



TRANSITION NETWORK

Registered Charity Number 1128675

Company Number 06135675

Trustees' Report and Financial Statements

for the year ended 31 March 2018

Contents

Charity Information	2
Trustees' Report	3
1 Executive Summary	3
2 Our objectives	5
3 Activities, achievements and performance	5
3.1 Telling the Transition story	6
3.2 Supporting Transition Initiatives	8
3.3 Supporting new livelihoods	10
3.4 Demonstrating impact	11
3.5 Evolving internationally	13
3.6 Healthy organisational culture	15
3.7 Grant-making Policy	17
3.8 Plans for future periods	18
4 Thank You to our Funders	19
5 Financial Review of the Year	20
6 Structure, Governance and Management	21
Independent Examiner's Report	Error! Bookmark not defined.
STATEMENT OF FINANCIAL ACTIVITIES	24
BALANCE SHEET	25
STATEMENT OF CASH FLOWS	26
Notes to the financial statements	27 - 37

Charity Information

(The information below forms part of the Trustees' Report)

Trustees	<p>The Trustees of the charitable company are its directors for the purpose of the Companies Act 2006 and throughout this report are collectively referred to as the Trustees. The Trustees who were in office during the year and up to the date of signing the financial statements were as follows:</p> <p>Peter Lipman Henry Owen Antony C Greenham Ellen Bermann Hilary Jennings Clare Pavitt Andrew Simms Joseph Duggan Peter Lefort Isabela Maria Gomez de Menezes</p>
Delivery Director/ Lead Link	Sarah McAdam
Charity number	1128675
Company number	06135675
Registered office and principal address	<p>43 Fore Street Totnes Devon TQ9 5HN</p>
Accountants	<p>Darnells Chartered Accountants 30 Fore Street Totnes Devon TQ9 5RP</p>
Bankers	<p>The Co-operative Bank PO Box 250 Skelmersdale WN8 6WT</p>

Trustees' Report

Incorporating the Directors' Report for the year ended 31 March 2018.

The Trustees present their annual report and financial statements for the year ended 31 March 2018. The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and the 'Accounting and Reporting by Charities: Statement of Recommended Practice (FRS102)' applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015).

Transition is a movement of communities coming together to reimagine and rebuild our world. In more than 1,200 communities in 48 countries, people are working together to create a low-carbon, socially-just, healthier and happier future, which is more enriching and more gentle on the earth than the way most of us live today.

Transition Network is a charity which supports the Transition movement, amplifies stories of community-led change and nurtures collaborations across difference to challenge us all to reimagine and rebuild our world.

Transition Network was established as a company limited by guarantee in March 2007, and registered as a charity in March 2009.

1 Executive Summary

In a complex and fast-changing world, with the rise of intolerance and hate in different public contexts, Transition Network believes that how we work as an organisation is as important as what we do. This has been a year in which our team has experimented with, and learned more about, innovative forms of collective decision-making and agile collaboration across difference, the distribution of power and how to listen and respond to grassroots voices. The questions and challenges we have faced within Transition Network the charity have been mirrored and complemented by similar shifts and experiments across the international network of Transition Hubs (Transition organisations which catalyse and support Transition groups in particular territories).

The 2017-2018 year started with a Hubs Gathering hosted at Santorso, Italy. Decisions made by consent at this event represented a significant step change in the development of the Hubs Group as a self-determined and self-managing network. We celebrate this important moment and the fact that the Hubs Group has recognised Transition Network as a valued support organisation exercising equivalent rights and responsibilities to other members.

Both Transition Network and the Hubs Group are developing and practising skills, processes and structures derived from sociocracy and holacracy. Within Transition Network, the charity, we have devised an exciting, non-hierarchical new governance model which we will implement and adjust during the 2018/19 financial year. We are already starting to see the potential that arises when leadership, power and responsibilities are distributed more broadly across the staff and trustee team.

This year we've seen, and supported in different ways, rich actions and awareness-raising by Transition groups and Hubs around the world, including:

- Many national and multi-national Transition conferences and gatherings, including in the USA, South Korea, Hungary, Germany and Sweden;
- The continued influence of the *Demain* film in inspiring new activity, particularly in France and Belgium;
- 10 regional connecting events in England, bringing Transition groups together and sparking new connection and joint action.

The new Municipalities in Transition project, a joint project of the Transition Hubs and Transition Network, is well underway, with an international project team also operating with a sociocratic approach. Following the collection of 71 case studies, six pilots, in Spain, Italy, Portugal, Brazil and Hungary are now testing a flexible draft framework for collaboration between civil society and municipalities, for sustainable systemic change.

This year we gained a better sense of the scope, needs and success-factors of Transition groups around the world, through:

- Information from the self-assessment of Hubs;
- Mapping of English Transition groups and research at the regional connecting events;
- A worldwide survey of Transitioners, to inform our strategic review.

During this year, Transition Network developed a new Strategic Framework, agreed in April 2018, including a new organisational purpose, key areas of focus for the year ahead, relational agreements and the shift to shared governance.

The Charity is primarily funded by grants, donations and income generated from the Charity's own charitable activities. Total income for the year ended 31 March 2018 was £638,431 (2017: £529,719). The most significant source of grant funding continues to be an anonymous Foundation that funded £250,000 a year over 3 years from April 2015 to March 2018, and is now funding £300,000 a year for the next 3 years. This grant supports a wide range of the Charity's activities and in particular its international work.

2 Our objectives

The Charity's objects are to promote the conservation, protection and improvement of the natural environment and prudent use of natural resources for the benefit of the public, by advancing education and raising awareness of climate change, resource scarcity, peak oil and economic resilience.

It aims to promote individual, community and organisational commitment to a reduction in carbon dioxide emissions, energy saving, reducing reliance upon carbon emitting energy sources and increasing resilience to resource scarcity.

It also aims to promote sustainable means of achieving economic development and regeneration in order to reduce reliance on scarce resources including oil.

3 Activities, achievements and performance

2017-2018 was our final year working to our 2014-2017 organisational strategy, under which we grouped our work into, and assessed our success against, 6 Strategic Outcomes (see below).

The six Strategic Outcomes were:

1. Telling the Transition story

People within and beyond the Transition movement hear a clear, consistent and compelling story of Transition that inspires them to act, connect and experiment.

2. Supporting Transition initiatives

People involved in Transition are better able to access and share information, tools, skills, resources, support and training when needed.

3. Supporting livelihoods

More people are able to create livelihoods which deliver wellbeing, community resilience and social justice while respecting resource limits.

4. Demonstrating impact

More Transition initiatives demonstrate that they can achieve significant positive impacts within their communities (transforming economies, increasing wellbeing, community ownership and community resilience, reducing carbon emissions, addressing social justice issues, fostering social innovation, improving local democratic processes and establishing more healthy human cultures).

5. Evolving internationally

The Transition movement spreads, strengthens and evolves internationally, supported by a thriving National Hub network with an increased governance role within Transition Network.

6. Healthy organisational culture

Transition Network develops a healthy and creative internal organisational culture, supported by transparent and effective structures, processes and working practices – learning about, and modelling, the change we want to see in the world.

3.1 Telling the Transition story

This year saw the launch of the first European Day of Sustainable Communities, on 23 September 2017. This was coordinated by the ECOLISE partnership which includes Transition Network, working closely with Fete des Possibles, a Francophone network. The day was launched with a half day event in Brussels, drawing the attention of decision-makers and those involved in EU policy development to the possibilities and benefits of, as well as the challenges faced by, communities taking action on sustainability. Transition Network staff took key roles in planning and presenting at this event, and there was very positive feedback from the attendees and interest expressed from a number of quarters in the possibility of future collaboration.

Our main communications during the year were online, through the www.transitionnetwork.org website and the e-newsletter. In September 2017 we developed mobile responsiveness for the website which led to a 22% increase in site visits.

Transition Network would like to thank Mike Grenville for his long service to April 2017 as the editor of the e-newsletter. Following Mike's departure, we had some freelance support from Sam Allen who reviewed the e-newsletter with a view to increasing active subscribers, content and responsiveness. We re-launched the e-newsletter in October 2017 to around 10,000 active users, achieving a high 42% open rate, with interesting feedback from people who gain support, inspiration or are challenged by the stories we can share in the e-newsletter.

From February 2017 Rob Hopkins has been taking a partial sabbatical in order to focus on a new book about the power of imagination. We have taken this opportunity to bring new voices to the Transition story on our website, with the Guest Editor programme which started in April 2017. We commissioned 12 people or groups to write blog posts and discuss online a wide variety of topics related to areas of interest to Transition. The Guest Editor project showcased voices from around the globe, with some work appearing in several languages, and a very diverse range of commentary, projects and explorations. The editors and topics were:

- Stephanie Blom - wrote about connecting through story to find humanity. She produced art from interviews and story.
- Raquel Ribeiro and Daniel Pinheiro interviewed people from across Portugal involved in migration and its impact on local communities.
- Kate Duva from USA brought us some very lively insights into Prosocial Power across generations.
- Wangũi Kamonji from Kenya shared stories and in depth discussions on African environmentalism and local environmentalists.
- The Eroles Project brought us a group based exploration on Democracy and seeding the reflection of how to step up and act.
- Ruth Cross wrote about her project Post, Present, Future, a project where people who had attended the Transition Network conference 5 years ago wrote letters to themselves in the future. She returned those letters and learned about the life journey since writing.
- Helene Oakley has written about Transition "from the edge and in-between", looking at the issues of gender, sexuality and diversity as part of the debate on how we move towards a more eco-centric, equitable and regenerative world.
- Shunro Yoshida, from Transition Japan, posed the question: "What has changed within ourselves and the local community doing Transition in Japan after a natural disaster?"

- Kevin Buckland, a Barcelona based activist and writer, discussed the space where resistance becomes resilience; where people are experimenting with alternative organizing cultures inside their place of struggle;
- Jennifer Goodman and Bid Cousins brought us a series on singing and creating songs of change.
- Gergő Benedek joined us from Hungary to examine the planned extension of Hungary's only nuclear power plant and the relationship with local renewable power usage.
- Kate Heath from the UK shared conversations about climate change.

The film *Demain* (Tomorrow), featuring Transition Network co-founders Rob Hopkins and Ben Brangwyn, continues to be shown in community screenings across the UK (where Transition Network acts as a distributor) and in other countries. At 31st March 2018 there had been a total of 197 UK screenings and the Transition Network guide to screening *Demain* in your community *How to Make the Most of Tomorrow* had been viewed 23,209 times (2017: 17,000 times). This film continues to inspire people to get involved and take action, particularly in France and Belgium, for example:

- Rob Hopkins and *Demain* co-director Cyril Dion spoke at a very well-attended talk in Rambouillet, France, in March 2017
- Rob was a speaker at the We Love Green festival in Paris in June 2017
- Rob gave a big public talk and workshop at Dunkerque, France, in October 2017
- In March 2018, Rob met with the Mayor of Liège, Belgium, and met with Transition groups in Liège and Wavre, and spoke at a massively well-attended event at the University at Louvain-la-Neuve, Belgium with Olivier de Schutter.

Transition Network would like to thank our outgoing Communications Co-ordinator Ainslie Beattie, who left in late spring 2018, for her passion for communicating about Transition, her dedication in redesigning the transitionnetwork.org website and the creativity and resilience she brought to the Guest Editor project.

3.2 Supporting Transition Initiatives

Our key publication giving an overview of our support framework and how to start a Transition group, is the Essential Guide to Doing Transition, which we published in online format Joomag from November 2016. During the year the Essential Guide to doing Transition was viewed or downloaded 11,836 times in five different languages, English, French, Spanish, Italian and Russian (2017: over 15,000 times). Transition Network gave seed-funding grants to Hubs to assist the translation of this key support resource further into Brazilian Portuguese, Hebrew and Japanese.

From 2017-2018 we ran a UK regional connecting project funded by Joseph Rowntree Charitable Trust. As part of this, support co-ordinator Mike Thomas mapped the Transition movement in the UK, finding that 260 Transition groups are currently active in the UK. As a result of this mapping, Mike and researcher Richard Couldrey worked with Transition groups to organise 10 regional connecting workshops in Lancaster, Berkhamsted, Bristol, Cambridge, Leicester, Southampton, Exeter, Cornwall, Lewes and the West Midlands.

The workshops looked at what helps Transition to thrive and what the barriers are to doing Transition. In most cases these events have led to further regional connection, support and joint projects.

The top two factors reported by English groups as helping Transition to thrive were:

- Having a well functioning group, with good processes, communication, team-working and ability to deal with conflict.
- Internal events, celebrations, sharing food, fun, having breaks, learning from and with each other.

There were a large variety of barriers reported by English groups, including:

- Lack of time
- Group dynamics and conflict
- Wider engagement with the community
- Capacity, not enough people, and burn-out

In response to some of these needs, Inner Transition co-ordinator Claire Milne has facilitated Healthy Cultures workshops, with the first taking place in Bristol in March 2018 and London in April 2018.

Most of the same themes were heard in a survey we sent to Transition groups and Hubs worldwide, in autumn 2017, to help inform the review of Transition Network's organisational purpose in our Strategic Review. The strategy survey had 288 responses in English, French and Spanish languages and a diversity of very thoughtful and thought-provoking views.

Transitioners saw the most energy and potential for positive change in:

- Community engagement and facilitating community-led action.
- Awareness-raising, communication and stories.
- The ability of Transition groups to convene or bring together diverse groups and build partnerships, particularly with municipalities or local government.
- Sharing learning, including internationally.
- Inner Transition, healthy groups, community cohesion and wellbeing.

- Practical projects to demonstrate new ideas and encourage people to get involved – especially local food projects.

Areas that Transitioners were finding most challenging included:

- Working in the context of a highly consumerist society focused on economic growth – the scale of the challenge, and political barriers.
- The need to engage people – the wider community, and securing more volunteers for the core Transition group.
- Sustaining momentum, risks of burn-out, group dynamics and conflict.
- Desire to engage with more diverse sectors of the population.
- Communicating the Transition message.
- The need for funding or for Transition to provide livelihoods.

Internationally, we are developing a process for capturing the scale and health of the Transition movement, by establishing a central data storage that will potentially record all active group in the movement, as well as capturing “health check” scores to assess the needs of the movement. We have been consulting with Transition Hubs to develop this as a shared project, where the Central Data Storage system will be commonly owned and administered by the Transition Hubs group and Transition Network. The “health check” is a relatively simple self-evaluation exercise for a Transition group. The Transitionese project, which Transition Network funded again in 2017-2018, facilitated the translation of the health check resource into 14 different languages this year, in preparation for the wider launch of the “health check” process.

An International Inner Transition Inquiry Group was set up during the Hubs Gathering in Santorso in May 2017, and has been regularly meeting online to look more deeply into how people experience, understand, engage in and share Inner Transition around the world. Facilitated by Claire Milne, the group has a shared desire to create an international community of Inner Transition practitioners to connect with others involved in Inner Transition around the world. The group is also exploring the intersection between Inner Transition and shared governance, and the collaborative culture needed to support this.

Transition Launch training courses continue to be run around the world by the network of Transition Trainers, including many trainings in Mexico, Colombia and Brazil following the Train the Trainers course in Chile in 2016. Trainer Claudia Arakaki (Brazilian but based in Perth Australia), has found some very interesting ways of co-creating the Launch training in Brazil with the participants, especially given the economic diversity of the participants; from the very poor favela dwellers to very well off middle class.

We also continued to run and host the 8-week Launch Online training course in three languages, English, French and Spanish. The English language Launch Online course, facilitated by USA Transition Trainer Don Hall, in spring 2018 had participants from the USA, UK, Canada, Ireland and France.

Training Co-ordinator Naresh Giangrande and Trainer May East ran a Train the Trainers course in October 2017 in Slovenia, at Sunny Hill ecovillage. This course trained an additional 19 trainers from the Netherlands, Belgium, Denmark, the UK, Portugal, Slovenia and Austria.

Naresh Giangrande stepped down from his role as Training and Events coordinator in December 2017 and we thank him so very much for his visionary and innovative work since the early days of Transition Network.

3.3 Supporting new livelihoods

The UK REconomy project concluded in summer 2017. This project combined pilot work by Transition Town Totnes and Transition Town Brixton with UK-wide communications, resources and a series of regional events that were very effective in helping people take action for local economic resilience. Transition Town Totnes' REconomy Centre and Local Economic Forum events continue to successfully engage the community in supporting sustainable enterprises, as well as sharing ideas. For example, a Local Entrepreneur Forum event was held in West Yorkshire, UK in May 2017 – the Calderdale Bootstrap – including a talk by Rob Hopkins. The Open Project Nights developed in Brixton have helped develop and spread projects such as the Bank of Lambeth and the People's Fridge food waste project.

The International REconomy group, co-ordinated by Nenad Maljkovic of the Croatian Transition Hub, transformed from a project group with a limited membership into a worldwide community of practice. Membership grew from 17 in April 2017 to 182 in March 2018. The REconomy community of practice aims to support regenerative entrepreneurs and community organisers worldwide to spread ideas that work. They focused on two types of information and knowledge-sharing online events: a guest speaker series, and “exploring REconomy ecosystem” events for mapping ideas that work and exchanging knowledge. Guest speaker topics included:

- European Investment Fund
- Community Wealth Building Models
- FairCoop
- Microbusinesses

During 2017-2018, the One Year in Transition international community of practice continued to meet, focusing on training courses to help young people to find sustainable livelihoods. In particular, Transition Sweden is running a One Year in Transition partnership with Eskilstuna Folk High School. Community of practice members Ellen Bermann and Deborah Rim-Moiso of the Italian Transition Hubs worked with co-ordinator Isabel Carlisle to create an *Empowering Youth in Troubled Times* handbook which is published in summer 2018.

3.4 Demonstrating impact

Hubs co-ordinator Filipa Pimentel and Co-chair of trustees Henry Owen engaged with the EU-funded TRANSIT research project on Transformative Social Innovation, led by the Dutch Research Institute for Transitions. They both took part in the project's final conference in Rotterdam in September 2017. The Transition movement is one of the many case studies of the project. Learnings from the Transition movement contributed to the Manifesto for Transformative Social Innovation from the TRANSIT project.

Mike Thomas and Rob Hopkins also represented Transition Network at the #CTRLshift 2018 event in Wigan, UK, bringing together British groups working for an inclusive and sustainable future.

Our main project under this strategic outcome has become the Municipalities in Transition project. Funded by KR Foundation, the Municipalities in Transition project is a partnership project of the Transition Hubs and Transition Network. The project aims to assess existing experiences and test a framework for how Transition groups and local governments can create sustainable systemic change together. We see that innovative collaboration between community groups and local government can potentially encourage change on a more impactful scale by combining the community engagement of bottom-up approaches with reach and resources of top-down.

By May 2017 the Municipalities in Transition project core team had been appointed: project manager Ana Huertas from the Spanish Transition Hub; Cristiano Bottone from the Italian Transition Hub, Juan del Río from the Spanish Transition Hub and Josué Dusulier from the Brussels & Wallonia Hub. (In early 2018, Josué left the team and Tommaso Brazzini joined the team.) The team also includes a PhD researcher from Lisbon University, Pedro Macedo, jointly supervised by the DRIFT Dutch Research Institute for Transitions.

The Municipalities in Transition project called for case studies from around the world, cases where interesting and impactful collaborations between civil society and municipalities were already happening. 71 case studies were collected in autumn 2017, and are shown on the project website <http://municipalitiesintransition.org/>.

In phase 2 of the project, eight of these case studies were researched and analysed more deeply, to help design a draft framework. Six pilots from five countries were then selected, to work on testing the draft framework in real communities:

- La Garrotxa, Spain – a group of 21 municipalities and a strong network of community organisations.
- Valsamoggia, Italy - a new partnership of 5 municipalities, mixing those with a strong background in partnership between the municipality and Transition, and those without this background.
- Telheiras in Lisbon, Portugal – a strong neighbourhood partnership of organisations, citizens and local government, that grew from a Transition initiative.
- Ecobairro in São Paulo, Brazil – a longstanding community sustainability programme, with good partnership with municipal councils.
- Santorso, Italy – a strong partnership of a Transition group and a municipality working on sustainability and social justice
- Kispest/ Wekerle in Budapest, Hungary – a member of the very active Transition group has become a local district councilor, giving new potential to build and sustain partnerships.

Santorso



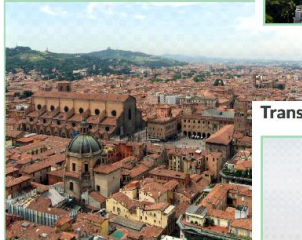
La Garrotxa Territori Resilient



Ecobairro São Paulo



RER Energy Function



Parceria Local de Telheiras



Transition Wekerle



In March 2018 the Municipalities in Transition project held a four-day training course for the pilots. Each pilot sent representatives from the municipality (elected politicians or local government officers) and representatives from each of the pilots.



The pilots are testing a very flexible draft framework for collaboration between civil society and municipalities, for sustainable systemic change. As part of this, they agree a governance system for how the collaboration will make decisions; create a baseline evaluation of what is already happening in their community; identify leverage points, new actions to start during the project; initiate these new actions and evaluate the results. The framework gives a structure for the baseline and evaluation, and will include a database of useful tools.

The Municipalities in Transition project is also setting up communities of practice – for the pilots, and a wider community of practice to connect people with valuable experience experimenting in this field around the world, to share knowledge, support and inspiration.

3.5 Evolving internationally

The international group of Transition Hubs, national or regional organisations around the world, is integral to Transition Network's international focus. During this year the Transition Hubs Group made an important shift to a fully self-assessed, self-determined international network.

A key step in this was the fourth Transition Hubs Gathering, hosted by the Transition group in Santorso, Italy in May 2017. Hubs Co-ordinator Filipa Pimentel and Delivery Director Sarah McAdam worked with the Hubs Group to co-design this event, which brought together 33 people from 23 Hubs and Transition Network.

The main focus of the Hubs Gathering was agreeing an evolution to a next phase of devolved Hubs Group governance, based on sociocracy/ shared governance. In this clarification of the relationships, power and responsibilities in the international network of Transition, Transition Network was named as a support organisation to the Transition Hubs Group.

The Hubs Group agreed a joint purpose: *To connect Transition Hubs, sense where the movement is now and where it needs to go next, share inspiration, ideas and practices, and support the growth and evolution of the global transition movement.*

Also agreed were a set of values and principles, a safety agreement of collective expectations around behaviour, and processes for people to join, leave and be excluded from the Transition Hubs group.

At the Hubs Gathering it was decided to elect a Hubs Group Heart Circle to join the Hubs coordinator in paying attention to the governance and effectiveness of the Hubs Group. A temporary Heart Circle was elected first, in order to design the purpose and domain of the future Heart Circle as the next step in building the shared governance of the Hubs group. The temporary Hubs Group Heart Circle was elected by consent in an online session in November 2017, with 8 members.

Following the year end the Hubs Gathering in May 2018 also provided many opportunities for Hubs representatives to share information, ideas and support. Immediately before the Hubs Gathering, Inner Transition co-ordinator Claire Milne and two co-facilitators from 8 Shields and Cultural Emergence gave a 2-day training course on *Designing for Regenerative Group Culture*, to 20 of these participants. This focused on skills, ideas and practices for good collaboration.

A public event was organised by Transitioners straight after the Hubs Gathering, involving Hubs and Transition staff including Rob Hopkins, to help spread Transition ideas and inspiration to the Santorso community (which was later in the year chosen as a pilot in the Municipalities in Transition project).

As part of the governance shift, the Hubs Group completed a self-assessment exercise against the criteria for emerging and full Transition Hubs, rather than Transition Network acting as the decision-maker on the status of Hub organisations. By October 2017 there was a new Hubs register, and as at 31st March 2018, the Hubs Group had confirmed the status of 22 Transition Hubs and 1 emerging Hub:

Transition Hubs	Austria, Brazil, Brussels & Wallonia, Chile, Colombia, Croatia, Denmark, Germany, Hungary, Israel, Italy, Japan, London & South East England, Luxembourg, Mexico, Paris, Portugal, Scotland, Slovenia, Spain, Sweden, USA
Emerging Hubs	Netherlands

Transition gatherings and conferences were organised around the world, by different Hubs, to inspire and motivate Transitioners:

- In July 2017, the first-ever Transition US National Gathering, *"Growing a Movement for Resilient Communities: Broadening, Deepening, and Scaling Up,"* was held at Macalester College in St. Paul, Minnesota.
- The first Asian regional Transition gathering took place in Seoul, South Korea in September 2017, organised by the Japanese Transition Hub and Korean Transition groups.
- A Transition Germany conference in Essen, September 2017.
- Transition Sweden annual gathering in October 2017 in Växjö, bringing together 200 Transitioners.
- In February 2018 Hubs from Austria, Croatia, Hungary, Romania and Slovenia were able to meet in Budapest, Hungary, in the 3rd regional gathering of Central/ Eastern European Hubs, building joint working and peer-support for common challenges.
- Following the year end in Brazil, a series of regional events in April 2018 motivated Transitioners and inspired new involvement, and culminated in a national gathering in Rio de Janeiro in May 2018.
- The Colombian Transition Hub held its first national Transition gathering in May 2018, a six day event with a mixture of Transition initiatives gathering together, and public events.

Transition Network was able to support these events, either with modest seed-funding grants (some in this financial year and some granted in the previous financial year), and/or with talks, presentations and attendance online or in person by members of the Transition Network team.

Transition Network distributed a round of seed-funding grants to Hubs during 2017. Apart from the gatherings mentioned above, there was also a grant for the preparation for a second Latin American Transition gathering in Mexico.

Building the capacity of the Hub was another theme of the seed-funding projects, and so important when many Transition Hubs are relatively small organisations or run with lots of volunteer time. This included fundraising development work by the Hungarian Hub. Transition Scotland included a survey of Scottish Transition initiatives in their capacity-building work. Paid capacity for training development in the Portugal Hub gave the time for conversations and discussions with Transition groups, with a range of partners and in the international network. Three Hubs – USA, Chile and Spain – prioritised work on their websites, another key element of Hub capacity.

Transition Spain ran an innovative series of Conversations in Transition, live video discussions responding to the questions of participants, with some support from a seed-funding grant from Transition Network. Transition Network also contributed modest funding towards the Transition US Collaborative Design Council work, an innovative way to develop grassroots leadership.

3.6 Healthy organisational culture

The Transition Network team believes that how we work is as important as what we do. We seek to experiment with, and model, organisational practices which embody Transition values and are aligned to the change we want to see in the world.

Transition Network has been engaged in a structured and funded organisational development project since January 2016. Supported by our valued partners, Université du Nous, we have been learning about alternative forms of decision-making and other structures and processes which support good collaboration and the sharing of power. During the period covered by this report, we moved from an action learning phase through to the development of a new governance model for our organisation, which was the subject of careful consultation with trustees and staff.

In the course of the 2017/18 financial year, our exploration of governance took place under the umbrella of a wider strategy review process. When our 2014 - 2017 strategy became due for renewal, we decided that an old style three year strategic plan listing specific outputs and outcomes no longer felt like the most appropriate mechanism for steering an organisation seeking to work systemically in a fast-changing and complex context alongside a bottom-up, social change movement. In June 2017, the Transition Network board agreed that we should instead develop a strategic framework consisting of:

- A clear and responsive statement of organisational purpose;
- An evolving, clearly expressed and rigorous practice of change;
- Appropriate governance arrangements with defined accountabilities, roles, and decision-making processes which support and enable agile, self-managed activity;
- A mechanism for agreeing and keeping under review our areas of focus;
- A set of underpinning principles about how the organisation works; and
- Strong, dynamic and transparent feedback loops, which support us to respond appropriately to changing conditions in the field.

Significant progress was made on all of these elements during this financial year, with a particular emphasis on organisational purpose and governance. As part of the strategy review process we sought feedback and input from the wider Transition movement and from members of Transition Hubs, held two seminars with trustees and staff and practiced, and then reflected on, the processes and ways of working on which our new governance model is based.

Recognising that any change to our governance arrangements must support and be compatible with the legal responsibilities of our trustees, we have engaged the services of a solicitor with appropriate expertise who has reviewed and advised on the new governance model as it has been developed.

In April 2018, we organised a 4 day meeting for trustees and staff, during which we used consent decision-making to agree the following:

- a new statement of organisational purpose;
- key areas of focus for the period to January 2019; and,
- key elements of our new governance model, including a new organisational structure, processes by which people join, leave and can be excluded from the team and a set of relational agreements describing how we seek to work together as colleagues.

Our new statement of organisational purpose is intended to evolve in response to the changing context and will be reviewed at least annually. The current full wording can be found at <https://transitionnetwork.org/about-the-movement/the-charity/purpose/> and the shortened form agreed in April 2018 is:

Transition Network supports the Transition movement, amplifies stories of community-led change, and nurtures collaborations across difference to challenge us all to reimagine and rebuild our world.

We plan to implement our new shared governance model over the course of the 2018/19 financial year, creating opportunities for all members of the team to exercise more agility and autonomy in those areas of work for which they are individually responsible whilst also taking part in collective decision-making processes in relation to matters which are of broad organisational significance. Our new model is based on the same principles and tools as those being used within the Hubs Group. We believe this will support and enable more meaningful collaboration across and beyond our international network while also helping us maintain clarity in relation to purpose, roles, accountabilities and boundaries.

Involvement of volunteers

Most Transition groups and Hubs are volunteer-based and the Transition movement is based on community-led approaches, which in most cases involve volunteers. Transition Network does not have any volunteers within its “staff team” but we collaborate closely, in many projects and areas of work, with volunteers from Transition Hubs and Transition groups.

3.7 Grant-making Policy

Transition Network made many small grants during this year, primarily to distribute financial support to Transition Hubs and groups involved in the Municipalities in Transition project.

Seed-funding grants for Transition Hubs:

Only Transition Hubs are eligible for these grants. Full Transition Hubs can apply for funds to help them:

- Support Transition in their territory;
- Build the capacity of their Hub; or
- Network and share learning with other Hubs

Emerging Hubs can only apply for Networking and sharing learning with other Hubs.

Other criteria used to decide the allocation of seed-funding grants to Hubs, included whether this was a reasonable funding request in relation to the stage of the Hub; whether the work or project was replicable, and whether it would help the international network be a “learning network”.

During this round of seed-funding we concluded that these grant-making criteria needed to be revised and we have improved the criteria for grants in the 2018/2019 year.

Municipalities in Transition grants:

Small grants were given to a range of organisations worldwide as part of the Municipalities in Transition project; a first phase focused on modest financial support where this was needed to help harvest case studies of collaboration between communities and municipalities. A second phase helped fund deeper research, translation and analysis on eight of these case studies, to help provide enough information to help design the draft framework.

Other grants:

We paid a grant in two instalments to the Croatian Transition Hub for their work co-ordinating the international REconomy community of practice. This work was a key part of our overall international project funded by the anonymous Foundation. The Croatian Transition Hub were selected to hold this role in 2016, due to their capabilities, availability and involvement in REconomy work.

3.8 Plans for future periods

Our future plans have been influenced by:

- The consultation process with the Transition movement and Transition Hubs, to inform the development of our new organisational purpose
- Key ongoing projects and work that need to be continued during 2018/2019 in order to achieve the intended outcomes.

As of April 2018, we have created a 'Heart circle' for the organisation, made up of roles responsible for delivery of the main aspects of our new organisational purpose:

- **Supporting the movement** role and sub-circle – identifying and prioritising support needs across the international movement and designing and implementing Transition Network's response.
- **Amplifying stories** role - making Transition more visible, creating opportunities for diverse Transition stories to be shared, and showing that a shift to a more equitable and healthy culture is possible.
- **Nurturing Collaborations** role - learning how to cultivate increasingly healthy collaborative culture, sharing this learning and identifying and acting upon opportunities for Transition Network to develop external collaborations.
- **Strategy Framework** role and sub-circle – maintaining and continuing to develop Transition Network's new strategy framework.
- **Infrastructure** role and sub-circle - ensuring the organisation functions effectively and efficiently.
- **Team wellbeing** role - paying attention to the wellbeing of the staff and trustee team and to Transition Network's responsibilities as an employer.

Over the coming financial year, team members will be familiarising themselves with their new roles and exploring how they can best make an impact.

We intend to establish an annual cycle of activity where each January we will reflect on recent activities and impacts, review key aspects of our strategy framework and agree on areas of organisational focus for the coming year. As we began this process in April 2018, our "areas of focus" will apply for the initial 9 months to January 2019. These areas of focus were prioritised from key ongoing areas of work and a match with the focus of our organisational purpose:

1. Continuing to develop Transition Network's governance model and collaborative culture and finding ways to share learning from our organisational development process with others within and beyond the Transition movement.
2. Supporting the implementation, future development and resourcing of the Municipalities in Transition project.
3. Supporting and enabling Hubs and initiatives to carry out health-checks and share data about the health and extent of the movement.
4. Working with, and in support of, Hubs and others focused on the international level of scale to build capacity and develop collaborative social infrastructure, including in the Hubs Heart Circle and training co-ordination.

4 Thank You to our Funders

We are immensely grateful to all of our funders who make our work possible, and through their support and vision, enable us to continue to support and inspire the Transition movement, and to explore and develop new approaches.

We thank wholeheartedly the following funders and donors, who have made the work outlined in this report possible:

- Our largest funder, a Foundation who wish to remain anonymous, to whom we are incredibly grateful for enabling us to support and stimulate a wealth of work around the world. They have been visionary in a grant which enables us to be more flexible and responsive than before, in working on the key areas of international Transition Hub development, Supporting Transition and Communicating the Transition Story
- The Tudor Trust for a grant from January 2016, to enable us to work on organisational development, to help us explore the next phase of Transition Network's evolution, which has made all the difference in enabling our shift to shared governance.
- KR Foundation for a very significant grant for Transition Network and the Transition Hubs group to run the Municipalities in Transition project.
- Joseph Rowntree Charitable Trust, for a two-year grant that enabled us to develop peer-to-peer support and regional connections between Transition community groups in the UK.
- Friends Provident Foundation, and Polden-Puckham Charitable Foundation, for their very significant grants for the UK REconomy Project.
- Roger Ross of Lots Road Auctions for his long-standing and incredibly generous core funding support, which helps every area of our work.

On a small number of occasions Transition Network acts as a "charity conduit" to enable organisations and projects which are strongly aligned with our strategic aims, to access funding from charitable trusts. In 2017-2018 we continued to administer a grant from Fondation Charles Léopold Mayer pour le Progrès de l'Homme for the Real Economy Lab, strongly aligned to our REconomy work.

5 Financial Review of the Year

The amount of unrestricted general funds decreased during the year to £61,326 at 31 March 2018 compared with £66,130 at 31 March 2017.

The amount of restricted funds at 31 March 2018 was £288,415 (2017: £138,618). The reason for the increase in restricted funds was a significant grant instalment from KR Foundation that was received near the year end, but not spent by the year end.

Total funds held at 31 March 2018 amounted to £349,741 (2017: £204,748).

Total income for the year was £638,431 (2017: £529,719).

Restricted income, all of which came from grants, amounted to £560,907 (2017: £457,909). The principal reason for the increase was the grant instalment from KR Foundation for the Municipalities in Transition project.

A significant source of grant funding continues to be a Foundation, who wish to remain anonymous, which provided £250,000 (2017: £250,000) to support a wide range of the Charity's activities.

Total donations of £50,914 (2017: £54,106) were underpinned once again by a donation of £50,000 from Roger Ross of Lots Road Auctions.

Income from charitable activities was £26,610 (2017: £21,533). There was an increase in income from distributing the film Demain ('Tomorrow'), reflecting the increased number of screenings during the year. Income from trainings also increased, mainly as a result of fee income for a Train the Trainers course.

Total expenditure was £493,438 (2017: £512,288). Total staff costs decreased by 14%, which mainly reflects Rob Hopkins' reduction in hours as he took a sabbatical to write a book.

There was a decrease in expenditure on UK REconomy, as this project was completed during the year. There was a substantial increase in expenditure on Municipalities in Transition.

Expenditure on raising funds was comparable with the previous year. This represents a continuation of the strategy of seeking to continue the grant funding for our areas of focus. After the year end the Charity secured funding of £300,000 a year from its main funder, a Foundation who wish to remain anonymous, for three years from 2018 until 2020.

Reserves Policy

The reserves policy seeks to balance the objective of spending income with the need to maintain the minimum level of reserves to ensure the Charity can continue its core activities and to provide time to adjust to a change in financial circumstances. Assets must be sufficient to enable the charity to operate effectively, meet all of its legal obligations and cover any sums payable to staff should they be made redundant.

The target reserve level continued to be £75,000, which is approximately four months' core running costs. At 31 March 2018 the amount of free reserves, calculated as being unrestricted funds excluding fixed assets, was £59,421 (2017: £64,267). This is lower than the target level of reserves. The Trustees intend to increase reserves by seeking further grants and donations.

6 Structure, Governance and Management

Governing document

The Charity is incorporated as a company limited by guarantee, having no share capital (registered number 06135675). Under the provisions of Section 60 of the Companies Act 2006, the company is entitled to omit the word “Limited” from its name. It is governed by its Memorandum and Articles of Association. Members of the Trustee Board are all Directors of the company. In the event of the company being wound up the liability of the members is limited to £10 each.

Trustees and principal officers

The Trustees serving during the year and since the year end were as follows:

Peter Lipman (Co-Chair)	Peter is the former External Affairs Director at sustainable transport charity Sustrans, and was involved with setting up Transition Bristol and then Transition Network.
Henry Owen (Co-Chair)	Henry coordinates the Community Action Group project in Oxfordshire. He has an MSc. in Environmental Change and Management, and is involved with a number of local community initiatives and direct action campaigns.
Tony Greenham ACA (Treasurer)	Tony is Director of Economy, Enterprise and Manufacturing at the RSA, a visiting lecturer at Schumacher College and a Fellow of the Finance Innovation Lab.
Clare Pavitt	Clare is Training and Learning Manager at the Equality Challenge Unit, has previously worked in equality and diversity at York St John University, Greater Manchester Police and the BBC, and is involved in local Transition work.
Ellen Bermann	Member of Italian National Transition Hub, elected by the National Hubs as a representative and “keeper of the global perspective”.
Hilary Jennings	Co-founder of Transition Tooting, working in the cultural sector on projects encouraging creative responses to global challenges, Director of the Happy Museum Project and a coach and community mediator.
Andrew Simms	Author, co-founder of the New Weather Institute and Green New Deal Group, NEF Fellow, Associate of Compass and former Policy Director at NEF.
Joe Duggan	Co-Chair of Crystal Palace Transition Town since 2011. Co-founder of Transition London and South East Regional Hub. Former primary school teacher. Freelance facilitator and poet working in schools and community groups.
Peter Lefort	Social change project manager, co-founder of the Oxford Food Surplus Café, Community Network Manager for Eden Project Communities
Isabela Maria Gomez de Menezes	Architect and Urbanist, attended Gaia Education. Works with development of education projects for regeneration and sustainability of systems and communities at Oficina da Sustentabilidade. Is a Climate Reality Leadership, Active member of Transition Granja Viana, Transition Brazil Hub and Transition Latin America articulation. Elected by the Transition Hubs as a representative and “keeper of the global perspective”.

The members are Directors for the purpose of company law and Trustees for the purpose of charity law. The day to day running of the charity is delegated by the Board to the staff team. During the year the Board met quarterly and focused on strategic and governance matters. The Trustees regularly review the composition of the Board and consider whether the skills, experience and diversity are effective for the good governance of the Charity. New Trustees are appointed following

an application and interview process. One of the co-Chairs explains the role and responsibilities to new trustees.

A new organisational structure was agreed after the year end. During the period covered by this report, Sarah McAdam, as Transition Network's Delivery Director, was responsible for the operational management of the organisation and implementation of the strategic plan agreed by the trustees. She reported on activities, outputs and future plans at each meeting of the Transition Network board and matters of strategic significance were brought to trustees for decision, almost invariably after a process of co-design and/or consultation with the wider staff team.

The salaries of personnel were set by the Trustees on the recommendation of the Treasurer. After the year end, an HR group was formed, comprising two trustees and two staff members, which will be responsible for reviewing salaries.

Risk management

Financial sustainability is the main financial risk for the Charity, which is dependent on just a small number of funders. Financial risk is managed by a regular review of budget projections. To manage risks associated with the delivery of strategic outcomes, at each trustee meeting the Trustees review progress in all strategic areas of the Charity's work.

Statement of Trustees' responsibilities

Company law requires the Trustees to prepare financial statements that give a true and fair view of the state of affairs of the charity at the end of the financial year and of its surplus or deficit for the financial year. In doing so the Trustees are required to:

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

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

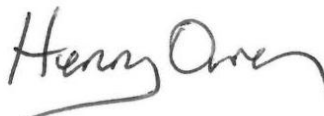
Public Benefit

Transition Network is a public benefit entity. Charity trustees have a duty to develop strategic plans to ensure that we provide public benefit and achieve our objectives as set out in our governing document. These objectives are set out in section 2 of this report. We have referred to the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular the Trustees consider how planned activities will contribute to the aims and objectives they have set.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Signed on behalf of the Trustees or 23/11/..... 2018

H Owen (Co-Chair of Trustees)



Independent Examiner's Report to the Trustees of Transition Network

I report on the accounts of the company for the year ended 31 March 2018 which are set out on pages 24 to 37.

Respective responsibilities of trustees and examiner

The trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the accounts. The trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed. The Charity's gross income exceeded £250,000 and I am qualified to undertake the examination being a qualified member of the Association of Chartered Certified Accountants.

Having satisfied myself that the charity is not subject to an audit under company law and is eligible for independent examination, it is my responsibility to:

- examine the accounts under section 145 of the 2011 Act;
- follow the procedures laid down in the general Directions given by the Charity Commission (under section 145(5)(b) of the 2011 Act, as amended); and
- state whether particular matters have come to my attention.

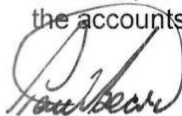
Basis of independent examiner's statement

My examination was carried out in accordance with general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently no opinion is given as to whether the accounts present a "true and fair view" and the report is limited to those matters set out in the statement below.

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

- 1 which gives me reasonable cause to believe that, in any material respect, the requirements:
 - to keep accounting records in accordance with section 386 of the Companies Act 2006; and
 - to prepare accounts which accord with the accounting records, comply with the accounting requirements of section 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities;have not been met; or
- 2 to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.



P Beard ACA, FCCA
Darnells, Chartered Accountants
30 Fore Street
Totnes
Devon
TQ9 5RP



Date

TRANSITION NETWORK

STATEMENT OF FINANCIAL ACTIVITIES

INCLUDING INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 March 2018

	Note	2018 Unrestricted Funds £	2018 Restricted Funds £	2018 Total Funds £	2017 Total Funds £
Income and endowments from:					
Donations and legacies	4	50,914	560,907	611,821	508,015
Charitable activities	5	26,610	-	26,610	21,533
Investments	6	-	-	-	171
Total income		<u>77,524</u>	<u>560,907</u>	<u>638,431</u>	<u>529,719</u>
Expenditure on:					
Raising funds	8	3,071	18,306	21,377	21,707
Charitable activities	9	79,257	392,804	472,061	490,581
Total expenditure		<u>82,328</u>	<u>411,110</u>	<u>493,438</u>	<u>512,288</u>
Net income/ (expenditure)		(4,804)	149,797	144,993	17,431
Transfers between funds		-	-	-	-
Net movement in funds		(4,804)	149,797	144,993	17,431
Reconciliation of funds					
Total funds brought forward		66,130	138,618	204,748	187,317
Total funds carried forward		<u>61,326</u>	<u>288,415</u>	<u>349,741</u>	<u>204,748</u>

The Statement of Financial Activities includes all gains and losses recognised in the year.

All income and expenditure derives from continuing activities.

The Statement of Financial Activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

TRANSITION NETWORK

BALANCE SHEET

As at 31 March 2018

	Note	2018 £	2017 £
Fixed assets:			
Tangible assets	10	<u>1,905</u>	<u>1,863</u>
		1,905	1,863
Current assets:			
Debtors	11	6,657	2,272
Cash at bank and in hand		<u>374,167</u>	<u>229,050</u>
		380,824	231,322
Liabilities:			
Creditors: amounts falling due within one year	12	(32,988)	(28,437)
Net current assets		<u>347,836</u>	<u>202,885</u>
Total net assets		<u>349,741</u>	<u>204,748</u>
The funds of the charity:			
Restricted funds	15	288,415	138,618
Unrestricted funds	15	<u>61,326</u>	<u>66,130</u>
Total charity funds		<u>349,741</u>	<u>204,748</u>

The company is entitled to the exemption from the audit requirements contained in section 477 of the Companies Act 2006 for the year ended 31 March 2018. No member of the company has deposited a notice, pursuant to section 476, requiring an audit of these financial statements.

The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 386 of the Act and for preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to accounts, so far as applicable to the company.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

These financial statements were approved by the Trustee Board on
and signed on their behalf by

23/11/2018

H Owen
Director and Co-Chair of Trustees



Company Registration Number: 06135675

TRANSITION NETWORK

STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	Note	2018 £	2017 £
Cashflow from operating activities:			
Net cash provided by / (used in) operating activities	a	<u>146,318</u>	<u>19,822</u>
Cashflow from investing activities:			
Bank interest received		-	171
Purchase of tangible fixed assets		<u>(1,201)</u>	<u>-</u>
Net cash provided by / (used in) investing activities		<u>(1,201)</u>	<u>171</u>
Change in cash and cash equivalents in the year		<u>145,117</u>	<u>19,993</u>
Cash and cash equivalents at the beginning of the year		<u>229,050</u>	<u>209,057</u>
Cash and cash equivalents at the end of the year	b	<u><u>374,167</u></u>	<u><u>229,050</u></u>

Notes

a	Reconciliation of net income/(expenditure) to net cash flow from operating activities		
		2018	2017
		£	£
	Net income for the year	144,993	17,431
	Add back depreciation charge	726	966
	Loss on disposal of fixed assets	433	-
	Investment income	-	(171)
	(Increase) / Decrease in debtors	(4,385)	3,264
	Increase / (Decrease) in creditors	<u>4,551</u>	<u>(1,668)</u>
	Net cash provided by / (used in) operating activities	<u><u>146,318</u></u>	<u><u>19,822</u></u>
b	Cash and cash equivalents consist of		
		2018	2017
		£	£
	Cash at bank and in hand	<u>374,167</u>	<u>229,050</u>
	Total cash and cash equivalents	<u><u>374,167</u></u>	<u><u>229,050</u></u>

TRANSITION NETWORK
Notes to the financial statements for the year ended 31 March 2018

1. Accounting Policies

Basis of accounting

Transition Network is a private company limited by guarantee incorporated in England and Wales. The registered office is 43 Fore Street, Totnes, Devon TQ9 5HN.

These financial statements have been prepared under the historical cost convention and are in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective January 2015), the Companies Act 2006 and the Charities SORP (FRS102) "Accounting and Reporting by Charities: Statement of Recommended Practice (FRS102) (effective 1 January 2015)" applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102).

Transition Network meets the definition of a public benefit entity under FRS102.

The accounts are prepared in sterling, which is the functional currency of the charity.

The following principal accounting policies have been applied:

a) Incoming resources

Income is recognised and included in the accounts when all of the following criteria are met:

- the Charity is entitled to the income
- the amount can be measured reliably
- receipt of the income is considered probable
- any performance conditions attached to the income have been met or are fully within the control of the Charity.

b) Resources expended

Resources expended are recognised in the Statement of Financial Activities (SOFA) on an accruals basis as the liability is incurred. Expenditure includes VAT, which cannot be recovered as the Charity is not registered for VAT.

Charitable expenditure comprises those costs incurred by the Charity in the 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.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the Charity and include the reporting accountant's fees and costs linked to the strategic management of the Charity.

All costs are allocated between the expenditure categories of the SOFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly; others are apportioned on an appropriate basis e.g. staff time or estimated usage.

c) Termination payments

The Charity recognises termination payments when it is demonstrably committed to either (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or (ii) providing termination payments as a result of an offer made to encourage voluntary redundancy.

d) Tangible fixed assets

Tangible fixed assets are included at cost less accumulated depreciation. Depreciation is provided at the following rates in order to write off assets over their estimated useful lives:

Fixtures, fittings and equipment	15% of cost
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TRANSITION NETWORK
Notes to the financial statements for the year ended 31 March 2018

e) Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

f) Fund accounting

Funds held by the charitable company are either:

Unrestricted general funds – these funds can be used in furtherance of any of the purposes of the charity.

Restricted funds – these funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when funds are raised for a specific purpose.

g) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to income and expense account.

h) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discounts offered. Prepayments are valued at the amount prepaid after taking account of any trade discounts due.

i) Cash at bank and in hand

Cash at bank and in hand includes cash at cash handling organisations through which the charity receives money.

j) Creditors

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

k) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

2. Legal Status of the Charity

The Charity is a company limited by guarantee and does not have a share capital. In the event of the company being wound up each member, or any person who has ceased to be a member within one year of the winding up, undertakes to contribute a sum not exceeding £10 if the company is insolvent.

3. Net income for the year

	2018	2017
	£	£
Net income for the year is stated after charging:		
Depreciation of tangible assets	726	966
Loss on disposal of tangible assets	433	-
Independent examiner's fee	732	732
Other fees payable to the Independent Examiner	<u>1,318</u>	<u>566</u>

TRANSITION NETWORK
Notes to the financial statements for the year ended 31 March 2018

4. Donations and legacies

	2018 Unrestricted £	2018 Restricted £	2018 Total £	2017 Total £
Donations:				
Roger Ross	50,000	-	50,000	50,000
Pete Yeo via Rainmaker Foundation (Train the Trainer)	-	-	-	2,000
An anonymous individual (Train the Trainer)	-	-	-	2,000
Various general donations	914	-	914	106
	<u>50,914</u>	<u>-</u>	<u>50,914</u>	<u>54,106</u>
Grants:				
KR Foundation (Municipalities in Transition)	-	224,885	224,885	88,417
Tudor Trust (Core costs and organisational development)	-	45,000	45,000	45,000
Friends Provident Foundation (REconomy project)	-	25,396	25,396	34,581
Polden-Puckham Charitable Foundation (REconomy project)	-	-	-	20,000
An anonymous Foundation (National Hubs and International development; Support, Inner Transition and Training; Transition Story and Communications)	-	250,000	250,000	250,000
Joseph Rowntree Charitable Trust (Regional connecting and peer-to-peer support)	-	15,626	15,626	19,750
Marmot Trust (Bristol New Economics Summit)	-	-	-	(3,839)
	<u>-</u>	<u>560,907</u>	<u>560,907</u>	<u>453,909</u>
Total Donations and Legacies	<u>50,914</u>	<u>560,907</u>	<u>611,821</u>	<u>508,015</u>

Of the £508,015 received in 2017, £457,909 was restricted funds and £50,106 was unrestricted funds.

TRANSITION NETWORK
Notes to the financial statements for the year ended 31 March 2018

5. Income from charitable activities

	2018	2018	2018	2017
	UNRESTRICTED	RESTRICTED	Total	Total
	£	£	£	£
Training	9,329	-	9,329	3,609
Talks and presentations	2,219	-	2,219	5,582
Royalties and book sales	3,267	-	3,267	3,571
Film screenings	11,619	-	11,619	5,430
Film sales	67	-	67	111
Transition education	-	-	-	3,172
Sundry income	109	-	109	58
	<u>26,610</u>	<u>-</u>	<u>26,610</u>	<u>21,533</u>

All of the £21,533 received in 2017 was unrestricted funds.

6. Income from investments

	2018	2017
	£	£
Bank interest	<u>-</u>	<u>171</u>

Of the £171 received in 2017 all was unrestricted funds.

7. Taxation

The Charity is exempt from corporation tax on income falling within section 505 of the Taxes Act 1988 to the extent that this is applied to its charitable objects.

8. Expenditure on raising funds

	2018	2018	2018	2017
	UNRESTRICTED	RESTRICTED	Total	Total
	£	£	£	£
Staff costs	2,572	18,306	20,878	20,349
Directory of Social Change	390	-	390	378
Events, travel and other costs	109	-	109	980
	<u>3,071</u>	<u>18,306</u>	<u>21,377</u>	<u>21,707</u>

Expenditure on raising funds of £21,707 for 2017 was unrestricted for £11,727 and restricted for £9,980.

TRANSITION NETWORK
Notes to the financial statements for the year ended 31 March 2018

9. Expenditure on charitable activities

	2018	2018	2018	2017
	UNRESTRICTED	RESTRICTED	Total	Total
	£	£	£	£
Activities undertaken directly				
Telling the Transition Story:				
Communications	3600	32,688	36,288	14,328
Website development	-	-	-	17,162
Website and computer maintenance	7,055	16,260	23,315	28,246
Books, book postage and royalties	329	800	1,129	562
"Demain" film costs	5,291	-	5,291	2,332
Talks costs	598	-	598	450
	<u>16,873</u>	<u>49,748</u>	<u>66,621</u>	<u>63,080</u>
Supporting Transition initiatives:				
Initiative and regional support	852	6,741	7,593	510
Inner Transition	1,749	18,380	20,129	22,223
Transition Training	5,962	1,359	7,321	9,261
Transition Health Check	-	3,152	3,152	-
	<u>8,563</u>	<u>29,632</u>	<u>38,195</u>	<u>31,994</u>
Supporting new livelihoods:				
REconomy project	-	15,036	15,036	41,038
Real Economy Lab project costs	-	-	-	3,679
"One Year in Transition" education	-	-	-	9,664
	<u>-</u>	<u>15,036</u>	<u>15,036</u>	<u>54,381</u>
Demonstrating impact:				
Municipalities in Transition project costs	-	50,929	50,929	-
	<u>-</u>	<u>50,929</u>	<u>50,929</u>	<u>-</u>
Evolving internationally:				
International support	-	16,385	16,385	15,470
National Hubs Co-ordinator	5,941	27,000	32,941	20,471
	<u>5,941</u>	<u>43,385</u>	<u>49,326</u>	<u>35,941</u>
Healthy organisational culture:				
Organisational development and training	1,953	15,516	17,469	26,632
Staff costs:				
Salaries, employer's NI and pensions	32,134	125,894	158,028	205,764

TRANSITION NETWORK
Notes to the financial statements for the year ended 31 March 2018

9. Expenditure on charitable activities (continued)

	2018	2018	2018	2017
	UNRESTRICTED	RESTRICTED	Total	Total
	£	£	£	£
Support costs:				
Travelling and subsistence	4,440	1,700	6,140	8,941
Rent and rates	1,485	3,700	5,185	5,237
Office expenses	3,094	6,677	9,771	9,500
Renewal of trademarks	400	-	400	-
Paypal fees and bank charges	285	-	285	174
Depreciation on fixtures, fittings & equipment	726	-	726	966
Loss on disposal of computer equipment	434	-	434	-
	<u>10,864</u>	<u>12,077</u>	<u>22,941</u>	<u>24,818</u>
Governance costs:				
Trustee meeting expenses	1,879	23	1,902	2,821
Independent Examination fee	376	356	732	732
Fees to Independent Examiner: other services	674	644	1,318	566
	<u>2,929</u>	<u>1,023</u>	<u>3,952</u>	<u>4,119</u>
Total activities undertaken directly	<u>79,257</u>	<u>343,240</u>	<u>422,497</u>	<u>446,729</u>

Grant funding of activities

Analysis of grants to institutions

Grant to Santorso in Transizione for hosting the Transition Hubs Gathering in May 2017	-	5,628	5,628	-
Seed funding grants to various Transition Hubs	-	20,956	20,956	15,975
Grant to ECOLISE for research project support	-	-	-	3,479
Hrvatska Permakultura for international REconomy	-	3,250	3,250	2,160
Hubs Group organisational design	-	460	460	2,092
Organisational development work of Hubs	-	-	-	4,164
Real Economy Lab	-	5,000	5,000	10,607
Bristol £ CIC for New Economics Summit (refund)	-	-	-	(3,839)
Transition Town Brixton for REconomy project	-	1,130	1,130	-
1 Year in Transition Education	-	2,671	2,671	-
Municipalities in Transition ("MiT") project:				
Grants to 9 Transition hubs for the harvesting of case studies in Phase 1 of the MiT project	-	2,331	2,331	-
Grants to 5 Transition hubs for supporting research in Phase 2 of the MiT project	-	5,148	5,148	-
Total grants to institutions	-	<u>46,574</u>	<u>46,574</u>	<u>34,638</u>

TRANSITION NETWORK

Notes to the financial statements for the year ended 31 March 2018

9. Expenditure on charitable activities (continued)

	2018 UNRESTRICTED £	2018 RESTRICTED £	2018 Total £	2017 Total £
Grants to individuals				
Grants for various individuals to travel to Transition Hubs Gathering	-	2,990	2,990	9,214
Total grants	<u>-</u>	<u>49,564</u>	<u>49,564</u>	<u>43,852</u>
Total expenditure on charitable activities	<u><u>79,257</u></u>	<u><u>392,804</u></u>	<u><u>472,061</u></u>	<u><u>490,581</u></u>

Expenditure on charitable activities for 2017 was unrestricted for £84,843 and restricted for £405,738.

10. Tangible fixed assets

	Fixtures, fittings, and equipment £
Cost	
At 1 April 2017	9,352
Additions	1,201
Disposals	<u>(1,269)</u>
At 31 March 2018	<u>9,284</u>
Depreciation	
At 1 April 2017	7,489
Charge for year	726
Disposals	<u>(836)</u>
At 31 March 2018	<u>7,379</u>
Net book value	
At 31 March 2018	<u><u>1,905</u></u>
At 31 March 2017	<u><u>1,863</u></u>

11. Debtors

	2018 £	2017 £
Trade debtors	500	544
Other debtors	1,014	-
Prepayments and accrued income	<u>5,143</u>	<u>1,728</u>
	<u><u>6,657</u></u>	<u><u>2,272</u></u>

TRANSITION NETWORK
Notes to the financial statements for the year ended 31 March 2018

12. Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	15,766	22,263
Other creditors	147	214
Taxation and social security	2,799	-
Accruals	14,276	5,960
	32,988	28,437

13. Trustees and employees

Number of employees

The average number of employees during the year was ten part time staff (2017: ten part time staff).

Employment costs

	2018	2017
	£	£
Salaries	167,054	209,742
Social security costs	10,673	15,149
Defined contribution pension scheme contributions	1,179	1,222
UK Payroll staff costs	178,906	226,113
Overseas payroll staff costs	32,941	20,471
Total staff costs	211,847	246,584

The overseas payroll staff costs are the costs of employing the National Hubs Co-ordinator in Belgium including relevant statutory payments.

There were no employees with emoluments over £60,000.

Severance pay of £4,869 was paid in the year (2017: redundancy pay of £3,377).

Seven Trustees (2017: 7) were reimbursed expenses of £3,355 in the year (2017: £2,086) all of which was in respect of travel and subsistence (2017: £2,086).

None of the Trustees (or any person connected with them) received any remuneration from the Charity in the year (2017: £nil). None of the Trustees (or any person connected with them) received payment for professional or other services supplied to the Charity (2017: £nil).

TRANSITION NETWORK
Notes to the financial statements for the year ended 31 March 2018

14. Analysis of net assets between funds

	Tangible fixed assets £	Net current assets £	Total £
Unrestricted funds	1,905	59,421	61,326
Restricted funds	-	288,415	288,415
Total funds as at 31 March 2018	<u>1,905</u>	<u>347,836</u>	<u>349,741</u>

15. Summary of movement in funds

The restricted income funds of the charity arising through its activities are as follows:

Fund name (Funder)	Restricted purpose of funding
Core costs and organisational development (Tudor Trust)	Core costs and organisational development of Transition Network
An anonymous Foundation	National Hubs and International development; Support, Inner Transition and Training; Transition Story and Communications
REconomy Project (Friends Provident Foundation)	UK-based REconomy project, piloting community support for sustainable social enterprises and building capacity of UK Transition initiatives in developing local economic resilience
REconomy Project (Polden-Puckham Charitable Foundation)	UK-based REconomy project, piloting community support for sustainable social enterprises with two communities
Joseph Rowntree Charitable Trust	Regional Connecting and peer-to-peer support in the UK
Transition Research Network (various funders)	To further the work of the Transition Research Network, an informal network to support research that is beneficial for both Transition initiatives and academic researchers.
Real Economy Lab (Fondation Charles Léopold Mayer pour le Progrès de l'Homme)	Acting as a charity conduit for a project to develop a vision for alternative economics in a low-carbon world
Education (Pete Yeo via Rainmaker Foundation)	One Year in Transition
Municipalities in Transition (KR Foundation)	Building bridges between the Transition movement and local governments

TRANSITION NETWORK
Notes to the financial statements for the year ended 31 March 2018

15. Summary of movement in funds (continued)

	Opening balance £	Incoming resources £	Outgoing resources £	Closing balance £
Restricted funds				
Core costs & organisational development (Tudor Trust)	30,488	45,000	36,831	38,657
National Hubs and International development; Support, Inner Transition and Training; Transition Story and Communications (An anonymous Foundation)	-	250,000	250,000	-
REconomy Project (Polden-Puckham Charitable Foundation)	8,242	-	8,242	-
REconomy Project (Friends Provident Foundation)	(12,272)	25,396	13,124	-
Regional connecting and peer-to-peer support in the UK (Joseph Rowntree Charitable Trust)	3,098	15,626	18,724	-
Transition Research Network (various funders)	4,864	-	950	3,914
Real Economy Lab (Fondation Charles Léopold Mayer pour le Progrès de l'Homme)	17,400	-	5,000	12,400
Education (Pete Yeo via Rainmaker Foundation)	2,671	-	2,671	-
Municipalities in Transition (KR Foundation)	84,127	224,885	75,568	233,444
Total restricted funds	<u>138,618</u>	<u>560,907</u>	<u>411,110</u>	<u>288,415</u>
Unrestricted funds				
General fund	<u>66,130</u>	<u>77,524</u>	<u>82,328</u>	<u>61,326</u>

The main reason for the high closing balance of the Municipalities in Transition fund is that Transition Network received funding of £224,885 about two months before the financial year end. This funding is planned to be spent in 2018/19.

TRANSITION NETWORK
Notes to the financial statements for the year ended 31 March 2018

16. Financial commitments

At 31 March 2018 the future minimum lease payments under non-cancellable operating leases is as follows:

	2018	2017
	£	£
Operating leases due:		
Within two to five years	<u>1,100</u>	<u>4,400</u>

17. Related party transactions

Payments totalling £1,198 were made for Transition Brazil, the Brazilian Transition Hub of which trustee Isabela Maria Gomez de Menezes is a member. The payments relate to grants given under the Municipalities in Transition project.

18. Financial instruments

	2018	2017
	£	£
Financial assets that are debt instruments measured at amortised cost		
Trade debtors	<u>500</u>	<u>544</u>
Financial liabilities measured at amortised cost	<u>30,189</u>	<u>28,437</u>