

**Friends of the Earth Limited
Report and Accounts
for the year ending 30 June 2019**

Friends of the Earth Limited
(A company limited by guarantee and not having a share capital)

Contents

Legal and administrative information	3
Directors' Report	4
Auditors' Report	11
Statement of Comprehensive Income and Retained Earnings	14
Balance Sheet	15
Statement of Cash Flows	16
Notes to the accounts	17

Friends of the Earth Limited Legal and administrative information For the year ending 30 June 2019

Friends of the Earth Limited is a company limited by guarantee, not having a share capital and is governed by its memorandum and articles of association.

Company Registration Number: 01012357

Registered office: The Printworks, 1st Floor,
139 Clapham Road, London
SW9 0HP

The Directors of the Company are responsible for the governance, strategic direction and oversight of the management of Friends of the Earth. The Directors who held office during and shortly after the financial year were:

F Butler (appointed 1 July 2018)
C Church
G K Malhi (appointed 6 September 2019)
D K Polley
A K Rashid (appointed 1 July 2018)
A Schiffer
M J Wright

Chief Executive Officer: C. Bennett

Company Secretary: N Siddiqi (resigned 3 July 2019)
D Youmans (appointed 4 July 2019, resigned 7
February 2020)
K Bowden (appointed 7 February 2020)

The day-to-day management is delegated to the Chief Executive Officer (C. Bennett), the Senior Leadership Team (made up of employees selected for their expertise in the various activities of the organisation) and the Company's other staff.

Principal advisers

Registered Auditors:

Haysmacintyre LLP
Chartered Accountants
10 Queen Street Place
London, EC4R 1AG

Bankers:

Co-operative Bank
Manchester Business Centre
1 Balloon Street
Manchester M60 4EP

Friends of the Earth Limited Directors' Report For the year ending 30 June 2019

The Directors present their report and accounts for the year ending 30 June 2019.

Structure, governance and management

Following a corporate restructure on 1 July 2018, Friends of the Earth assumed responsibility for all campaigning, activism, people and operations. During the year, Friends of the Earth applied for and received grants for our charitable activities from FOE Charitable Trust, a separate fund-raising and grant-making charity with independent trustees.

Directors are privileged to serve a Company that is part of a local to global environmental movement and in particular value the historic and ongoing importance of local groups. The Board normally meets between five times a year, and has as its principal roles determining mission, values and strategy and monitoring organisational performance and prudent finances. The Board is also responsible for appointing and managing the Chief Executive Officer.

Directors typically serve two three-year terms and during their tenure are also company members. During the year, the Board conducted a consultation with Local Groups which led to an agreed revised process for recruiting Directors. Board recruitment is now undertaken in accordance with the amended articles of association and the recruitment policy of the Board as determined from time to time and subject to the articles. The policy takes into account the Board's accountability to Local Groups, member supporters, financial supporters, activists and all other stakeholders of the Company. The Board seeks to ensure that the composition of the Board reflects the necessary skills and experience, national and regional residence and our commitment to increasing diversity at all levels of Friends of the Earth. During the year, the Board recruited our first ever youth/young Board member aged 25 at time of appointment and we are delighted to welcome Jeana Malhi who joined the Board in September 2019.

Chair's statement

At the beginning of the financial year, we implemented a restructure enabling Friends of the Earth to achieve clarity with our corporate structure in compliance with regulatory guidelines. Friends of the Earth Limited has now assumed all operational activities and responsibilities ensuring that we are now more focused on our mission and effective in delivering on it. Our income continued to grow during the year with support from individuals, the People's Postcode Lottery and corporate partners that share our values.

These are the accounts of an organisation, but they are properly an account of a year in the life of Friends of the Earth, a local to global movement campaigning collectively to protect people and planet. There is increasing public concern about the insufficient action being taken to address the climate and ecological emergency and Friends of the Earth England, Wales and Northern Ireland is at the forefront of supporting people to take action locally, regionally and nationally.

Friends of the Earth Limited Directors' Report – cont. For the year ending 30 June 2019

I would like to thank my fellow Directors for their service, our brilliant and dedicated team of staff and volunteers and all the inspirational people in local groups campaigning in their communities as well as each and every one of our supporters – whatever you do, whatever you give, it's all needed as we progress together towards achieving our shared objective of a just transition to a fairer decarbonised world.

Frances Butler
Chair

About Friends of the Earth

The natural world has experienced unprecedented disruption in recent years. And it's people as well as the environment that suffers as a result.

For over 45 years, we've been dedicated to the protection of the natural world and the wellbeing of everyone in it. Our international community brings together more than two million people in 75 countries combining people power all over the world to make an even greater difference and transforming local actions into global impact.

We lead campaigns, provide resources and information and promote alternative solutions to create a cleaner, healthier and fairer world for everyone, for today and for generations to come.

Working together with local groups, experts, business leaders and politicians we push for change around the issues and causes that matter to you – protecting your home and local environment, promoting safe and healthy food and water across the globe and supporting alternative energy solutions that can change the world for the better. Whether you are a first-time supporter or a seasoned campaigner we're with you every step of the way.

Together with us your voice is louder, your actions more significant and your impact greater. Together with you, we are determined to change the world for good, for everyone.

Our achievements in 2018/19

In the year, Friends of the Earth refreshed the package of campaigning activities, in order to respond to the changing political and social context. Key elements of this included reshaped national and local campaigns tackling the climate emergency, doubling tree cover, going Fossil Free and tackling plastic pollution. These campaigns operated across England, Wales and Northern Ireland in collaboration with our long-standing Local Groups, new Climate Action Groups and the wider movement. We also renewed our investment in grassroots people power through the network change model and through our innovation work, as key strategies underpinning these campaigns.

Friends of the Earth Limited Directors' Report – cont. For the year ending 30 June 2019

Climate Ambition

Friends of the Earth launched a broad, system-change focused climate campaign, supporting communities to take collective local action to achieve carbon emissions reductions, and mobilising people to exert pressure on local, national, and UK-wide decision makers to progress decarbonisation of our society and economy at the urgent pace required. We supported the creation of Climate Action Groups in conjunction with already existing Local Groups (via more than 20 bespoke launch 'Groundswell' events) and supported the cross-sector 'Time Is Now' parliamentary lobby. More broadly, we catalysed widespread support and recognition of the need to 'act now' in response to the climate emergency. More than 133,000 individuals – including over 62,000 new supporters of the organisation - signed our petition calling on the UK government to accelerate action on the climate and ecological crisis. We also continued to challenge poor air quality and oppose new, high-carbon infrastructure development.

Trees

Trees are the best, most efficient way of capturing carbon from the atmosphere and have tremendous natural benefits. During the year, Friends of the Earth launched an ambitious trees campaign, calling on the UK government to put in place a credible plan to double tree cover by 2045 as a necessary climate change mitigation strategy. Through engaging media and other outreach, more than 80,000 supporters have so far been involved in this campaign. Telling the story of the wonderful benefits of trees for both climate change and ecology, this campaign got off to a strong, impactful start, and continues to build momentum.

Plastic pollution

Friends of the Earth continued to campaign to stem the flow of plastic pollution. Capitalising on increased public interest, this work – which included producing model legislation and mobilising MP support – focused on encouraging a significant, sustained reduction in the production and use of single-use plastics, commensurate with the impact on nature and environment that such a use culture causes.

Fossil Free

Friends of the Earth is committed to achieving a fossil free future. We provided support to communities threatened by fracking, standing shoulder to shoulder with local activists at the same time as applying political pressure at the national level. This collaborative and determined effort resulted in the moratorium on fracking announced by the Government in November 2019. While this huge victory occurred after the period in review, much of the groundwork was done during previous years, particularly 18/19, and shows what can be achieved when communities join together for a common goal. At the same time, we continued to campaign for divestment from extractive industries, all of which pose threats to the climate, the environment and to human health.

Friends of the Earth Limited Directors' Report – cont. For the year ending 30 June 2019

Grassroots people power

Grassroots community campaigning and activism is core to the way we operate. It reflects our belief in and commitment to the network change model, where people power is key to making the transformational changes needed to our society, and where real positive change is driven by communities and led by people personally affected by the issues they are campaigning on. All our work, and the corresponding successes, could not have been achieved without the unique contribution made by activists and groups across England, Wales and Northern Ireland. This year we supported around 120 Friends of the Earth Local Groups to deliver on their own priorities and to contribute to the national-level work coordinated by us. We have continued to work on diversifying the ways campaigners and supporters across England, Wales and Northern Ireland can work with us, seeking to open up the movement to a broader and more diverse range of voices and activists and finding innovative ways to respond to changing needs. We work where local people are, both through our staff based across England, Wales and Northern Ireland and via a series of specially designed events for local campaigners and activists.

Innovation

Friends of the Earth's innovation team designs and brings to life the next generation of sustainable programmes and initiatives. The work has been supporting a local 'Postcode Gardener' model to expand, empowering communities in Hackney, London and Bideford in Devon to come together and green up their streets. As a result, we have developed a scalable model for communities across the country. We also established a pilot of a peer-to-peer network for women to support each other in taking climate action through their personal finances, with around 50 women taking part in London and Bristol, as well as an experiment with the University of Portsmouth, using a loyalty card to incentivise greener food consumption.

Northern Ireland

In Northern Ireland, we continued our multi-year campaign resisting sand dredging at Lough Neagh – which is in desperate need of protection under UK, European and international law. In addition, we sounded the alarm on the degradation caused by factory-style farming across Northern Ireland.

Wales

In Wales, we've supported Local Groups and activists taking action to reduce plastic pollution, promote the preservation of nature and tackle poor quality air. Working with local activists and other campaigning groups we secured a significant campaign victory when the First Minister of Wales announced that the Welsh Government would not progress development of a new M4 relief road, in part on climate change grounds – saving the Gwent Levels from ruin.

Friends of the Earth Limited Directors' Report – cont. For the year ending 30 June 2019

England

In England we supported our Local Group network and affiliated organisations in continuing to fight against fracking, particularly at Preston New Road in Lancashire. Public comment – including from the then Shale Gas Commissioner – marked how successful that campaign has been in demonstrating the climate and environment-wrecking reality of fracking.

Friends of the Earth Europe and Friends of the Earth International

During the year, Friends of the Earth continued to make an active and influential contribution to the Friends of the Earth Europe and International networks, with staff holding critical roles, providing expert support and benefiting from shared learning. As climate-destroying behaviour has gripped the narrative in certain countries, these networks redoubled their efforts in campaigning for a just transition to zero carbon alternatives – and Friends of the Earth was proud to contribute to this.

Volunteers

We couldn't achieve what we do without the help of our volunteers. The Directors sincerely thank and pay tribute to the invaluable contribution made by the thousands of volunteers who dedicate their time, passion and commitment to help achieve Friends of the Earth's mission and that of the wider movement.

Financial review

Total income for the year ending 30 June 2019 was £11.2m, an increase on the £5.9m raised in the previous thirteen-month period, consequent on the restructure. During the year, Friends of the Earth applied for and received grants for its charitable campaigning work, in addition to generating income from other sources.

Income is also raised directly by Friends of the Earth – through supporters' contributions and through participation in the People's Postcode Lottery. Receipts from the lottery programme decreased this year primarily due to the timing of lottery draws over the calendar year and will achieve balance in the next financial year (see note 15).

Overall expenditure, consequent on Friends of the Earth assuming responsibility for all operations, increased by £10.2m to £13.4m, and included a donation of £2.4m to Friends of the Earth Charitable Trust.

Friends of the Earth Limited Directors' Report – cont. For the year ending 30 June 2019

Reserves

Friends of the Earth aims to hold a General Fund (defined in note 1 of the accounts) equating to between two and four months of expenditure, in order to protect against and manage the risks the organisation is exposed to.

For this year, that equated to a range of between £1.8m and £3.6m. As at the end of the period in review, the General Fund is below that range at £0.8m. In large part this was due to the timings of receipts from a major funding source (the organisation's lottery) being later than planned, and thus falling outside of this financial period.

The organisation's underlying financial health remains robust and there are plans in place to replenish reserves over the coming financial years.

At the time of signing these accounts the country is suffering from the effects of the global COVID19 pandemic. This has led to the cancellation of many of our activities for Q4/2020 as we seek to protect the health and wellbeing of our staff and our supporters. This pandemic may lead to a global recession which may bring future funding challenges to the sector. The Directors are confident that we have sufficient reserves to carry out our future organisational activities or the capacity to reduce our cost base as needed.

Volunteers

Staff costs are detailed in Note 7 to the accounts, but this does not reflect the invaluable contribution made to the Friends of the Earth movement by the thousands of volunteers who contribute their time to help achieve the organisation's mission.

Directors' responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Friends of the Earth Limited Directors' Report – cont. For the year ending 30 June 2019

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently.
- make judgments and accounting estimates that are reasonable and prudent.
- prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Risk management

The Directors have considered the major risks to which the company is exposed and confirm that systems have been established to mitigate those risks. This review, carried out by the Directors and senior staff, has identified that there are currently no significant risks that require urgent remedial action outside the company's normal systems and procedures. Directors consider risks and mitigating actions on a quarterly basis.

Auditors

Haysmacintyre have indicated their willingness to continue in office and offer themselves for re-appointment in accordance with the Companies Act 2006.

Approved by the Directors on 27 March 2020 and signed on behalf of the Board,

Frances Butler

**F Butler
Chair**

Friends of the Earth Limited Auditors' Report For the year ending 30 June 2019

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF FRIENDS OF THE EARTH LIMITED

Opinion

We have audited the financial statements of Friends of the Earth Limited (the 'company') for the year ended 30 June 2019 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and related notes including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, *the Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice). In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2019 and of its surplus for the year then ended.
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Friends of the Earth Limited Auditors' Report – cont. For the year ending 30 June 2019

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

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

Friends of the Earth Limited Auditors' Report – cont. For the year ending 30 June 2019

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of Our Report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the 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 opinions we have formed.

Adam Halsey

Adam Halsey (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditors

10 Queen Street Place
London

Dated: 31 March 2020
EC4R 1AG

Friends of the Earth Limited
Statement of Comprehensive Income and Retained Earnings
For the year ending 30 June 2019

	Notes	2019 £	2018 £
Income			
Supporters' contributions	2	1,286,035	1,389,716
Gross profit/ (loss) on trading	3	4,095	11,987
Grant income	4	8,486,642	-
Other	5	1,448,153	4,458,124
Total Income		<u>11,224,925</u>	<u>5,859,827</u>
Expenditure			
Supporter Engagement		758,583	-
Campaigning & information provision		9,735,529	1,639,020
Payments to charities/charitable companies		2,414,666	1,500,000
Fundraising		351,877	20,516
Management & administration		223,666	113,110
Total Expenditure	6	<u>13,484,321</u>	<u>3,272,646</u>
Net (deficit) /surplus for the financial period before tax		(2,259,396)	2,587,181
Taxation Charges	15	6,061	(130,000)
Net (deficit)/surplus for the financial period after tax		(2,253,335)	2,457,181
Accumulated surplus at the beginning of the period		3,044,604	587,423
Accumulated surplus at the end of the period		<u><u>791,269</u></u>	<u><u>3,044,604</u></u>

Friends of the Earth Limited
Balance Sheet
As at 30 June 2019

	Notes	2019 £	2018 £
TANGIBLE FIXED ASSETS	10	<u>430,160</u>	<u>388,654</u>
CURRENT ASSETS			
Debtors	11	217,802	400,590
Cash at bank		1,764,279	3,185,925
		<u>1,982,081</u>	<u>3,586,515</u>
CREDITORS - DUE WITHIN ONE YEAR	12	<u>(1,554,536)</u>	<u>(930,565)</u>
NET CURRENT ASSETS		<u>427,545</u>	<u>2,655,950</u>
CREDITORS – DUE AFTER MORE THAN ONE YEAR	13	(66,436)	-
NET ASSETS		<u><u>791,269</u></u>	<u><u>3,044,604</u></u>
RESERVES			
Accumulated surplus		<u><u>791,269</u></u>	<u><u>3,044,604</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A – small entities.

Approved by the Directors on 27 March 2020 and signed on behalf of the Board.

Frances Butler

F Butler
Director and Chair

Friends of the Earth Limited
Statement of cash flows
For the year ending 30 June 2019

	Notes	2019 £	2018 £
CASH FLOW FROM OPERATING ACTIVITIES		(1,244,963)	2,063,224
Net cash provided used in operating activities			
CASH FLOW FROM INVESTING ACTIVITIES			
Dividends, interest and rents from investments	5	1,690	(5)
Purchase of property, plant and equipment	10	(178,373)	(371,639)
Purchase of investments		-	
Change in cash and cash equivalents		<u>(1,421,646)</u>	<u>1,691,580</u>
Cash and cash equivalents at the beginning of the year		3,185,925	1,494,345
Cash and cash equivalents at the end of the year		<u>1,764,279</u>	<u>3,185,925</u>

Reconciliation of net (expenditure) /income to net cash flow from operating activities

	2019 £	2018 £
NET (EXPENDITURE)/INCOME FOR THE PERIOD	(2,248,335)	2,457,181
Adjusted for:		
Dividends, interest and rents from investments	(1,690)	5
Depreciation charges	136,866	89,010
Decrease/(increase) in debtors	182,788	(258,690)
Increase/(decrease) in creditors	685,408	(224,282)
Net cash (used)/ provided used in operating activities	<u>(1,244,963)</u>	<u>2,063,224</u>

Friends of the Earth Limited

Notes to the Accounts

For the year ending 30 June 2019

1 ACCOUNTING POLICIES

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Going concern

The Directors consider there are no material uncertainties about the Company's ability to continue as a going concern. The review of our financial position, reserves levels and future plans gives Directors confidence that the company remains a going concern for the foreseeable future.

Income

Income arising from supporters' contributions and donations is accounted for as and when received. Legacy income is credited when the company is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Trading turnover consists of catalogue sales/commission and local group licences. Turnover represents amounts invoiced, excluding VAT.

Lottery Income

Lottery income is recognised in the period the funds are received on a cash basis. The net income (ticket values less prize funds less management fees) that are remitted to the company are recognised as lottery income within the income and expenditure account.

Fixed assets

Fixed assets are stated at cost and are depreciated in equal annual instalments over their estimated useful lives as follows:

Office furniture	10 years
Computer equipment	3 years
Office equipment	4 years
Computer software	Individual purchases costing over £20,000 are depreciated over 4 years once the software is in use.

Debtors

Short term debtors are measured at the transaction price, less any impairments.

Friends of the Earth Limited Notes to the Accounts – cont. For the year ending 30 June 2019

1 ACCOUNTING POLICIES – cont.

Creditors

Short term creditors are measured at the transaction price.

Operating leases

Rental charges are charged on a straight-line basis over the life of the lease.

Reserves

The company needs reserves in order to be able to cope with the difficulties of predicting levels of voluntary donations and to cover contingencies and unforeseen opportunities. Directors take a risk-based approach to reserves, aiming to hold a General Fund (defined as total reserves less designated funds, which take into account the probability and financial impact of identified risks from the risk register) equating to between two and four months of expenditure.

Investments

Friends of the Earth Limited does not hold any equity investments. Any spare cash that we have available is invested in banks that have an effective environmental policy, namely the Co-operative Bank and Triodos Bank.

Foreign Currencies

Transactions in foreign currencies are translated at the rates ruling at the date of the transaction.

Financial instruments

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments, including trade and other debtors and creditors are initially recognised at transaction value and subsequently measured at their settlement value.

Friends of the Earth Limited
Notes to the Accounts – cont.
For the year ending 30 June 2019

2 Supporter's Contributions

	2019	Period to
	£	2018
		£
Committed Giving	1,033,729	1,167,362
Legacies	89,696	167,601
Other supporters' contributions	162,610	54,753
	<u>1,286,035</u>	<u>1,389,716</u>

Other supporters' contributions include donations from businesses received in accordance with the organisation's corporate donations policy.

3 Gross profit on trading

	2019	Period to
	£	2018
		£
Trading turnover	6,006	29,570
Cost of sales	(1,911)	(17,583)
	<u>4,095</u>	<u>11,987</u>

4 Grant Income

	2019	Period to
	£	2018
		£
General grant from Friends of the Earth Charitable Trust	7,800,000	-
Restricted awards from Friends of the Earth Charitable Trust	686,642	-
	<u>8,486,642</u>	<u>-</u>

5 Other income

	2019	Period to
	£	2018
		£
People's Postcode Lottery (note 16)	1,312,558	4,424,309
Advertising in supporter magazine	10,496	193
Bank Interest	1,690	5
Miscellaneous	123,409	33,617
	<u>1,448,153</u>	<u>4,458,124</u>

Friends of the Earth Limited
Notes to the Accounts – cont.
For the year ending 30 June 2019

Miscellaneous income includes income from Friends of the Earth International under a staff hosting arrangement

6 Operating expenditure

	2019	Period to 2018
	£	£
The deficit for the year is after charging:		
Staff costs (note 7)	6,973,917	889,006
Depreciation of fixed assets	136,866	89,010
Auditors - statutory audit	7,440	6,200
Auditors – other	13,200	12,240
Hire of equipment under operating leases (note 9)	10,458	1,928
Building leases rentals (note 9)	22,932	49,126

7 Employee and staff costs

	2019	Period to 2018
	£	£
Salaries	6,098,472	780,754
National Insurance	582,282	71,433
Pension	293,163	36,819
	<u>6,973,917</u>	<u>889,006</u>

The average number of employees during the period was 173 (2017/18: 164) jointly employed with Friends of the Earth Charitable Trust. Friends of the Earth Charitable Trust reimburses Friends of the Earth Limited for the salary costs of those individuals undertaking fundraising activities for the Charitable Trust.

The average number of employees engaged in the company's work during the period, analysed by function was:

	2019	2018
	No's	No's
Programmes	110	103
Fundraising and Supporter recruitment	28	27
Support, management and administration	35	34
	<u>173</u>	<u>164</u>

The company operates a Group Personal Pension Plan for the benefit of its employees. This is a defined contribution scheme and is administered separately from the company.

Friends of the Earth Limited Notes to the Accounts – cont. For the year ending 30 June 2019

The company matches contributions made by employees up to 7% of their salary and these costs are charged to the income & expenditure account as incurred.

The total emoluments paid to the 9 (2017/18: 8) senior management staff were £554,783 (2017/18: £624,698).

8 Directors' Remuneration

Friends of the Earth Limited paid £10,000 (2017/18: £5,333) to Frances Butler for her services during the year in relation to chairing the Board and line managing the Chief Executive Officer.

9 Operating Leases

The total commitments remaining, up to the break clause, are as follows:

	2019	2018
	£	£
Payments due:		
Not later than one year	25,719	24,014
Later than one year and not later than 5 years	4,598	27,626
Later than five years	-	-
Total	<u>30,317</u>	<u>51,640</u>

Friends of the Earth Limited
Notes to the Accounts – cont.
For the year ending 30 June 2019

10 Fixed Assets

	Office Furniture	Computers and Office Equipment	Computer Software	Total
	£	£	£	£
COST				
Balance at 1 July 2018	133,461	506,176	929,508	1,569,145
Additions	7,268	144,576	26,529	178,373
Disposals				
Balance at 30 June 2019	140,729	650,752	956,037	1,747,518
DEPRECIATION				
Balance at 1 July 2018	125,246	461,302	593,943	1,180,492
Charge for the period	2,197	34,168	100,501	136,866
Disposals				
Balance at 30 June 2019	127,443	495,470	694,445	1,317,358
NET BOOK VALUE				
At 30 June 2019	13,286	155,282	261,592	430,160
At 30 June 2018	8,215	44,874	335,565	388,654

11 Debtors

	2019 £	2018 £
Trade debtors	55,050	194,348
Prepayments and accrued income	151,691	158,507
Other debtors	-	47,735
Corporation tax receivable	11,061	
	217,802	400,590

Friends of the Earth Limited
Notes to the Accounts – cont.
For the year ending 30 June 2019

12 Creditors – amounts falling due within one year

	2019	2018
	£	£
Trade creditors	285,041	275,408
Other taxes and social security	160,704	149,330
Accruals and deferred income	505,971	312,675
Finance Lease Obligation	32,480	-
Interest free loans	5,000	5,000
Other creditors	560,340	58,152
Corporation tax payable	5,000	130,000
	<u>1,554,536</u>	<u>930,565</u>

13 Creditors – amounts falling due after more than one year

	2019	2018
	£	£
Finance Lease Obligation	66,436	-
	<u>66,436</u>	<u>-</u>

14 Liability of Members

In the event of a winding up, each member of the company is liable to contribute an amount not exceeding £1. At 30 June 2019 the number of members was 6 (2017/18: 5).

Friends of the Earth Limited
Notes to the Accounts – cont.
For the year ending 30 June 2019

15 Corporation tax

Tax is not payable on grants and donations and therefore a substantial amount of the company income is not taxable. Tax is payable on any taxable profit from trading activities including People’s Postcode Lottery income. In the year ending 30 June 2019 a trading profit of £1,223,251 (2017/18: £4,460,719) was made. Corporation tax was payable on this trading profit after deductions available to the company as a result of payments to charities/charitable companies such as the payment to Friends of the Earth Scotland due under a memorandum of understanding and a qualifying donation made to Friends of the Earth Charitable Trust.

16 People’s Postcode Lottery

During the period, Friends of the Earth Limited received the proceeds of lotteries operated by People’s Postcode Lottery (PPL). Friends of the Earth Limited has no ability to alter the price of tickets, determine the prizes or reduce the management fee. As such, PPL is treated as acting as the principal, and so only net proceeds due to Friends of the Earth are recognised under trading income from charitable activities in the statement of income. The net proceeds are analysed as follows:

	2019	Period to
	£	2018
		£
Ticket Value	3,579,704	13,999,133
Prize Fund	(1,431,882)	(5,599,653)
Management Fee	(835,264)	(3,975,171)
	<u>1,312,558</u>	<u>4,424,309</u>