

Company Number: 4184478
Charity Number: 1086559

WORLD ENERGY COUNCIL
(A Company Limited By Guarantee)
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

**WORLD ENERGY COUNCIL
YEAR ENDED 31 DECEMBER 2004**

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**WORLD ENERGY COUNCIL
GENERAL INFORMATION
YEAR ENDED 31 DECEMBER 2004**

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees

Trustees of World Energy Council Charity are also Directors of WEC Services Limited (WSL).

Name

Aiken, Philip Stanley (retired 31 October 2004)	
Ailleret, Francois (retired 31 October 2004) + # ±	Al – Moneef, Majid (appointed 1 November 2004)
Bundgaard-Jensen, Asger *	Barnes, Francisco (appointed 1 November 2004)
Derrick, John Martin (retired 31 October 2004)	Caille, Andre (appointed 1 November 2004)
Fall, Alioune	Gadonneix, Pierre (appointed 1 November 2004)
Medeiros, Norberto de Franco + # ±	Jain, C.P. (appointed 1 November 2004)
Miyahara, Shige-etsu	Testa Chicco (appointed 1 November 2004)
O'Brien, Kieran (retired 31 October 2004)	Wood, Ronald (appointed 1 November 2004)
Phaswana, Fred (retired 31 October 2004)	
Pierro, Carlos (retired 31 October 2004)	
del Rosario, Antonio (retired 31 October 2004) + # ±*	

* Member of Finance Committee # Member of Programme Committee

+ Member of Nominations Committee ± Member of Studies Committee

Secretary General

Gerald Doucet

Registered Office

World Energy Council, Regency House, 1-4 Warwick Street London W1B 5LT

Auditors

Horwath Clark Whitehill LLP
St Bride's House
10 Salisbury Square
London
EC4Y 8EH

Bankers

Barclays Bank
Piccadilly Corporate Business Centre, Pall Mall, Corporate Group
7th Floor, United Kingdom House, 180 Oxford Street, London, W1D 1EA, UK

Solicitors

Landwell
St Andrew's House
20 St Andrew Street
London EC4A 3TL

Investment Managers

Allianz Dresdner Asset Management
Charities Aid Foundation (CAF)
CCLA Investment Mangement Ltd (COIF)
Merill Lynch Charinco and Charishare Common Investment Funds
Schroder Unit Trusts Limited
The HSBC Charity Common Investment Fund:
The HSBC Money Market Fund

WORLD ENERGY COUNCIL
TRUSTEES REPORT
YEAR ENDED 31 DECEMBER 2004

The Trustees, who are also Directors of the Charity for the purposes of the Companies Act, submit their report and the audited financial statements for the year ended 31 December 2004.

The Charity is a charitable company limited by guarantee and was incorporated on 21 March 2001, Company number 4184478 and Charity number 1086559. It is governed by its Memorandum and Articles of Association.

The Charity's objective is to promote the sustainable supply and use of energy for the greatest benefit of all people. It does this through the following activities:

- Collating data about and undertaking and promoting research into the means of supplying and using energy which have the greatest social benefit and the least harmful impact on the natural environment;
- Publishing and distributing the results of this research;
- Holding Congresses, workshops and seminars;
- Collaborating with other organisations in the energy sector with compatible goals.

The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended "Accounting and Reporting by Charities" (SORP 2000).

Organisational Structure

The Executive Assembly is the ultimate authority in the governance of the World Energy Council. It is comprised of representatives from each of WEC's Member Committees, with the Chairman (or his/her designated alternate) serving as the voting representative. All Member Committees have one vote, regardless of size or subscription category. The Executive Assembly meets once a year to conduct the business of WEC. The Chair of the World Energy Council serves as Chair of the Executive Assembly and presides over its meetings.

The Executive Assembly elects the officers of WEC, who comprise the Officers Council, serve as WEC's Trustees and report to the Executive Assembly. The Secretary General serves as a non-voting, ex officio member of the Officers Council. There are two Standing Committees, which were created by the Executive Assembly: Programmes and Studies, whose chairs are elected officers of WEC. There are also three subcommittees of the Officers Council: Communications and Outreach, Finance and Nominations. The Chair of the Finance Committee sits on the Officers Council, along with the regional Vice Chairs and the Vice Chair(s) with Special Responsibilities.

Governance

The Executive Assembly appoints Trustees at its annual meeting. Approximately one third of Trustees retire at each annual meeting of the Executive Assembly. Trustees serve for a three-year period and may be re-elected for a further three-year period. The Trustees meet three times a year to review strategy and performance and to set the operating plans and budgets. The Finance Committee is made up of Trustees and other membership representatives. The Committee operates under specific terms of reference which delegate certain functions from the Officers Council. Decisions of the Finance Committee are ratified by the Officers Council.

Membership

WEC's constitution and bylaws stipulate that any Member Committee with subscription arrears over two years old may, upon vote of the Executive Assembly, be withdrawn from membership, assuming all efforts to assist such Committees with their arrears problems have been unsuccessful. In 2004, in accordance with these conditions, the membership privileges of Angola, El Salvador and Singapore were withdrawn.

In 2005, WEC will continue to focus on strengthening weaker Member Committees; reducing the amount of outstanding arrears and recruiting new members in Central Asia and the Gulf States.

WORLD ENERGY COUNCIL
TRUSTEES REPORT
YEAR ENDED 31 DECEMBER 2004

Review of activities and future developments

The Statement of Financial Activities (SOFA) for the year is set out on page 9 of these financial statements.

The major activities in 2004 were focused on the 19th World Energy Congress, which was held successfully in Sydney, Australia, in September. About 2,500 delegates, accompanying persons, exhibitors, media and individuals attended the event, which featured over 40 keynote addresses, roundtables and discussion sessions, along with an excellent set of poster presentations and a Youth Symposium which attracted over 100 young energy professionals and academics from 36 countries. WEC's annual business meeting, the Executive Assembly, was held in conjunction with the Congress. The new WEC officers, including incoming Chair André Caillé (HydroQuébec, Canada); Majid Al-Moneef (Vice Chair, Special Responsibility for Gulf States and Central Asia); Francisco Barnés (Vice Chair, North America); Pierre Gadonneix (Vice Chair, Europe); C.P. Jain (Chair, Studies Committee); Chicco Testa (Vice Chair, Rome 2007); and Ron Wood (Chair, Programme Committee), were installed at the conclusion of the event. Norberto de Franco Medeiros, who had previously served as Chair of the Programme Committee, became Vice Chair, LAC, and Alioune Fall, who had previously been Vice Chair (Special Responsibilities) and Chair of the Communications & Outreach Committee, became Vice Chair, Africa.

Under the leadership of WEC Vice Chair (2004 Congress) Phil Aiken, the Sydney World Energy Congress (SWEC), which was responsible for organising the Congress, paid all contractually agreed royalties, GEIS and Survey of Energy Resources fees for the Congress by the end of 2004. Details are presented in the annual financial report for WEC Services Ltd. WEC wishes to express its thanks to Mr. Aiken, who retired as WEC Vice Chair following the Congress, for his leadership, and also to the Congress sponsors and members of the SWEC Board, especially its Chairman, Dr. Malcolm Garratt, and Congress Executive Director Jim Starkey, for their support.

WEC completed its 2002-2004 Work Programme this year and published a total of eleven studies and reports, most of which were presented at the Sydney Congress. The 2004 Survey of Energy Resources, WEC's flagship publication since 1934, was produced by global publisher Elsevier, with a share of the sales revenues coming to WEC via WSL.

The review of WEC services by McKinsey was completed, and a meeting of WEC Chairs was held in London in April to review the results. The general conclusion of the study is that WEC's mission and goals are sound, as is the structure of its Member Committees, and that these should be kept. However, there is a need for a tighter focus and better use of WEC's resources; McKinsey also concluded that WEC needs to significantly enhance its communications and outreach activities to increase its visibility both inside and outside the energy industry.

The 2005-2007 Business Plan, which was approved by the Executive Assembly in Sydney, was developed to incorporate the specific recommendations of the McKinsey review. The plan will focus WEC's resources on just three major studies during the next three-year work cycle: scenarios, climate change and the Survey of Energy Resources.

Increased emphasis will also be placed on communications and outreach activities, and to that end, a new committee on Communications and Outreach was formed under the auspices of the Officers Council. The committee was initially chaired by Dr. Alioune Fall of Senegal; when Dr. Fall assumed his duties as Vice Chair for Africa at the end of 2004, Marie-José Nadeau of Canada was named to replace him. She will be supported in the work of the Committee by the Manager, Member Services & Administration and the Manager, Information Services.

Another major component of the 2005-2007 Business Plan is the Chairman's undertaking to launch a new WEC Patrons programme. The Patrons comprise companies and organisations who are already members of a WEC Member Committee but who wish to make an additional contribution to WEC's work. The goal of the new Patrons programme is to generate additional revenues. Some of these revenues may be directed toward a specific project, but the majority will be invested through the WEC Foundation, with the proceeds used to fund the WEC Work Programme activities.

**WORLD ENERGY COUNCIL
TRUSTEES REPORT
YEAR ENDED 31 DECEMBER 2004**

Review of activities and future developments (continued)

Long-time Regional Coordinator for Central and Eastern Europe Dr. Klaus Brendow retired at the end of 2004, and his significant achievements over his many years of service to WEC were widely and gratefully acknowledged at the Sydney Executive Assembly. A full-time replacement for Dr Brendow will be appointed in early 2005, and the territory for which this new coordinator is responsible will be expanded to also include Western Europe and Central Asia.

The Deputy Secretary General, who was mainly responsible for the 2004 Congress and development of the 2005-2007 work programme, will now be responsible for WEC studies in the 2005-2007 work cycle. The Director of Programmes, supported by the Manager, Regional Programmes, continues to be responsible for regional and technical programmes. The Secretary General will work with the Chairman on the Patrons programme and will also chair the Planning Group for the 2007 Rome Congress.

Income generation

The income during the year was £1,884,000 (2003: £1,271,000). The two primary sources of income were membership subscriptions and the Congress. This total is a significant achievement, and the Charity thanks all its Member Committees and supporters, especially Sydney World Energy Congress (SWEC) for help in achieving this income level.

Subscription income was £1,139,000 (2003: £1,078,000) for the year, including a healthy recovery of arrears. The Patrons contributed £139,000 (2003: £56,000), which was added to the designated fund, the WEC Foundation, whose conservative equity investments recovered some of their market resilience in 2004. In 2004, the Officers Council authorised a special contribution of £30,000 from the Foundation for the WEC Work Programme. No investments were sold during the period.

Resources expended and services

Total resources expended by WEC and WSL in 2004 amounted to £1,611,000 (2003: £1,511,000). This included expenditures of £255,000 (2003: £254,000) on the Work Programme. The other main expenditure of the Charity was staff costs.

The services and accomplishments during the year are detailed on WEC's Global Energy Information System (GEIS) website.

**WORLD ENERGY COUNCIL
TRUSTEES REPORT (CONTINUED)
YEAR ENDED 31 DECEMBER 2004**

Investment policy and returns

The separate investment policies for the Charity and the Foundation Fund are reviewed annually and have the following objectives:

- a) Controlling the Charity's investments;
- b) Ensuring the investments are adequately diversified;
- c) Ensuring the investments are appropriate for the capital and income objectives of the Charity.

The investments of WEC (excluding the WEC Foundation), which consist principally of cash surpluses, are placed in high-interest, long-term deposits. WEC Charity, by policy, does not invest in equity funds.

The Foundation Fund has an additional investment guideline regarding the division between funds, which should aim to maintain the following range:

Equity based funds – major part of capital monies	70 – 90%
Fixed interest funds – minor part of capital monies	10 – 30%
Cash deposit funds – variable part of short-term cash funds	Income from dividends & interest

WSL does not hold any investments.

Fund managers for the Charity and the Foundation are listed on page 1 of these financial statements. All funds are invested with top-tier UK banks or other institutions, such as Common Deposit Funds approved by the Charity Commission.

At 31 December 2004, the group investments, excluding cash deposits, were valued at £793,000 (2003: £648,000).

WEC's overall investment policy is based on a conservative, low-risk approach to preserve capital while still providing modest to good returns. This is mainly achieved through the use of Charity Commission-recommended Common Investment and Deposit Funds, which minimise risk by using a spread of professionally selected funds. WEC's investment policy does not set specific ROI or income targets. In 2004, the continuing recovery of the stock market and the improved economic climate yielded a moderate gain. However, the budgeted figure for interest was based on the expectation that SWEC would pay its financial obligations to WSL earlier in the year; unfortunately, because the payment was not received until late December, the interest generated was less than anticipated.

WORLD ENERGY COUNCIL
TRUSTEES REPORT (CONTINUED)
YEAR ENDED 31 DECEMBER 2004

WEC Services Limited

The Charity's wholly-owned trading subsidiary carries out non-charitable trading activities for the Charity. WEC Services Limited (WSL) was incorporated on 18 June, 2001, and is limited by guarantee. The liability of the members is limited. The Company's share capital is £100 divided into 100 shares of £1 each.

By deed of covenant, WSL makes a gift aid payment no later than 30 September of the following year to the Charity, after due provision for the financial requirements of any business or businesses carried on by the Company which would absorb or extinguish profits that would otherwise be available for distribution.

If upon the winding-up or dissolution of the Company there remains, after the satisfaction of all its debts and liabilities, any property whatsoever, this is not paid to or distributed among the members of the Company, but is given or transferred to the Charity.

WSL's activities and outcomes for the reporting period were focused on carrying out trading and commercial partnership activities on behalf of WEC to generate revenue, mainly to support the WEC work programme.

The primary activity during the period was the 2004 Sydney Congress. On behalf of WEC, WSL sponsored a stand in the Congress exhibition to promote WEC's programmes, activities and publications. In accordance with the contract signed between WSL and the Congress organisers (SWEC), payments of \$700,000 US in royalties and \$69,550 US in revenues to cover the use of GEIS for the Congress papers were paid to WSL. The Congress organisers also paid certain expenses connected with the production of the 2004 Survey of Energy Resources.

WSL also partnered with global publisher Elsevier to produce the 2004 Survey of Energy Resources. CDs of this publication were distributed to all Congress delegates, and the hard copy is being marketed and sold by Elsevier on behalf of WEC/WSL. A portion of the sales revenues generated by this project will be paid to WSL by Elsevier.

Other projects during the period included the ongoing partnership with FIRST Magazine, which in 2004 saw the publication of the Congress Global Energy Report. This report was distributed to all Congress delegates and generated revenues of over \$60,000 US for WSL.

WSL's sales of WEC publications were especially healthy in the Congress year, generating a record-breaking £11,000 in sales of hard copies, CDs and pdf files to non-members. (WEC members receive all WEC publications free of charge).

Results of these activities are disclosed in Note 13 of the consolidated financial statements and in the separate financial statements for WSL.

Reserves

WEC's reserves policy stipulates that total free (unrestricted) reserves of £250,000 are required, not counting the designated funds of the WEC Foundation. Of this reserve, £200,000 is allocated to meet two months' worth of operating commitments, and another £50,000 is allocated to safeguard the Charity's work programme commitments in the event of delays in receipt of partnership grants, lower than expected earnings by the WEC Foundation or a lower than expected performance by the trading subsidiary in non-Congress years.

The total reserves of £463,000 as of 31 December, 2004, significantly exceeded the stated Reserves Policy. However, this was due to the payments by SWEC of their contractual obligations to WSL. These funds will be drawn down over the next three years to support WEC's triennial work programme, gradually bringing the reserves back into line with the stated policy.

Details of the reserves are provided in Note 12 of these financial statements.

**WORLD ENERGY COUNCIL
TRUSTEES REPORT (CONTINUED)
YEAR ENDED 31 DECEMBER 2004**

Risk Management

The charity has undertaken a risk appraisal, as required by the Charity Commission. The key headings under which risks fall were identified, and work continues to be done to ensure that adequate controls exist to mitigate the effect of those identified risks.

Changes in fixed assets

The movements in fixed assets during the year are set out later in these financial statements.

Directors and Directors' interests

The Directors of the Company (who are also the Trustees of the Charity) during the year are listed on page 1. New Directors appointed at the Sydney Executive Assembly assumed their seats on 1 November and are also listed on page 1 of this report.

All Directors are guarantors.

Statement of Trustees' Responsibilities

Company and charity law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the surplus or deficit of the charitable company for that year. In preparing those financial statements, the Trustees have:

- Selected suitable accounting policies and then applied them consistently;
- Made judgments and estimates that are reasonable and prudent;
- Stated whether applicable accounting standards have been followed, with any material departures disclosed and explained in the financial statements; and
- Prepared the financial statements on a going concern basis.

The Trustees have overall responsibility for ensuring that the Charity has an appropriate system of controls, financial and otherwise. They are also responsible for ensuring that proper accounting records are kept, which disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

With the approval of the Executive Assembly, WEC's governing body, at its meeting in Sydney in September 2004, the Trustees appointed Horwath Clark Whitehill LLP as auditors for the Charity.

A resolution to reappoint Horwath Clark Whitehill LLP will be put to the Board at the Annual General Meeting.

Approved by the Board on
and signed on behalf of the Board by

Chair

World Energy Council

Chair

Finance Committee

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WORLD ENERGY COUNCIL

We have audited the financial statements of World Energy Council for the year ended 31 December 2004 which comprise the Consolidated Statement of Financial Activities, the Charity and Consolidated Balance Sheets and related notes set out on pages 11 to 18. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 11 to 13.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinion we have formed.

Respective Responsibilities Of Trustees And Auditors

As described in the Statement of Trustees' Responsibilities on page 7 the directors who are also the charity's trustees under charity law are responsible for the preparation of the Trustees Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Trustees' remuneration and transactions with the charitable company is not disclosed.

We read other information contained in the Trustees Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of Audit Opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Unqualified Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the charitable company and the group as at 31 December 2004 and of its incoming resources and application of resources, including the group's income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Horwath Clark Whitehill LLP
Chartered Accountants and Registered Auditors
Date

St Bride's House
10 Salisbury Square
London EC4Y 8EH

WORLD ENERGY COUNCIL
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating an Income and Expenditure Account)
FOR THE YEAR ENDED 31 DECEMBER 2004

	Notes	Restricted £'000	Unrestricted £'000	Group Total 2004 £'000	Group Total 2003 £'000
INCOMING RESOURCES					
Income from activities in furtherance of the Charity's objects					
Subscription fees		-	1,139	1,139	1,078
Patron income		-	139	139	56
Project income		32	20	52	32
Gifts in kind		-	20	20	25
Activities for generating funds					
Royalties, publication sales, Internet Revenues		-	79	79	27
Interest		-	16	16	17
Dividends		-	26	26	25
Congress Income		-	366	366	
Other income		-	47	47	11
Total incoming resources	2d	32	1,852	1,884	1,271
RESOURCES EXPENDED					
Cost of generating funds					
Administrative costs of non-charitable activities		-	-	-	1
Cost of activities in furtherance of the Charity's objects					
Salaries and associated costs	5	-	685	685	649
Travel and entertainment		-	142	142	116
Accommodation		-	119	119	112
Hire and maintenance		-	19	19	19
Office administration and services		-	78	78	62
Printing		-	18	18	23
Communication and promotion		-	54	54	30
Depreciation	6	-	18	18	52
Unrecoverable income		-	90	90	63
GEIS website		-	21	21	18
Work Programme		-	255	255	254
Other expenses		-	47	47	44
Projects expenditures		34	23	57	30
Gifts in kind		-	20	20	25
Management and administration of the Charity					
Auditors remuneration and fees		-	13	13	13
Total resources expended	2e	34	1,602	1,636	1,511
Net income/(expense) for the year		(2)	250	248	(240)
Unrealised investment gains		-	45	45	63
Net movement in funds		(2)	295	293	(177)
Accumulated fund balance brought forward		4	1,162	1,166	1,343
Accumulated fund balance carried forward		2	1,457	1,459	1,166

All of the activities are continuing. There were no recognised gains or losses other than those stated above.

The notes on pages 11 to 18 form part of these financial statements.

WORLD ENERGY COUNCIL
CONSOLIDATED AND CHARITY BALANCE SHEET
AS AT 31 DECEMBER 2004

	Notes	Group 2004 £'000	Charity 2004 £'000	<i>Group 2003 £'000</i>	<i>Charity 2003 £'000</i>
FIXED ASSETS					
Tangible assets	6	69	69	78	78
Investments	7	793	793	648	648
		862	862	726	726
CURRENT ASSETS					
Debtors	8	278	697	242	244
Short term deposits		367	3	188	188
Cash at bank and in hand		229	153	246	235
		874	853	676	667
CREDITORS: amounts falling due within one year	9	277	256	236	227
NET CURRENT ASSETS		597	597	440	440
TOTAL ASSETS		1,459	1,459	1,166	1,166
FUNDS					
	11 & 12				
Restricted		2	2	4	4
Unrestricted					
Designated Fund – WEC Foundation		950	950	867	867
Other		507	507	295	295
		1,459	1,459	1,166	1,166

These financial statements were approved by the Trustees on and signed on its behalf:

André Caillé
Chair, World Energy Council

Asger Bundgaard-Jensen
Chair, Finance Committee

The notes on pages 11 to 18 form part of these financial statements.

WORLD ENERGY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

1. STRUCTURE OF GROUP

World Energy Council is comprised of two legal entities:

World Energy Council (WEC), a Charity registered under the laws of England and Wales. The WEC Foundation is a designated fund within the Charity which administers and invests income from the Patrons programme and the World Energy Congress. The proceeds of the investments are used primarily to fund the WEC Work Programme.

WEC Services Limited (WSL), a company limited by guarantee and registered in England and Wales, incorporated on 18 June 2001. WSL forms the trading subsidiary of the Charity. A further description of the subsidiary is given in Note 13 and in the separate financial statements for WEC Services Limited.

2. ACCOUNTING POLICIES

a) Basis of preparation

The financial statements have been prepared under the historical cost convention, with the exception of investments, which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" published in October 2000, applicable accounting standards and the Companies Act 1985.

b) Consolidation

The financial statements of the subsidiary are consolidated with those of the Charity on a line-by-line basis.

c) Fund accounting

Unrestricted funds are funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes.

Restricted funds are subject to specific restrictions imposed by the donors. These funds are accounted for separately and are only available to be used for the specific purposes for which they were given.

Investment income and gains as well as all expenditure are allocated for the appropriate fund.

WORLD ENERGY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2004

2. ACCOUNTING POLICIES (CONTINUED)

d) Incoming resources

Income represents mainly the gross invoiced value of subscription fees charged to WEC members. Patron income represents corporate contributions for work programme purposes and is credited directly to the WEC Foundation, a designated fund.

The subsidiary of the Charity (WEC Services Limited) derives income mainly from the World Energy Congress held once every three years.

Investment income is recognised on a received basis. All other income is recognised on an accruals basis.

Gifts received in kind are recognised as income at the amount that would have been received had the gift been made in cash. Gifts are accounted for on a received basis.

e) Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributable to particular headings, they have been allocated to activities on a basis consistent with use of the resources. Premises and other overheads have been allocated on a percentage basis, taking into account the project work and human resource commitment.

Management and administration costs include those incurred in connection with administration of the Charity and in compliance with constitutional and statutory requirements.

f) Tangible fixed assets and depreciation

Tangible fixed assets costing more than £100 are capitalised and included at cost, including any incidental expenses of acquisition.

Tangible fixed assets are stated at historical cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost on a straight line basis over their expected useful lives as follows:

Leasehold improvements	- over 10 years
Office equipment and GEIS website development costs	- over 4 years

g) Investments

Investments are re-valued to market value as at the balance sheet date, and the surplus or deficit of this re-valuation is shown as unrealised gains or losses on the face of the Statement of Financial Activities. Realised gains and losses represent the difference between the sale proceeds and the opening market value of an investment or cost if purchased during the year.

h) Foreign currency transactions

Transactions in foreign currencies are recorded in sterling at the rate ruling at the date of the transaction. Monetary assets and liabilities are retranslated at the rate of exchange ruling at the balance sheet date. All exchange differences are taken to the Statement of Financial Activities.

WORLD ENERGY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2004

2. ACCOUNTING POLICIES (CONTINUED)

i) Cash and bank balances

Amounts included in cash at bank and in hand were maintained in interlinked bank accounts; therefore, negative amounts in individual accounts do not represent overdrafts.

j) Taxation

Under Section 505 of the Income and Corporation Taxes Act of 1998, a charity is exempt from tax on its income insofar as it is applied for charitable purposes only. All of the disbursements appear to fall within the charitable objects, and consequently, no tax liability will arise.

k) Cash flow statement

The company is exempt from the requirement of Financial Reporting Standard No 1 to prepare a cash flow statement, as it is entitled to the filing exemptions as a small company under sections 246 to 249 of the Companies Act 1985 when filing accounts with the Registrar of Companies.

l) Operating Leases

Rentals applicable to operating leases are charged to the Statement of Financial Activities over the period in which the cost is incurred.

m) Irrecoverable VAT

WEC is not registered for VAT, and accordingly, resources expended are shown gross of irrecoverable VAT.

3. INDEMNITY INSURANCE

In 2004, the Charity paid £1,657 (2003: £1,663) to provide insurance for the Trustees to indemnify them against the possibility of personal liabilities arising from any neglect or default on their part other than as a result of "reckless acts".

4. TRUSTEES' REMUNERATION AND EXPENSES

The Trustees neither received nor waived any emoluments during the year (2003: £nil). During the year, no expenses (2003: £341) were reimbursed to Trustees (2003: one Trustee).

WORLD ENERGY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2004

5. STAFF COSTS		2004	<i>2003</i>
		£'000	<i>£'000</i>
Wages and salaries		641	<i>598</i>
Social security costs		44	<i>41</i>
Other staff costs		-	<i>10</i>
		685	<i>649</i>

During the year, one (2003: one) employee received emoluments between £90,000 - £100,000, and three (2003: two) employees received emoluments between £50,000 - £60,000. Also included within salaries and wages are total costs of between £190,000 - £200,000 relating to one (2003: one) employee. Of this total, payments of between £150,000 - £160,000 were made to a third party company.

No employer pension contribution was made on the above employees' behalf.

The average number of employees during the year, calculated on a full-time equivalent basis, was 10.

6. TANGIBLE FIXED ASSETS

All tangible fixed assets are held by the Charity.

	Leasehold improvements £'000	Office equipment £'000	GEIS Website £'000	Total £'000
Cost				
At 1 January 2004	121	67	193	381
Additions	-	9	-	9
At 31 December 2004	121	76	193	390
Accumulated depreciation				
At 1 January 2004	51	59	193	303
Charge for period	12	6	-	18
At 31 December 2004	63	65	193	321
Net Book Values				
At 31 December 2004	58	11	-	69
<i>At 31 December 2003</i>	<i>70</i>	<i>8</i>	<i>-</i>	<i>78</i>

WORLD ENERGY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2004

7. FIXED ASSET INVESTMENTS

All investments are held by the Charity and are held in UK investments.

Market values	2004	<i>2003</i>
	£'000	<i>£'000</i>
Market value at 1 January 2004	648	<i>585</i>
Additions	100	<i>-</i>
Unrealised gain on investments	45	<i>63</i>
	<hr/>	<hr/>
Market value at 31 December 2004	793	<i>648</i>
	<hr/>	<hr/>
Historical cost at 31 December 2004	700	<i>600</i>
	<hr/>	<hr/>

UK listed investments are held in unit funds. These are represented by:

	2004	<i>2003</i>
	£'000	<i>£'000</i>
Fixed interest securities	186	<i>143</i>
Equity shares	607	<i>505</i>
	<hr/>	<hr/>
	793	<i>648</i>
	<hr/>	<hr/>

The following investments make up over 5% of the portfolio:

Fixed income	Market value	
	2004	<i>2003</i>
	£000	<i>£000</i>
Units held		
3,595 Dresdner RCM Chariguard	42	<i>32</i>
	<hr/>	<hr/>
Equity		
Units held		
9,653 COIF	87	<i>76</i>
136,597 CAF balanced growth	177	<i>163</i>
53,224 Schroders	109	<i>90</i>
7,873 Dresdner RCM Chariguard	122	<i>93</i>
30,787 Mercury Charishare	112	<i>83</i>
	<hr/>	<hr/>

WORLD ENERGY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2004

8. DEBTORS

	Group 2004 £'000	Charity 2004 £'000	<i>Group 2003 £'000</i>	<i>Charity 2003 £'000</i>
Trade debtors (gross)	166	166	225	225
Less bad debt provision	<u>(25)</u>	<u>(25)</u>	<u>(44)</u>	<u>(44)</u>
Trade debtors (net)	141	141	181	181
Other debtors	27	27	2	2
Amount due from subsidiary company	-	431	-	32
Prepayments	31	31	29	29
Accrued income	<u>79</u>	<u>67</u>	<u>30</u>	<u>-</u>
	<u>278</u>	<u>697</u>	<u>242</u>	<u>244</u>

9. CREDITORS: amounts falling due within one year

Trade creditors	165	152	133	130
Taxation and social security costs	14	14	22	20
Other creditors	-	-	11	11
Accruals	58	50	45	41
Deferred income	<u>40</u>	<u>40</u>	<u>25</u>	<u>25</u>
	<u>277</u>	<u>256</u>	<u>236</u>	<u>227</u>

Deferred income reconciliation:	2004	2003
	£'000	£'000
Balance brought forward	25	31
Received in year	40	20
Utilised in year	<u>(25)</u>	<u>(26)</u>
Balance carried forward	<u>40</u>	<u>25</u>

10. FINANCIAL COMMITMENTS

Commitments under leases to pay rentals during the year following the year of these financial statements are given in the table below, analysed to the period in which each lease expires. All commitments relate to the Charity.

Obligations under operating leases comprise:

	Group 2004 £'000	<i>Group 2003 £'000</i>
Land and buildings:		
Expiring after 5 years	<u>89</u>	<u>89</u>
Fixtures and fittings		
Expiring after 5 years	<u>15</u>	<u>-</u>

WORLD ENERGY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2004

11. STATEMENT OF FUNDS

	<i>1 January</i>			Investment		31
	<i>2004</i>	Income	Expenditure	gains	Transfers	December
	<i>£'000</i>	£'000	£'000	£'000	£'000	2004
						£'000
General reserve	295	1,682	1,600	-	130	507
Designated – Foundation	867	170	2	45	(130)	950
Africa project (restricted)	4	12	12	-		4
CESE Manila (restricted)	-	20	22			(2)
Total	<u>1,166</u>	<u>1,884</u>	<u>1,636</u>	<u>45</u>	<u>-</u>	<u>1,459</u>

The designated fund represents funds set aside at the Trustees' discretion to assist in the further development of the WEC work programme.

The Africa fund is used to support the African Integration Study.

The CESE Manila fund is used to fund the Centre for Excellence in Sustainable Energy (CESE) project in the Philippines.

12. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	General	Foundation	Africa	CESE	Total
	£'000	£'000	Project	Manila	£'000
			£'000	£'000	
Tangible fixed assets	69	-	-	-	69
Investments	-	793	-	-	793
Net current assets	438	157	4	(2)	597
	<u>507</u>	<u>950</u>	<u>4</u>	<u>(2)</u>	<u>1,459</u>

WORLD ENERGY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2004

13. SUBSIDIARY COMPANY

The charity owns the whole of the issued ordinary share capital of WEC Services Ltd, a company registered in England. The subsidiary is used for non-primary purpose trading activities, namely publication sales, Internet revenues, congresses and generating royalties from joint projects. In addition, corporate sponsorships and non-tax exempt events are also carried out by the subsidiary. All activities have been consolidated on a line by line basis in the Statement of Financial Activities. The total net profit is gifted to the charity. A summary of the results of the subsidiary is shown below.

	Total	<i>Total</i>
	2004	<i>2003</i>
	£'000	<i>£'000</i>
Turnover	468	<i>63</i>
Administrative expenditure	(132)	<i>(63)</i>
Net profit	336	<i>-</i>
Payment under Deed of covenant	(336)	<i>-</i>
Retained profit for the year	-	<i>-</i>
The aggregate of the assets, liabilities and funds was:	2004	<i>2003</i>
	£'000	<i>£'000</i>
Assets	453	<i>41</i>
Liabilities	(453)	<i>(41)</i>
Funds	-	<i>-</i>

14. RELATED PARTY TRANSACTIONS

The group has taken advantage of the exemption which is conferred by Financial Reporting Standard No.8, 'Related Party Disclosures' that allows it not to disclose transactions with group undertakings that are eliminated on consolidation.