Fully consolidated accounts have been prepared for the year ending 31st August 2016.

Directors of Pure Leapfrog

Garry Charnock is the instigator of the Ashton Hayes Going Carbon Neutral Project, a community-led initiative that is trying to help this small Cheshire community to become England's first carbon neutral village. He obtained backing for the project from the Parish Council in November 2005 and organised its official launch in January 2006. Since then the project has attracted widespread support from the local community and from The Universities of Chester and East Anglia, Local Government, numerous businesses and the media. The village has now linked with over 1000 like-minded communities around the world and featured in the 2007 Live Earth concert and in the Financial Times. Since 2006 the project has resulted in a 40% carbon footprint reduction in the community according to the University of Chester. It is cited as an exemplar community in the White Paper on climate change issued in July 2009 and the 2013 Community Energy Strategy. The project also won the IVCA Clarion Award for Climate Change Communications and the Energy Institute’s Community Initiative Award in 2007. In 2011, Garry was selected by Climate Week as Inspirational Leader of the Year. He also sits on the DECC Community Energy Contact Group. He is a chartered environmentalist and engineer by background and an experienced technical journalist. He also sits on the board of the RSK Group. He was a former CEO of the Carbon Leapfrog Charity.

Richard Croft has worked in a variety of commercial roles in major organisations over the last 20 years. Having started out working within the Financial Times group, Centrica, a start-up advertising agency, and an environmental project for the UN, he has spent the last 15 years working within the professional services sector, managing commercial and client facing teams at HayGroup, PA Consulting, Complinet (now part of Thomson Reuters) and currently as the Head of Marketing (EEMEA) at Linklaters where he has held various roles over the last 8 years. This varied and often challenging background has enabled Richard to develop knowledge and experience across most aspects of marketing, business development, communications and general commercial management. Richard is married and lives in Twickenham with his wife and two boys.

Susanne Denison is a lawyer by academic background and a banker by profession. The key areas of expertise that Susanne brings to Pure Leapfrog are Finance, Corporate Governance and Public Policy. Susanne worked for Citigroup in Europe for over 17 years as part of the regional, board level, Executive Team and Head of European Public Policy. Previously she was a Manager and Senior Originator of structured cross-border asset finance transactions (focusing on energy and utilities). Prior to that, Susanne worked internationally in corporate finance for Austria’s Bank Austria – now part of the Italian Unicredit Group – where she built a successful track record completing value added finance transactions for public sector and corporate clients across a range of industry sectors.
and EU markets. Susanne is bi-lingual in English and German and holds a Doctorate of Law from the University of Vienna.

Mark Henderson is an experienced power sector financier, specialising in renewable energy project finance for the last 15 years. At investment manager Temporis Capital he continues to lend to the sector from a £200m debt fund backed by the UK government’s Green Investment Bank and KKR. With experience of private equity at LDC, the UK’s leading mid-market PE house, Mark was previously at Investec Bank, where he established their Power & Renewable Energy project finance team. This team won mandates to provide over £1 billion of debt facilities and pioneered mezzanine lending in the renewable energy sector, financing over 1,000MW of renewable energy projects across Europe. Mark began his career at Kleinwort Benson (later Dresdner Kleinwort), advising and lending to many landmark transactions in the power sector across South America, South-East Asia, North Africa and Europe, before joining Société Générale where he initiated their lending to renewable energy, restructured distressed power projects and worked on asset acquisitions in the power sector.

Shelagh Kirkland is a chartered accountant who has worked for over 10 years in the power and infrastructure lending team at Investec Bank. Previously she was the Company Secretary of a small company specialising in corporate and project finance. She has a broad range of banking and accounting experience and currently provides initial and ongoing client support to UK and overseas clients ranging from covenant monitoring, financing requests and ensuring information and compliance requirements are satisfied. Shelagh is a Governing Body Lay Member for NHS Lewisham CCG and a volunteer for the Royal Society for Blind Children on their Sports without Limits initiative to involve blind and partially sighted people in sport.

Karen Lawrence has spent the past 25 years in several diverse sectors and a mixture of blue chip and SME organisations. Working for the Energy Saving Trust for over 10 years, much of which spent as part the Executive Management Team, has provided Karen with a robust platform of broader sustainability knowledge and specifically on working with communities on sustainability. Now working for Grant Thornton leading services to support SMEs across all sectors achieve their growth potential she continues to keep a focus on sustainability through her continued role as a Commissioner for the London Sustainable Development Commission. As a member of the Institute of Directors she is able use her knowledge to help guide and support the activities of Pure Leapfrog as it seeks to grow its positive impact on community led sustainability in the UK and beyond.

Steven McNab is a lawyer and Head of the Environment, Planning and Climate Change at Simms & Simmons. He has specialised in climate change and clean energy as well as UK, EU and international law for 20 years and is one of the top ranked environmental lawyers in the UK and international “guides to the legal profession”. In his day job he helps clients identify and manage legal risks and find sustainable solutions. Primarily focused on advising on transactions, projects and fundraisings (including impact investments), he also gives regulatory and contentions advice.

He often provides training in his specialist areas and teaches a specialist environmental module each year for New York Law School. He has advised on some ground-breaking cleantech & renewables projects including solar, wind, biomass, EFW, hydro, and energy storage. He strives to deliver innovation in his practice and has twice won stand-out rankings in the Financial Times “Innovative Lawyers” award for Leapfrog and the “Cleantech Curve”, (a “boxed” product that gives young companies in cleantech firm legal foundations) and twice won the Business Green “Law firm of the Year” accolade, and the Legal Business “CSR Initiative of the Year”.

He is passionate about the areas where his practice meets wider corporate responsibility; agenda and enjoys creating new collaborative networks and products to deliver environmental benefit. Keen to leave a planet worth living on to his 3 kids, he focusses his pro bono efforts supporting high social
impact decentralised energy solutions and can often be found dabbling in the creative side of Leapfrog activities, alongside his formal trustee role.

Stephen Nash is a chartered accountant who has 10 years of experience advising clients in the energy sector. Until recently a Senior Manager in Baringa Partners’ Energy Advisory team, Stephen is now working as an independent advisor in the sector, with a particular focus on emerging markets. Stephen provides commercial, regulatory and financial advice to energy companies, often during a transaction process. Stephen has led the commercial and regulatory due diligence and has advised lenders on many recent transactions in the GB power sector. He has also led advisory work on transactions both in Europe and globally. Stephen’s experience extends across the energy value chain, but is focused on renewable energy and low carbon technologies.

All Trustees have demonstrated a dedication to the aims and values of Pure Leapfrog.

The Trustees are responsible for the oversight and overall policy of the charity. They determine the minimum standards to which the charity adheres in its activities. On a day-to-day level, the operations of the charity have been delegated to the Chief executive under a Delegation of Authority agreed on 16th July 2013. All financial matters are signed off by two Trustees or one Trustee and the Chief Executive.

The Team

The Leapfrog Group has a staff of eight people as of 31st August 2016 with over thirty years’ experience in climate change, finance and legal related fields.

Financial Review

As set out in the statement of financial activities, the total group incoming resources during the year end 31st August 2016 was £978,354 (2015: £467,652) while the group outgoing resources were £1,027,456 (2015: £588,638). The group net reserve of £246,030 (2015: £295,132) was held at the end of the year. £181,446 (2015: £187,010) of this balance related to restricted funds held primarily for future grants or loans to UK projects.

The resources expended comprise charitable activity of £504,210 (2015: £588,638) which related to purchase of carbon credits, issuing grants or loans and related expenses and £7,894 (2015: £35,272) of governance cost.

At 31 August 2016 the free reserves amounted to £64,584 (2015: £108,122).

Risk Management

The Trustees of Pure Leapfrog assess and manage risk on an ongoing basis. The following statements summarise the charity’s policy on risk:

Solvency

The charity has adopted a policy that unrestricted funds should be at least equal to three months’ operating costs. During the financial year ending 31 August 2016 there was a breach of this policy
which was reviewed and corrective actions taken. Monthly management accounts include
calculations of wind-up costs and forecasted and secured income as well as unrestricted funds to
ensure that trustees can maintain oversight of the charity’s solvency. Management are also
required to confirm on a monthly basis whether minimum reserve levels are being achieved and
whether they are likely to be breached within the next reporting period.

**Regulatory risks**

Pure Leapfrog works in a highly regulated environment being a provider of finance, involvement in
carbon offsetting and supporting projects which benefit from state grant and subsidy support. This
creates a need to comply with company and charity law and regulations and to maintain awareness
of possible FCA and State Aid requirements, as well as employment and other requirements
applicable for a charity of our size. These risks are mitigated in the following ways: employing staff
with the knowledge and experience to identify and assess regulatory risks, ensuring that the board
of trustees includes people with relevant knowledge and experience, obtaining formal and informal
legal advice both on a paid and pro bono basis and the creation and maintenance of a register of
relevant policies.

**Loan portfolio**

As Pure Leapfrog increases the size of loan assets on its balance sheet, it is exposed to greater risk of
default in the loan portfolio which could potentially have negative implications for our unrestricted
reserves and create a situation where our assets are not sufficient to meet our liabilities. We have
put several measures in place to mitigate this risk including: taking security over the assets funded
by our loans or obtaining similar collateral, maintaining relatively low Loan-to-Value ratios on our
loans, undertaking an appropriate level of due diligence on borrowers and projects before loans are
issued and commissioning an audit of our lending procedures and loan portfolio to identify areas
that need to be strengthened. We also have secured an agreement with BSC that Pure Leapfrog’s
liability to repay BSC is limited to 10% of the amount loaned out using funds from BSC or up to
£100,000, whichever is greater. This is loan default reserve is held in a designated bank account.

**Policy Risk**

Pure Leapfrog and the community energy groups that it supports are heavily dependent for their
viability on government policy, including subsidies for renewable energy and social enterprises. We
mitigate this risk by maintaining close contact with the Department for Business Energy & Industrial
Strategy (formerly Department of Energy and Climate Change) and by participating intensively in
relevant government task forces and industry advocacy activities such as Community Energy
England. We have also taken the decision not to make commitments that might expose the charity
to risk of insolvency where there is a realistic risk of policy change.

**Public Perception Risk**

As a charity, it is important that Pure Leapfrog maintains public trust in its activities by maintaining
the highest standards and transparency in its activities, including relying on the highest market
standards for carbon offsetting, restricting its financing activities to projects operated for community
benefit with clear social impacts, and making sure that potential conflicts of interest are identified
and addressed.
Statement of Trustees’ responsibilities

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 charity and of the surplus or deficit of the charity for that year. In preparing those financial statements, the Trustees are required to:

- Select suitable accounting policies and then applying them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business; and
- State whether applicable standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detention of fraud and other irregularities.

The Trustees confirm that they have had regard to the guidance contained in the Charity Commission’s general guidance on public benefit when reviewing the Company’s aims and objectives both in the year under review and in planning future activities. All Trustees give their time voluntarily and receive no benefit from the charity.

Auditors

So far as each of the directors is aware at the time the report is approved:

- There is no relevant audit information of which the company’s auditors are unaware; and
- The directors have taken all the steps they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the company’s auditors are 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.

This report was approved by the Board of Trustees on 30th June 2017 and signed on its behalf by:

Mark Henderson
Trustee
Independent Auditor’s Report to Members and Trustees of Pure Leapfrog

We have audited the financial statements of Pure Leapfrog for the year ended 31 August 2016 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Charitable Company Balance Sheet, and the related notes. 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).

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITOR

As explained more fully in the Trustees’ Responsibilities Statement set out on page 17, 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.

We have been appointed auditor under Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with the 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company’s circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees’ Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

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 2016 and of the group’s 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 Practices; and
- Have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

OPINION ON THE OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustee’s 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 and the Charities Act 2011 requires us to report to you if, in our opinion:

- The parent charitable company has not kept adequate and sufficient accounting records have not been kept or returns adequate for our audit have not been received from branches visited by us; or
- The parent charitable company financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of Trustees’ remuneration specified by law are not made; or
- We have not received all the information and explanations we require for the audit; or
- The Trustees were not entitled to prepare the financial statements in accordance with the small companies’ regime.

Ian Clive Rowe (Senior statutory auditor)
for and on behalf of Greenback Alan LLP
Chartered Accountants
Statutory Auditor
11 Raven Wharf
Lafone Street
London SE1 2LR

Date: 30th June 2017
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
For the year ended 31 August 2016

<table>
<thead>
<tr>
<th>Note</th>
<th>Unrestricted funds 2016</th>
<th>Unrestricted funds 2016</th>
<th>Total funds 2016</th>
<th>Total funds 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>INCOME</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donations</td>
<td>4</td>
<td>242,552</td>
<td>76,606</td>
<td>319,158</td>
</tr>
<tr>
<td>Income from charitable activities</td>
<td>5</td>
<td>73,420</td>
<td>-</td>
<td>73,420</td>
</tr>
<tr>
<td>Income from other trading activities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial trading operations</td>
<td>6</td>
<td>539,052</td>
<td>-</td>
<td>539,052</td>
</tr>
<tr>
<td>Investment income</td>
<td>7</td>
<td>13,714</td>
<td>33,010</td>
<td>46,724</td>
</tr>
<tr>
<td>TOTAL INCOME</td>
<td></td>
<td>868,738</td>
<td>109,616</td>
<td>978,354</td>
</tr>
<tr>
<td>EXPENDITURE</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Costs of raising funds:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial trading operations</td>
<td>6</td>
<td>523,246</td>
<td>-</td>
<td>523,246</td>
</tr>
<tr>
<td>Charitable activities</td>
<td>8</td>
<td>419,612</td>
<td>84,598</td>
<td>504,210</td>
</tr>
<tr>
<td>TOTAL RESOURCES EXPENDED</td>
<td></td>
<td>942,858</td>
<td>84,598</td>
<td>1,027,456</td>
</tr>
<tr>
<td>NET INCOME/(EXPENDITURE) AND NET MOVEMENT IN FUNDS BEFORE TRANSFERS</td>
<td></td>
<td>(74,120)</td>
<td>25,018</td>
<td>(49,102)</td>
</tr>
<tr>
<td>Transfer between funds</td>
<td>19</td>
<td>30,582</td>
<td>(30,582)</td>
<td>-</td>
</tr>
<tr>
<td>NET MOVEMENT IN FUNDS</td>
<td></td>
<td>(43,538)</td>
<td>(5,564)</td>
<td>(49,102)</td>
</tr>
<tr>
<td>TOTAL FUNDS brought forward</td>
<td></td>
<td>108,122</td>
<td>187,010</td>
<td>295,132</td>
</tr>
<tr>
<td>TOTAL FUNDS carried forward</td>
<td>19, 20</td>
<td>64,584</td>
<td>181,446</td>
<td>246,030</td>
</tr>
</tbody>
</table>

The statement of financial activities includes all gains and losses recognised in the year. All amounts relate to continuing activities. The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

The notes on pages 22 to 31 form part of these financial statements.
## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 August 2016

<table>
<thead>
<tr>
<th>Note</th>
<th>Group 2016 £</th>
<th>Charity 2016 £</th>
<th>Charity 2015 £</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FIXED ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plant, property and equipment</td>
<td>12</td>
<td>4,442</td>
<td>1,953</td>
</tr>
<tr>
<td>Investment</td>
<td>13</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Programme related investments</td>
<td>14</td>
<td>899,556</td>
<td>899,556</td>
</tr>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debtors</td>
<td>15</td>
<td>290,820</td>
<td>70,204</td>
</tr>
<tr>
<td>Investments</td>
<td>16</td>
<td>3,581,963</td>
<td>-</td>
</tr>
<tr>
<td>Cash</td>
<td></td>
<td>410,358</td>
<td>306,513</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT ASSETS</strong></td>
<td></td>
<td>4,283,141</td>
<td>376,717</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creditors: Amounts falling due within 1 year</td>
<td>17</td>
<td>434,149</td>
<td>323,226</td>
</tr>
<tr>
<td><strong>NET CURRENT ASSETS</strong></td>
<td></td>
<td>3,848,992</td>
<td>53,491</td>
</tr>
<tr>
<td>Creditors: Amounts falling due after more than 1 year</td>
<td>18</td>
<td>4,506,960</td>
<td>709,444</td>
</tr>
<tr>
<td><strong>NET ASSETS</strong></td>
<td></td>
<td>246,030</td>
<td>245,557</td>
</tr>
<tr>
<td>Capital &amp; Reserves</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>19</td>
<td>64,584</td>
<td>64,111</td>
</tr>
<tr>
<td>Restricted</td>
<td></td>
<td>181,446</td>
<td>181,446</td>
</tr>
<tr>
<td><strong>TOTAL CAPITAL &amp; RESERVES</strong></td>
<td>20</td>
<td>246,030</td>
<td>245,557</td>
</tr>
</tbody>
</table>

The notes on pages 22 to 31 form part of these financial statements. The financial statements have been prepared in accordance with the special provisions of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Trustees on 30th June 2017 and signed on their behalf by:

Mark Henderson
Trustee
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2016

1 Accounting Policy

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 for Smaller Entities published on 16 July 2014, the Financial Reporting Standard for Smaller Entities (effective January 2015) and the Companies Act 2006. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

a) Group financial statements

The financial statements consolidate the results of the charity and its wholly owned subsidiaries, Leapfrog Finance Limited and Leapfrog Bridge Finance Limited. A separate Statement of Financial Activities and income and expenditure account for the charity has not been presented because the Charity has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

b) Income recognition policies

Items of income are recognised and included in the accounts when all of the following criteria are met:

- The charity and its subsidiaries have entitlement to the funds;
- Any performance conditions attached to the income have been met or are fully within the control of the charity or its subsidiaries;
- There is sufficient certainty that receipt of the income is considered probable; and
- The amount can be measured reliably.

c) Resources expended

All expenditure is accounted for on an accruals basis and, in accordance with the requirement of the SORP, and has been classified under headings that aggregate all costs related to that category.

d) Charitable activities

Charitable expenditure comprises those costs incurred by the charity in delivery of its activities. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

e) 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 purchase is recognised in the financial statements. At 31 August 2016 there were outstanding commitments of 337 (2015: 8,085) tonnes to purchase Carbon Credits for which appropriate accruals have been made.
NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 August 2016

f) Grant making policy

Grants are made in accordance with the Charity aims described on page 5.

g) Programme related investments

Loans are made in accordance with the Trust’s aims described on page 5; these are primarily made in furtherance of the charity’s objectives. All loans are repayable over periods between 3 years and 10 years 0 months and bear interest at rates between 0% and 6%.

h) 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.

i) Pension costs

The charity operate a defined contributions pension scheme and the pension costs represent the amount paid by the charity to the scheme in the year.

j) Fund Accounting

Funds held by the charity are:

Unrestricted funds
These are funds that can be used without restriction for the general purposes of the charity.

Restricted funds
These are funds that can be used only for specified purposes of the charity, as specified in the conditions of donation (see note 9).

k) Cash flow statement

The charity has taken advantage of the exemption under FRS 1 ‘Cash flow statements’ not to prepare a cash flow statement on the grounds that it is a small entity.

l) Foreign exchange transactions

Monetary assets and liabilities are translated into sterling at the exchange rate on the Balance Sheet date. All exchange differences are recognised through the Statement of Financial Activities

m) Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost of each asset over its estimated useful life.

Computer equipment – 33.33% straight line
Office equipment – 33.33% straight line
## 2 Legal status of the charity

The charity is a company limited by guarantee and has no share capital.

## 3 Financial performance of the Charity

The summary performance of the charity alone is:

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted Funds</th>
<th>Restricted Funds</th>
<th>Total Funds</th>
<th>Total Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016 (£)</td>
<td>2016 (£)</td>
<td>2016 (£)</td>
<td>2015 (£)</td>
</tr>
<tr>
<td>Incoming resources</td>
<td>353,582</td>
<td>109,616</td>
<td>463,198</td>
<td>467,652</td>
</tr>
<tr>
<td>Expenditure on charitable activities</td>
<td>428,175</td>
<td>84,598</td>
<td>512,773</td>
<td>588,638</td>
</tr>
<tr>
<td>Net expenditure</td>
<td>(74,593)</td>
<td>25,018</td>
<td>(49,575)</td>
<td>(120,986)</td>
</tr>
<tr>
<td>Transfers between funds</td>
<td>30,582</td>
<td>(30,582)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total funds brought forward</td>
<td>108,122</td>
<td>187,010</td>
<td>295,132</td>
<td>416,118</td>
</tr>
<tr>
<td>Total funds carried forward</td>
<td>64,111</td>
<td>181,446</td>
<td>245,557</td>
<td>295,132</td>
</tr>
</tbody>
</table>

## 4 Income from donations

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted Funds</th>
<th>Restricted Funds</th>
<th>Total Funds</th>
<th>Total Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016 (£)</td>
<td>2016 (£)</td>
<td>2016 (£)</td>
<td>2015 (£)</td>
</tr>
<tr>
<td>Individual donations</td>
<td>38,619</td>
<td>-</td>
<td>38,619</td>
<td>45,235</td>
</tr>
<tr>
<td>Gift aid</td>
<td>736</td>
<td>-</td>
<td>736</td>
<td>934</td>
</tr>
<tr>
<td>Corporate donations</td>
<td>90,861</td>
<td>76,606</td>
<td>167,467</td>
<td>111,982</td>
</tr>
<tr>
<td>Philanthropic grants</td>
<td>112,336</td>
<td>-</td>
<td>112,336</td>
<td>141,686</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>242,552</td>
<td>76,606</td>
<td>319,158</td>
<td>299,837</td>
</tr>
</tbody>
</table>
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 August 2016

5 Income from charitable activities

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted Funds 2016</th>
<th>Restricted Funds 2016</th>
<th>Total Funds 2016</th>
<th>Total Funds 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultancy and events</td>
<td>£32,680</td>
<td>-</td>
<td>£32,680</td>
<td>£46,251</td>
</tr>
<tr>
<td>Other income</td>
<td>£40,740</td>
<td>-</td>
<td>£40,740</td>
<td>£98,877</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>£73,420</td>
<td>£145,128</td>
</tr>
</tbody>
</table>

6 Income earned from other activities

The wholly owned trading subsidiary, Leapfrog Finance Limited is incorporated in the United Kingdom (company number 07038343). The principal activities of the company was that of CL fund management activities. The charity owns the entire share capital of 1 ordinary share of £1 each. A summary of the trading results is shown below:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>£327,067</td>
<td>-</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>£321,818</td>
<td>-</td>
</tr>
<tr>
<td>Profit on ordinary activity</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>before taxation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax on profit on ordinary</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit on ordinary activity</td>
<td>£4,435</td>
<td>-</td>
</tr>
<tr>
<td>after taxation</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The assets and liabilities of the subsidiary were:

Fixed Assets 2,490 -
Current Assets 104,760 -
Current liabilities (102,814) -
Total net assets 4,436 -
Aggregate share capital and reserves 4,436 -
6 Income earned from other activities (continued)

The wholly owned trading subsidiary, Leapfrog Bridge Finance Limited, is incorporated in the United Kingdom (company number 09726408). The principal activity of the company was that of financial intermediation. The entire share capital of 1 ordinary share of £1 each is owned by Leapfrog Finance Limited, which is 100% owned subsidiary of Pure Leapfrog. A summary of the trading results is shown below:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>528,552</td>
<td>-</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>532,510</td>
<td>-</td>
</tr>
<tr>
<td>Loss on ordinary activity before taxation</td>
<td>(3,958)</td>
<td>-</td>
</tr>
<tr>
<td>Tax on profit on ordinary activities</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Loss on ordinary activity after taxation</td>
<td>(3,958)</td>
<td>-</td>
</tr>
</tbody>
</table>

The assets and liabilities of the subsidiary were:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets</td>
<td>3,801,668</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>(8,109)</td>
</tr>
<tr>
<td>Long term liabilities</td>
<td>(3,797,516)</td>
</tr>
<tr>
<td>Total net assets</td>
<td>(3,957)</td>
</tr>
</tbody>
</table>

Aggregate share capital and reserves

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reconciliation to SOFA</td>
<td></td>
</tr>
<tr>
<td>Leapfrog Finance 2016</td>
<td></td>
</tr>
<tr>
<td>Leapfrog Bridge Finance</td>
<td></td>
</tr>
<tr>
<td>Group Transaction</td>
<td></td>
</tr>
<tr>
<td>Elimination</td>
<td></td>
</tr>
<tr>
<td>Income</td>
<td>327,067</td>
</tr>
<tr>
<td>Expenditure</td>
<td>322,632</td>
</tr>
<tr>
<td>Profit/(loss)</td>
<td>4,435</td>
</tr>
</tbody>
</table>

7 Investment Income

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank interest</td>
<td>32</td>
<td>109</td>
</tr>
<tr>
<td>Loan interest</td>
<td>13,682</td>
<td>22,578</td>
</tr>
<tr>
<td></td>
<td>13,714</td>
<td>22,687</td>
</tr>
</tbody>
</table>

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 August 2016
## NOTES TO THE FINANCIAL STATEMENTS (continued)

### For the year ended 31 August 2016

#### 8 Analysis of expenditure on charitable activities

<table>
<thead>
<tr>
<th>Description</th>
<th>Unrestricted Funds 2016</th>
<th>Restricted Funds 2016</th>
<th>Total Funds 2016</th>
<th>Total Funds 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of carbon credits</td>
<td>£61,806</td>
<td>-</td>
<td>£61,806</td>
<td>£39,339</td>
</tr>
<tr>
<td>Due diligence fees</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fundraising fees</td>
<td>£1,500</td>
<td>-</td>
<td>£1,500</td>
<td>-</td>
</tr>
<tr>
<td>Grants and related projects</td>
<td>£1,000</td>
<td>£52,500</td>
<td>£53,500</td>
<td>£28,360</td>
</tr>
<tr>
<td>Support costs (note 9)</td>
<td>£112,877</td>
<td>-</td>
<td>£112,877</td>
<td>£135,646</td>
</tr>
<tr>
<td>Loan Assessment Fees</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>£3,734</td>
</tr>
<tr>
<td>Loan interest</td>
<td>-</td>
<td>£32,098</td>
<td>£32,098</td>
<td>£19,391</td>
</tr>
<tr>
<td>Staff &amp; Consultants (note 11)</td>
<td>£226,703</td>
<td>-</td>
<td>£226,703</td>
<td>£323,296</td>
</tr>
<tr>
<td>Governance costs (note 10)</td>
<td>£7,894</td>
<td>-</td>
<td>£7,894</td>
<td>£35,272</td>
</tr>
<tr>
<td>VAT irrecoverable</td>
<td>£7,832</td>
<td>-</td>
<td>£7,832</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>£419,612</strong></td>
<td><strong>84,598</strong></td>
<td><strong>£504,210</strong></td>
<td><strong>£588,638</strong></td>
</tr>
</tbody>
</table>

#### 9 Support costs

<table>
<thead>
<tr>
<th>Description</th>
<th>Unrestricted Funds 2016</th>
<th>Restricted Funds 2016</th>
<th>Total Funds 2016</th>
<th>Total Funds 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Head office costs</td>
<td>£52,823</td>
<td>-</td>
<td>£52,823</td>
<td>£59,107</td>
</tr>
<tr>
<td>IT and infrastructure</td>
<td>£3,756</td>
<td>-</td>
<td>£3,756</td>
<td>£3,683</td>
</tr>
<tr>
<td>Membership and subscription fees</td>
<td>£2,207</td>
<td>-</td>
<td>£2,207</td>
<td>£4,080</td>
</tr>
<tr>
<td>Accounting fees</td>
<td>£22,864</td>
<td>-</td>
<td>£22,864</td>
<td>£28,800</td>
</tr>
<tr>
<td>Investment related consultancy</td>
<td>£14,092</td>
<td>-</td>
<td>£14,092</td>
<td>-</td>
</tr>
<tr>
<td>Travel and subsistence</td>
<td>£2,789</td>
<td>-</td>
<td>£2,789</td>
<td>£16,474</td>
</tr>
<tr>
<td>Bank and online payment charges</td>
<td>£1,910</td>
<td>-</td>
<td>£1,910</td>
<td>£3,559</td>
</tr>
<tr>
<td>Marketing/Advertising</td>
<td>£11,765</td>
<td>-</td>
<td>£11,765</td>
<td>£19,435</td>
</tr>
<tr>
<td>Depreciation</td>
<td>£671</td>
<td>-</td>
<td>£671</td>
<td>£508</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>£112,877</strong></td>
<td>-</td>
<td><strong>£112,877</strong></td>
<td><strong>£135,646</strong></td>
</tr>
</tbody>
</table>

#### 10 Governance costs

<table>
<thead>
<tr>
<th>Description</th>
<th>Unrestricted Funds 2016</th>
<th>Restricted Funds 2016</th>
<th>Total Funds 2016</th>
<th>Total Funds 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit fees</td>
<td>£4,530</td>
<td>-</td>
<td>£4,530</td>
<td>£4,550</td>
</tr>
<tr>
<td>Insurance costs</td>
<td>£1,996</td>
<td>-</td>
<td>£1,996</td>
<td>£6,773</td>
</tr>
<tr>
<td>Professional fees</td>
<td>£1,368</td>
<td>-</td>
<td>£1,368</td>
<td>£23,949</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>£7,894</strong></td>
<td>-</td>
<td><strong>£7,894</strong></td>
<td><strong>£35,272</strong></td>
</tr>
</tbody>
</table>
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 August 2016

11 Staff & Consultants

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted Funds 2016</th>
<th>Restricted Funds 2016</th>
<th>Total Funds 2016</th>
<th>Total Funds 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultants</td>
<td>£18,815</td>
<td>-</td>
<td>£18,815</td>
<td>£108,723</td>
</tr>
<tr>
<td>Salaries and Wages</td>
<td>£189,908</td>
<td>-</td>
<td>£189,908</td>
<td>£185,963</td>
</tr>
<tr>
<td>Employer’s National Insurance</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Pension Costs</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>£8,139</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>£226,703</td>
<td>-</td>
<td>£226,703</td>
<td>£323,296</td>
</tr>
</tbody>
</table>

The average monthly number of employees during the year was 5 (2015: 4).
No employee of the charity received emoluments of more than £60,000 in the year (2015: nil).

12 Tangible fixed assets

<table>
<thead>
<tr>
<th>Group</th>
<th>Fixtures &amp; Fittings £</th>
<th>Computer Equipment £</th>
<th>Total £</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 September 2015</td>
<td>-</td>
<td>1,897</td>
<td>1,897</td>
</tr>
<tr>
<td>Additions</td>
<td>781</td>
<td>3,985</td>
<td>4,766</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 31 August 2016</td>
<td>781</td>
<td>5,882</td>
<td>6,663</td>
</tr>
</tbody>
</table>

**Depreciation**

<table>
<thead>
<tr>
<th>Group</th>
<th>Fixtures &amp; Fittings £</th>
<th>Computer Equipment £</th>
<th>Total £</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 September 2015</td>
<td>-</td>
<td>771</td>
<td>771</td>
</tr>
<tr>
<td>Charge for the year</td>
<td>98</td>
<td>1,352</td>
<td>1,450</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 31 August 2016</td>
<td>98</td>
<td>2,123</td>
<td>2,221</td>
</tr>
</tbody>
</table>

**Net Book value**

<table>
<thead>
<tr>
<th>Group</th>
<th>Fixtures &amp; Fittings £</th>
<th>Computer Equipment £</th>
<th>Total £</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 31 August 2016</td>
<td>683</td>
<td>3,759</td>
<td>4,442</td>
</tr>
<tr>
<td>At 31 August 2015</td>
<td>-</td>
<td>1,126</td>
<td>1,126</td>
</tr>
</tbody>
</table>

13 Fixed Asset Investment

<table>
<thead>
<tr>
<th>Charity</th>
<th>2016 £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment</td>
<td>1</td>
</tr>
</tbody>
</table>

The charity held 100% of the issued Ordinary share capital of Leapfrog Finance Limited, a company incorporated in England and Wales. At the balance sheet date the aggregate capital reserves of the company was £4,436 and its profit for the year was £4,435.
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 August 2016

14 Programme related investments

<table>
<thead>
<tr>
<th>Group &amp; Charity</th>
<th>Amounts due within 1 year 2016 £</th>
<th>Amounts due after more than 1 year 2016 £</th>
<th>Total 2016 £</th>
<th>Total 2015 £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>190,218</td>
<td>709,338</td>
<td>899,556</td>
<td>410,473</td>
</tr>
</tbody>
</table>

15 Debtors

<table>
<thead>
<tr>
<th></th>
<th>Group Funds 2016 £</th>
<th>Charity Funds 2016 £</th>
<th>Charity Funds 2015 £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivables</td>
<td>62,767</td>
<td>57,767</td>
<td>91,499</td>
</tr>
<tr>
<td>Due from HM Revenue and Customs</td>
<td>2,903</td>
<td>2,903</td>
<td>2,167</td>
</tr>
<tr>
<td>Prepayments and accrued income</td>
<td>224,876</td>
<td>9,257</td>
<td>7,856</td>
</tr>
<tr>
<td>Amounts owed from group companies</td>
<td>-</td>
<td>132</td>
<td>-</td>
</tr>
<tr>
<td>Other debtors</td>
<td>274</td>
<td>145</td>
<td>132</td>
</tr>
<tr>
<td></td>
<td>290,820</td>
<td>70,204</td>
<td>101,654</td>
</tr>
</tbody>
</table>

16 Current Asset Investments

<table>
<thead>
<tr>
<th></th>
<th>Group 2016 £</th>
<th>Charity 2016 £</th>
<th>Charity 2015 £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan receivable</td>
<td>3,581,963</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

17 Creditors: amounts falling due within one year

<table>
<thead>
<tr>
<th></th>
<th>Group Funds 2016 £</th>
<th>Charity Funds 2016 £</th>
<th>Charity Funds 2015 £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade payables</td>
<td>7,487</td>
<td>4,045</td>
<td>6,527</td>
</tr>
<tr>
<td>Due to HM Revenue and Customs</td>
<td>11,135</td>
<td>5,691</td>
<td>3,120</td>
</tr>
<tr>
<td>Other creditors</td>
<td>242,257</td>
<td>140,220</td>
<td>133,613</td>
</tr>
<tr>
<td>Other loans</td>
<td>173,270</td>
<td>173,270</td>
<td>91,244</td>
</tr>
<tr>
<td></td>
<td>434,149</td>
<td>323,226</td>
<td>234,504</td>
</tr>
</tbody>
</table>
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 August 2016

18 Creditors: amounts falling due within one year

<table>
<thead>
<tr>
<th></th>
<th>Group Funds 2016</th>
<th>Charity Funds 2016</th>
<th>Charity Funds 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Other loans between one</td>
<td>181,094</td>
<td>181,094</td>
<td>104,956</td>
</tr>
<tr>
<td>and two years</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other loans between</td>
<td>466,804</td>
<td>466,804</td>
<td>268,428</td>
</tr>
<tr>
<td>two and five years</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other loans after five</td>
<td>3,859,062</td>
<td>61,546</td>
<td>167,538</td>
</tr>
<tr>
<td>years</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,506,960</strong></td>
<td><strong>709,444</strong></td>
<td><strong>540,922</strong></td>
</tr>
</tbody>
</table>

Of the loan liability in the Group amounting to £3,797,516 (2015: nil) is secured by fixed and floating charges over the assets of Leapfrog Bridge Finance Limited.

19 Restricted funds

<table>
<thead>
<tr>
<th>Funds movements</th>
<th>Balance at 1 September 2015</th>
<th>Incoming resources</th>
<th>Resources expended</th>
<th>Transfers between funds</th>
<th>Balance at 31 August 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Barclaycard fund</td>
<td>17,096</td>
<td>22,633</td>
<td>-</td>
<td>(37,988)</td>
<td>1,741</td>
</tr>
<tr>
<td>British Airways fund</td>
<td>168,791</td>
<td>54,374</td>
<td>(52,500)</td>
<td>(2,938)</td>
<td>167,727</td>
</tr>
<tr>
<td>Big Society Capital Fund</td>
<td>1,123</td>
<td>32,609</td>
<td>(32,098)</td>
<td>10,344</td>
<td>11,978</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>187,010</strong></td>
<td><strong>109,616</strong></td>
<td><strong>(84,598)</strong></td>
<td><strong>(30,582)</strong></td>
<td><strong>181,446</strong></td>
</tr>
</tbody>
</table>

The Barclaycard fund represents donations received from Barclaycard Commercial and from a salary-related scheme for Barclays’ staff, which is to be used to reduce carbon emissions through projects in the UK. At 31 August 2016 £1,741 (2015: £17,096) of programme related investments were funded by the Barclaycard fund but once these loans are repaid funds may be treated as unrestricted income.

The British Airways fund represents donations received from British Airways plc, which is to be used to reduce carbon emissions projects in the UK. At 31 August 2016 £15,206 (2015: £19,065) of this fund was held as loan balances.

Transfers from restricted funds to unrestricted funds are carried out to enable the charity to recoup the costs associated with the issuance of grants and loans. Such transfers are conducted on a basis agreed between the trustees and the donors of the restricted funds.
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 August 2016

20 Analysis of net assets between funds

<table>
<thead>
<tr>
<th>Group</th>
<th>Unrestricted Funds</th>
<th>Restricted Funds</th>
<th>Total 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>£167,664</td>
<td>£242,694</td>
<td>£410,358</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>£4,442</td>
<td>-</td>
<td>£4,442</td>
</tr>
<tr>
<td>Debtors</td>
<td>£236,183</td>
<td>£54,637</td>
<td>£290,820</td>
</tr>
<tr>
<td>Investments</td>
<td>£3,581,963</td>
<td>-</td>
<td>£3,581,963</td>
</tr>
<tr>
<td>Creditors</td>
<td>(£128,152)</td>
<td>(£132,727)</td>
<td>(£260,879)</td>
</tr>
<tr>
<td>Secured loan</td>
<td>(£3,797,516)</td>
<td>-</td>
<td>(£3,797,516)</td>
</tr>
</tbody>
</table>

Programme related investments
- Amounts falling due within one year
- Amounts falling due after more than one year

Programme related loans
- Amounts falling due within one year
- Amounts falling due after more than one year

 Charity

<table>
<thead>
<tr>
<th>Group</th>
<th>Unrestricted Funds</th>
<th>Restricted Funds</th>
<th>Total 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>£63,819</td>
<td>£242,694</td>
<td>£306,513</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>£1,954</td>
<td>-</td>
<td>£1,954</td>
</tr>
<tr>
<td>Debtors</td>
<td>£15,567</td>
<td>£54,637</td>
<td>£70,204</td>
</tr>
<tr>
<td>Creditors</td>
<td>(£17,229)</td>
<td>(£132,727)</td>
<td>(£149,956)</td>
</tr>
<tr>
<td>Programme related investments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amounts falling due within one year</td>
<td>-</td>
<td>£190,218</td>
<td>£190,218</td>
</tr>
<tr>
<td>Amounts falling due after more than one year</td>
<td>-</td>
<td>£709,338</td>
<td>£709,338</td>
</tr>
<tr>
<td>Other loans</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amounts falling due within one year</td>
<td>-</td>
<td>(£173,270)</td>
<td>(£173,270)</td>
</tr>
<tr>
<td>Amounts falling due after more than one year</td>
<td>-</td>
<td>(£709,444)</td>
<td>(£709,444)</td>
</tr>
</tbody>
</table>

21 Related party transactions

In the year ended 31 August 2016 the following transactions took place between the charity and its subsidiaries, Leapfrog Finance Limited and Leapfrog Bridge Finance Limited:
- Management and monitoring fee of £308,000 charged by Leapfrog Finance Limited to Leapfrog Bridge Finance Limited.
- Fees of £8,567 charged by Leapfrog Finance Limited to Pure Leapfrog.
- Expenses of £23,896 recharged by Pure Leapfrog to Leapfrog Finance Limited.