

**Friends of  
the Earth**

# **FRIENDS OF THE EARTH LIMITED**

(A company limited by guarantee  
and not having a share capital)

## **REPORT AND ACCOUNTS**

for the year ended 31 May 2009

Company Number 1012357

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**FRIENDS OF THE EARTH LIMITED**  
**REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MAY 2009**

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## **FRIENDS OF THE EARTH LIMITED**

### **LEGAL AND ADMINISTRATIVE INFORMATION**

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	1012357
Registered Office	26-28 Underwood Street, London N1 7JQ
	Tel 020 7490 1555 Fax 020 7490 0881
	email <a href="mailto:info@foe.co.uk">info@foe.co.uk</a> Web site <a href="http://www.foe.co.uk">http://www.foe.co.uk</a>

The majority of the Directors of the company are appointed by election from the Friends of the Earth Limited Local Groups. The remainder are co-opted for their skills and expertise. One third retire each year and may offer themselves for re-appointment. The Directors are responsible for setting policy and agreeing strategy. Those who held office during the year were

W Abbasi (resigned November 2008)	U Luhde
D Coleman	A Mc Murray
S Counsell (Chair)	C Parsons
S Edwards	F Pennycook
H. Griffiths	A Rae
M Hammond	M Redclift (appointed January 2009, resigned July 2009)
J Halladay	P Whitney
B Jackson (appointed July 2009)	

The Board restructured its committees this year to better monitor the new strategic plan. It now has 3 sub-committees: an Operational Excellence Committee (which looks at Finance, governance and resource matters), a Campaigns Committee, and a Supporter Engagement Committee. The new committees enable a more effective and streamlined governance of the organisation to achieve its strategic objectives.

Executive Director	A Atkins
Company Secretary	E Kavanagh

The day to day management is delegated to the Chief Executive (A Atkins), the Management Team (made up of employees selected for their expertise in the various activities of the organisation) and the Company's other staff.

#### **Principal Advisors**

Registered Auditors	Bankers
haysmacintyre	Co-operative Bank
Chartered Accountants	Manchester Business Centre, 1 Balloon Street,
Fairfax House, 15 Fulwood Place	Manchester, M60 4EP
London, WC1V 6AY	

## **FRIENDS OF THE EARTH LIMITED**

### **DIRECTORS' REPORT**

The Directors present their report and accounts for the year ended 31 May 2009

#### **OBJECTIVES OF FRIENDS OF THE EARTH LIMITED**

Friends of the Earth Limited exists to protect and improve the environment, through influencing political policies and business practices, inspiring individuals and communities to take personal and political action, and stimulating wide and intelligent debate. In these ways it also supports Friends of the Earth Trust, a charity, to achieve its charitable objectives.

#### **REVIEW OF ACTIVITIES**

Friends of the Earth Limited worked closely with Friends of the Earth Trust by providing support to its climate change campaign, the Big Ask, through motivating our Local Groups and activists to lobby their MPs for a Climate Change law. The law, the world's first, was passed in November 2008 committing the UK to cut its emissions by 80%. We immediately started campaigning for those cuts to be made practical in our communities, for a strong global agreement on climate change and to make one of the most polluting industries, meat & dairy, more planet-friendly.

At the heart of our successes has been our growing local, national and international networks, comprising experts, activists and dedicated supporters who have helped us capture the imagination of thousands of people and gain their trust.

In the UK and globally we are established as one of the leading environmental organisations, as shown by the number of awards we collected this year. Our work with faith communities on climate change received an Environment Agency communications award for best Community engagement project. For biofuels work we won 'campaign of the year' at the European Public Affairs Awards 2008. Our campaign for a feed-in-tariff and heat incentives won an Energy Industry Award – and The Big Ask won an award for best green website.

#### **Climate change**

Friends of the Earth Limited supported Friends of the Earth Trust in its climate change campaign, the Big Ask. We motivated our Local Groups and activists to lobby their MPs for a Climate Change Bill, and then to ensure it is strong and includes emissions from shipping and aviation.

*'MPs received over 500,000 pieces of correspondence from the public calling for the Bill – a fantastic example of public campaigning from Friends of the Earth'* Greg Clark MP

After the success of The Big Ask in November 2008, we immediately started laying the foundation of the *Get Serious About CO2* campaign to put the Climate Change Act into local action.

Local authorities can influence up to 80 per cent of UK emissions through housing, energy and transport, so we need their co-operation if we are ever to reduce our contribution to global warming. Thankfully, with the Climate Change Act in place, local people have a mandate to press for real change, and our *Get Serious About CO2* campaign gives them the method.

## **FRIENDS OF THE EARTH LIMITED**

### **DIRECTORS' REPORT (continued)**

The effects of this grassroots work will soon be all around us. We are pressing for local authorities to provide free loft and cavity wall insulation, to grant zero-interest loans for household renewable power and insulation, and setting up energy service companies to generate heat and power.

We need local authorities to change their planning policies to support renewable energy such as solar water heating and small-scale wind-farms, to reduce traffic, and to promote a switch to low carbon vehicles such as electric cars. We also need safer routes to walk and cycle.

In the international arena, we attended the UN Climate talks in Poznan, Poland in December 2008. Our team was extremely active in shaping the Friends of the Earth International positions, lobbying and carrying out media work. The talks were important in the lead up to the Bonn meeting in June 2009, and Copenhagen in December 2009, as we find out what our own government is saying and what their priorities are. All this informs our campaigning and helps us put real pressure on government to do the right thing at Copenhagen. The right thing is clear – the science shows that to avoid runaway climate change industrialised countries must cut their emissions by at least 40% by 2020 – and these cuts must be made at home, not through offsetting abroad. At Copenhagen we will push rich countries to clean up fastest and to enable poor countries develop in a clean way, driving new jobs and industries around the world.

#### **The Food Chain**

There's one industry that produces more climate changing gases than all the planes, lorries and cars put together – as well as tearing down unique natural habitats. It's the meat and dairy industry and now is the time to break the chain.

This year we launched a new campaign, The Food Chain, to expose each link in a destructive chain stretching from our kitchens to the forests in the developing world. Our goal is nothing less than revolutionising the meat and dairy industry in the UK and, ultimately, worldwide, so that it works in a fair and beneficial way for everyone.

We need a food chain that works for all and such a system is possible if we strive for it. Although a few in Government are beginning to realise the terrible environmental and social cost of the meat and dairy industry, no-one is offering any real solutions.

We're demanding that governments support good food, thriving farms and a healthy planet. They must stop using taxpayer's money to fund big business-led factory farms – and instead support home-grown animal feeds and low-impact meat and dairy production.

Thousands of Friends of the Earth supporters have already asked their MP to sign our petition to fix the food chain – and the politicians and the media are listening. In fact, 11 MPs rode a Bucking Bronco as a headline-grabbing stunt to engage the public. Articles in The Guardian and The Telegraph gave their readers the facts, and by May 2009 Early Day Motion 845 was one of the most successful EDMs of the year with cross party support from a third of MPs.

In May we released "Fix the Food Chain" the movie [www.youtube.com/friendsoftheearth](http://www.youtube.com/friendsoftheearth) and it's been watched by over 8,500 people. Thousands of supporters have asked their MPs to fix the food chain and sign the petition. Public opinion is changing as shown by more campaigns bringing attention to the impacts of the livestock industry.

## **FRIENDS OF THE EARTH LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **Capacity-building**

Friends of the Earth couldn't do anything without people deciding to do something positive about their environment. Our 230 local groups, all volunteers, were one of the secrets behind the history-making success of the Climate Change Act. Four years of solid work by groups lobbying their MPs, doing media work, engaging the public and putting on events persuaded MPs to back The Big Ask and get the law through.

As well as working together on The Big Ask, our local groups also spent the year running inspirational campaigns in their communities, from tackling problems like unwanted supermarkets to promoting solutions such as recycling, better waste management, and spreading the word through education work.

From noisy nationwide coalitions involving thousands of people gathering signatures, and local groups that liaise with councillors and educate them on the issues, to passionate individuals writing letters to local newspapers and visiting their MP, we continue to think of ways to engage the public and inspire them to take action with us.

During the year, we had some spectacular successes. As well as achieving the Climate Change Act, our activists drove forward a range of national campaigns on biofuels, the EU renewable energy directives and the UK renewable energy strategy. In the case of biofuels, 119 local groups participated in our summer of action and got 9,000 postcards signed to 78 MEPs. Our group in Manchester stacked up an impressive 620 cards in one weekend.

#### **Snapshots of local activism this year**

**Renewable Energy** In response to the Government's promise to produce 15 per cent of the UK's energy via renewable sources, we took to the street on 25 October, encouraging members of the public to sign postcards, put pressure on MPs to demand they don't backtrack on their promise.

**Get Serious About CO<sub>2</sub>** Over 70 local groups signed up, covering nearly all major cities, smaller towns and rural areas. From Alnwick to Plymouth, from Lancaster to Brighton, groups are starting getting ready to roll out the campaign and transform their neighbourhoods.

**Food Chain** This campaign launched with a summer of action, where groups ran stalls and events across the country, engaging and informing a wide variety of people. It was particularly well received in rural areas, with many farmers supporting our call to give them a fairer deal and support local produce.

**Greening Cornwall** Friends of the Earth Cornwall has been instrumental in the creation and development of climate friendly church Parishes. Thanks to supporters across the county, St Merryn was awarded £50,000 for a community garden and allotment project.

**Faith and Change in Birmingham:** An interfaith partnership, borne out of Birmingham's local Friends of the Earth organisation, is behind a new plan to take all the used oil from the balti restaurants in the triangle and turn it into biodiesel. The group is also looking at practical changes that can be made in places of worship for Christians, Muslims and Sikhs.

## **FRIENDS OF THE EARTH LIMITED**

### **DIRECTORS' REPORT (continued)**

**Individual Champions** We currently have 2,300 champions making a massive difference through taking their own personal actions. Throughout the year, we provide an action guides with details of how they can make a difference to our campaigns – and let them get on with it. So far they have supported the Big Ask, our Renewables Campaign and are now Getting Serious about CO2. We are also starting to build more engaging and innovative ways that people can take action through the web in ways that suits their individual needs.

### **Regional Reach**

Policy decisions made at regional level also have a national impact, so Friends of the Earth campaigns vigorously through its regional offices. That way, we can gather people together to concentrate on main campaigns on overarching issues like climate change, while creating the flexibility for work that focus on specifically local issues such as incinerators, supermarkets and building on greenbelt land. We have been influencing regional and devolved government with our work in England's nine regions, Wales and Northern Ireland.

In **England**, we scored a significant victory in the North West, where we formed an Alliance with the NW Transport Activists Roundtable to challenge the Mersey Gateway Bridge at a public enquiry. Up to this point, the environmental impact of the proposal had never been properly considered by the local authority.

In the Peak District we joined a new coalition of local, regional and national organisations working to save the picturesque and nationally significant Peak Park from the threat of uncontrolled quarrying. The Court upheld our appeal against a controversial High Court decision by Justice Sullivan last year which had effectively removed any controls on quarrying at the site. This may have the knock-on effect of providing protection for other important sites around the country.

Friends of the Earth successfully lodged judicial review proceedings at the High Court on behalf of Hounslow Race and Equalities Council (HREC), arguing that proposals would cause noise pollution affecting mostly ethnic minority communities. We called for comprehensive public consultation on the equalities impacts of the airport. As a result, the Government agreed to commission a review of the race, age, gender and disability impacts of the Heathrow expansion. At the end of March 2009 the Department of Transport revealed that it is now impossible for British Airways Authority to lodge a planning application for the third runway before the next general election - in June 2010 or before. The Conservatives are currently well ahead of Labour in the polls, so this would give them ample time to draft a new aviation policy which would enable them to block the new runway as they have pledged to do. We are now working with all political parties to push them to include opposition to airport expansion in their manifestos.

In **Wales**, after a robust ten-year campaign, Friends of the Earth Cymru congratulated Transport Minister Ieuan Wyn Jones on finally scrapping the Gwent Levels motorway scheme. The six lane toll road would have cost £1 billion, cut a swathe through the protected Gwent Levels and led to an increase in traffic and carbon emissions. Ditching the scheme is an opportunity to resolve the existing road's safety and maintenance problems by lower cost measures along the M4 and other local routes.

## FRIENDS OF THE EARTH LIMITED

### DIRECTORS' REPORT (continued)

On our suggestion, Professor Kevin Anderson gave a presentation, on the latest research by the Tyndall Centre for Climate Change at Manchester University, to the Welsh Assembly Government's cabinet committee in January 2009. This was part of our campaign to persuade the Welsh Assembly Government to increase their target for reducing greenhouse gas emissions, in areas of devolved responsibility, from 3% to 9% a year. The Welsh Environment Minister informed us in a letter on 9<sup>th</sup> April that *"she will be asking the Climate Change Commission for Wales to develop scenarios looking at what would be necessary to achieve 6% and 9% annual reductions"*. The Welsh Assembly is looking positive with potential for targets of securing all of Wales electricity from renewable sources by 2025 and 70 per cent recycling with no incineration. These would both be significant wins if they become official policy and are implemented in practice and we are able to use these examples as leverage in other parts of the UK.

FOE Cymru's pro-active campaign to support wind energy and to refute the misinformation placed in the media by anti-wind groups and individuals, has been successful. Our briefing paper, 'Wind Energy 20 Myths Blown Away', has been well-received and widely-used and our network of letter writing activists around Wales has ensured that far more pro-wind energy letters have appeared in newspapers. We have also engaged in a number of radio debates with our opponents. This campaign has also enabled us to refute, on many occasions, the myths of the climate change deniers, many of whom are opponents of wind energy.

On December 3<sup>rd</sup>, we learned that the massive Gwynt y Mor offshore windfarm, eight miles off the north Wales coast, had been approved. We campaigned strongly in support of Gwynt y Mor and helped the Sustainable Energy Alliance obtain over 2,000 signatures of mainly local people who backed it. We lobbied successfully to persuade Conwy County Borough Councillors not to pursue a judicial review against the government's decision. Gwynt y Môr will generate 10 per cent of Wales' electricity demand and will make a significant contribution reducing greenhouse gas emissions in Wales.

In **Northern Ireland**, businesses, trades unions, farmers, voluntary organisations and environmentalists united around a common platform – the Green New Deal for Northern Ireland. The Green New Deal is a 21st Century solution to 21st Century problems modelled on Roosevelt's New Deal during the great depression of the 1930s. It called on Government to create thousands of new jobs by expanding the environmental sector, help secure our energy supply and build a competitive low-carbon economy.

Friends of the Earth also brought together a coalition of bodies to research a package of measures for housing, public and commercial buildings, renewable energy, sustainable industries, employment and skills and finance mechanisms. In time, this could transform Northern Ireland and set an example to the world.

In October 2008 the Northern Ireland Environment Minister blocked plans to designate a glacial site as an Area of Special Scientific Interest (the Northern Ireland equivalent of an SSSI), against the advice of his officials. The site had extensive sand and gravel deposits that the land-owners wanted to exploit. The relevant legislation, The Environment (Northern Ireland) Order 2002, does not allow for sites to be designated at the discretion of the Minister – if the site meets the criteria it must be designated. Following the Minister's decision Friends of the Earth took legal advice and threatened to request a judicial review of the decision. On 27 November 2008 the Minister backed down and announced the site would be designated.



## **FRIENDS OF THE EARTH LIMITED**

### **DIRECTORS' REPORT (continued)**

As a member of the Stop Climate Chaos coalition, Friends of the Earth made a presentation to the Northern Ireland Environment Committee on the need for legally binding Northern Ireland targets for greenhouse gas emission reductions. The Environment Committee held an inquiry into climate change during April and May 2009.

#### **FUTURE DEVELOPMENTS**

In the lead up to the UN Conference on Climate Change in Copenhagen in 2009, and looking to influence politicians for the next decade, Friends of the Earth Trust launched a new campaign Demand Climate Change to demand environmental justice. We will be supporting this campaign by mobilising our local activists.

Through this campaign, people and communities are demanding that carbon emissions need to be cut by 40 per cent across developed nations by 2020. This is a tough target to meet, especially without resorting to carbon offsetting, which only allows rich countries to continue with producing emissions.

By developing our own low carbon economies, we will be helping to reduce our dependence on fossil fuel imports and create extra jobs. Globally, the result could be a reduced risk of climate change, fewer conflicts over scarce resources, and a healthier economy for all.

Our greatest strength for this campaign is our network of local and national organisations stretching across the globe. With 77 member groups, Friends of the Earth International is well placed to target the G8 countries and lobby many others, including key regional players such as the EU. With the majority of our member groups in developing countries, we bring a unique and valuable perspective to all debates and negotiations, one based upon a deep understanding of the politics within developing countries and the aspirations of their people. Our reach, combined with our ability to drive through ground-breaking policy solutions, makes us ideally placed to make this campaign a success.

#### **FINANCIAL REVIEW**

The decrease of £0.9 million in total incoming resources to £3 million for the year ended 31 May 2009 is due to the fact that we now encourage new supporters to join Friends of the Earth Trust, a registered charity, so they can make their gift go further by taking advantage of Gift Aid.

Donations from individual supporters make up 98% of our total income, of which committed giving income (standing orders and direct debits) accounts for 93%. This regular income enables us to plan our future campaigns with confidence. However it decreased this year by almost £0.7 million as new supporters joined Friends of the Earth Trust (which increased by 22% or over £1 million).

Charities and other non-profit organisations which rely on income from individuals often have higher costs of generating funds as generally it is more expensive to raise income in this way. The Directors consider that maintaining the company's financial independence ensures the integrity of its campaigning and information work.

## **FRIENDS OF THE EARTH LIMITED**

### **DIRECTORS' REPORT (continued)**

We were satisfied that Legacy income increased this year to £63,525. However, this source of income is very unpredictable and fluctuates from year to year. Tax advantages make it beneficial to leave legacies to Friends of the Earth Trust which is a charity and has found legacy income increase over past years. We thank all those who remember us in their will.

We reduced our expenditure overall by £0.9 million. This expenditure included a grant made to Friends of the Earth Trust of £837,000.

The employee and staff costs are detailed in Note 6 to the accounts but this does not take account of the tremendous contribution made by the thousands of volunteers who work throughout the organisation and without whom we could not achieve so much.

### **RESERVES**

Overall there was a deficit of income over expenditure from ordinary activities in the year of £61,603. This has reduced our reserves to £1,663,809. This level of reserves represents 29 weeks worth of normal operating expenditure and is above our policy detailed in Note 1, but is intentional so that we are able to continue to support Friends of Earth Trust through annual grants as required.

We consider that the policy level of reserves is acceptable for a non-profit organisation of this size and complexity, especially in view of the amount of committed income pledged to the company.

We have no equity investments and hence these accumulated reserves are primarily represented by bank deposits. Our reserves and investment policies are set out in Note 1 to the accounts.

### **DIRECTORS' RESPONSIBILITIES**

Company law requires directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make 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,
- 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 proper accounting records which 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.

The Directors also confirm that they have made all necessary enquiries and taken such steps that they ought to, to ensure that they become aware of any relevant audit information and that they confirm that the charitable company's auditors have been made aware of such information.

## **FRIENDS OF THE EARTH LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **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 annually by the Directors and senior staff, has identified that there are currently no significant risks which require urgent remedial action outside of the company's normal on-going systems and procedures.

#### **RELATED PARTY**

The work of Friends of the Earth Limited complements that of Friends of the Earth Trust Limited. The latter is a registered charity and it exists to protect and improve the environment, through campaigning, undertaking research, education and publishing and it provides an information service on environmental problems and their solutions. In 2009, Friends of the Earth Limited made an unrestricted grant of £837,000 to Friends of the Earth Trust Limited.

Friends of the Earth Limited rents some of its office space from Friends of the Earth Trust. For administrative efficiency, the two companies jointly employ all staff and share office services. The value of these transactions is detailed in note 14 to the accounts.

#### **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 31 October 2009 and signed on behalf of the board,



S COUNSELL      Chair

## **FRIENDS OF THE EARTH LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FRIENDS OF THE EARTH LIMITED**

We have audited the financial statements of Friends of the Earth Limited for the year ended 31 May 2009 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Section 495 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.

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 8, the directors are responsible for preparation of the financial statements and being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

#### **Opinion on financial statements**

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2009 and its deficit 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.

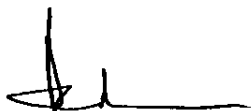
#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 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.



Bernie Watson, (Senior Statutory Auditor)  
For and on behalf of haysmacintyre, Statutory Auditor

31 October 2009

Fairfax House  
15 Fulwood Place  
London WC1V 6AY

# **FRIENDS OF THE EARTH LIMITED**

## **INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MAY 2009**

	Notes	2009 £	2008 £
<b>INCOME</b>			
Supporters' contributions	2	2,904,460	3,783,697
Gross profit on trading	3	6,295	5,594
Other	4	67,260	97,422
<b>TOTAL INCOME</b>		<u>2,978,015</u>	<u>3,886,713</u>
<b>EXPENDITURE</b>			
Campaigning & information provision		2,686,910	3,569,992
Supporter recruitment		75,415	129,806
Fundraising		226,241	206,296
Management & administration		51,052	70,698
<b>TOTAL EXPENDITURE</b>	5	<u>3,039,618</u>	<u>3,976,792</u>
<b>NET DEFICIT FOR THE FINANCIAL YEAR</b>		(61,603)	(90,079)
<b>ACCUMULATED SURPLUS AT THE BEGINNING OF THE YEAR</b>		1,725,412	1,815,491
<b>ACCUMULATED SURPLUS</b>		<u>1,663,809</u>	<u>1,725,412</u>

All recognised gains and losses are included in the income and expenditure account

All transactions during the year are derived from continuing activities

**FRIENDS OF THE EARTH LIMITED**  
**BALANCE SHEET AS AT 31 MAY 2009**

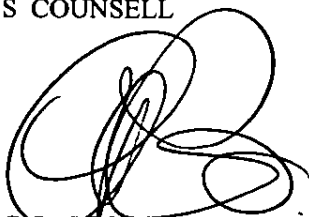
	Notes	2009 £	2008 £
<b>TANGIBLE FIXED ASSETS</b>	9	<u>214,962</u>	<u>201,490</u>
<b>CURRENT ASSETS</b>			
Debtors	10	1,035,779	1,119,979
Cash at bank		958,701	1,217,206
		<u>1,994,480</u>	<u>2,337,185</u>
<b>CREDITORS - DUE WITHIN ONE YEAR</b>	11	<u>(545,633)</u>	<u>(813,263)</u>
<b>NET CURRENT ASSETS</b>		<u>1,448,847</u>	<u>1,523,922</u>
<b>NET ASSETS</b>		<u>1,663,809</u>	<u>1,725,412</u>
<b>RESERVES</b>			
Accumulated Surplus		<u>1,663,809</u>	<u>1,725,412</u>

The accounts on pages 11 to 18 were approved by the Directors on 31 October 2009 and were signed on their behalf by



S COUNSELL

Chair of the Board



C PARSONS

Director

**FRIENDS OF THE EARTH LIMITED**

**CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MAY 2009**

	<b>Notes</b>	<b>2009 £</b>	<b>2008 £</b>
<b>Net outgoing resources for the year</b>		(61,603)	(90,079)
Adjusted by			
Interest receivable		(15,210)	(22,778)
Depreciation charges		130,099	120,668
Decrease in debtors		84,200	641,401
(Decrease)/Increase in creditors		(267,630)	178,844
<b>NET CASH (OUTFLOW)/INFLOW FROM ACTIVITIES</b>		<u>(130,144)</u>	<u>828,056</u>
 <b>Returns on investments and servicing of finance</b>			
Interest received		15,210	22,778
<b>NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		<u>15,210</u>	<u>22,778</u>
 <b>Capital Expenditure</b>			
Payments to acquire tangible fixed assets	9	(143,571)	(135,956)
Receipts from disposal of assets		-	-
<b>NET CASH OUTFLOW FROM CAPITAL EXPENDITURE</b>		<u>(143,571)</u>	<u>(135,956)</u>
 <b>(DECREASE)/INCREASE IN CASH</b>		<u>(258,505)</u>	<u>714,878</u>
 <b>ANALYSIS OF CHANGES IN NET FUNDS</b>			
Balance as at 1 June 2008		1,217,206	502,328
Net cash (outflow)/inflow		(258,505)	714,878
<b>Balance as at 31 May 2009</b>		<u>958,701</u>	<u>1,217,206</u>

## **FRIENDS OF THE EARTH LIMITED**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MAY 2009**

#### **1. ACCOUNTING POLICIES**

##### **Basis of Preparation**

The accounts are prepared under the historical cost basis, in accordance with applicable accounting standards

##### **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 both sales from our Local Group mail order catalogue and of commission from the Natural Collection catalogue. Turnover represents amounts invoiced, excluding VAT.

Other income is accounted for on the accruals basis.

##### **Fixed Assets**

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

Fixtures, fittings and furniture	10 years
Computers and office equipment	4 years
Computer software	Individual purchases costing over £20,000 are depreciated over 4 years once software is in use

##### **Operating Leases**

Payments made under operating leases are charged to the income and expenditure account on a straight line basis over the lease term.

##### **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. The Directors review the level of reserves required annually and our policy is to maintain the minimum necessary to fund reasonably foreseeable working capital cash requirements. Our current policy is to hold 3-8 weeks of normal operating expenditure in reserves.

##### **Investments**

Friends of the Earth Ltd 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.



# FRIENDS OF THE EARTH LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MAY 2009

### 2. SUPPORTERS' CONTRIBUTIONS

	2009	2008
	£	£
Committed giving (standing orders and direct debits) including magazine subscriptions	2,755,768	3,432,272
Legacies	63,525	1,050
Other supporters' contributions	85,167	350,375
	<u>2,904,460</u>	<u>3,783,697</u>

### 3. TRADING

	2009	2008
	£	£
Trading turnover	12,641	21,322
Cost of sales	(6,346)	(15,728)
	<u>6,295</u>	<u>5,594</u>

### 4. OTHER INCOME

	2009	2008
	£	£
Bank Interest	15,210	22,778
Advertising in supporter magazine	6,895	46,236
Miscellaneous	45,155	28,408
	<u>67,260</u>	<u>97,422</u>

Miscellaneous income includes Local Group licences, Conference Fees and costs awarded in legal cases that we won

### 5. EXPENDITURE

	2009	2008
	£	£
The deficit for the year is after charging		
Staff costs (see note 6)	1,180,302	2,004,911
Depreciation of fixed assets	130,099	120,688
Auditors - statutory audit	7,450	7,600
Auditors - other	2,000	-
Hire of equipment under operating leases (see note 8)	13,579	21,591
Building leases rentals (see note 8)	86,695	137,436

# FRIENDS OF THE EARTH LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MAY 2009

### 6. EMPLOYEES AND STAFF COSTS

	2009	2008
	£	£
Salaries	1,044,651	1,776,824
National Insurance	101,736	172,344
Pension	33,915	55,743
	<u>1,180,302</u>	<u>2,004,911</u>

The average number of persons (full-time equivalent) employed by the company during the year was 32 (2008 57) The number of higher paid staff receiving emoluments, including taxable benefits but excluding employer's pension contributions, over £60,000 are shown in the table below

	2009	2008
Number of employees who earn between £60,000 and £69,999	1	-
Number of employees who earn between £70,000 and £79,999	1	1

These salaries were split between Friends of the Earth Trust Ltd and Friends of the Earth Limited, according to the time spent on each company's activities, and the costs included in the Employee and Staff costs above

The company operates a Group Personal Pension Plan for the benefit of its employees This is administered separately from the company The company matches contributions made by employees up to 7% of their salary each year (2008 6%) and these costs are charged to the statement of financial activities as incurred

### 7. DIRECTORS' REMUNERATION

No directors have any interests in the company Simon Counsell, the Chair, received an honorarium of £10,000 (2008 £14,285) to recompense him for time spent on the company's business, in accordance with arrangements agreed on his appointment No other director received any remuneration for his or her services as a director during the year

### 8. OPERATING LEASES

The company leases buildings and equipment on short term leases and these are subject to re-negotiation at various intervals specified in the leases The annual rental paid on leases in operation during the year was £100,274 (2008 £159,027) As at 31 May 2009, the minimum annual commitments under the leases are as follows

	2009	restated 2008
	£	£
Building operating leases renewed annually	8,462	8,542
Building operating leases which expire within 5 years	35,631	35,492
Building operating leases which expire after 5 years	-	-
Equipment operating leases	58,603	58,603
	<u>102,696</u>	<u>102,637</u>

# FRIENDS OF THE EARTH LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MAY 2009

### 9. FIXED ASSETS

	Office Furniture £	Computers and Office Equipment £	Computer Software £	Totals £
<b>COST</b>				
Balance at 1 June 2008	288,936	712,662	417,674	1,419,272
Additions	2,338	47,863	93,370	143,571
Disposals	-	-	-	-
<b>Balance at 31 May 2009</b>	<u>291,274</u>	<u>760,525</u>	<u>511,044</u>	<u>1,562,843</u>
<b>DEPRECIATION</b>				
Balance at 1 June 2008	248,931	627,575	341,276	1,217,782
Charge for the year	12,572	58,190	59,337	130,099
Disposals	-	-	-	-
<b>Balance at 31 May 2009</b>	<u>261,503</u>	<u>685,765</u>	<u>400,613</u>	<u>1,347,881</u>
<b>NET BOOK VALUE</b>				
<b>At 31 May 2009</b>	<u><u>29,771</u></u>	<u><u>74,760</u></u>	<u><u>110,431</u></u>	<u><u>214,962</u></u>
At 31 May 2008	<u>40,005</u>	<u>85,087</u>	<u>76,398</u>	<u>201,490</u>

### 10. DEBTORS

	2009 £	2008 £
Trade debtors	7,658	15,801
Prepayments and accrued income	166,009	146,720
Amount due from Friends of the Earth Trust Ltd	790,782	865,497
Other debtors	71,330	91,961
	<u>1,035,779</u>	<u>1,119,979</u>

### 11. CREDITORS - DUE WITHIN ONE YEAR

Trade creditors	212,438	411,245
Accruals and deferred income	73,433	159,476
Interest-free loans	5,000	5,000
Other creditors	254,762	237,542
	<u>545,633</u>	<u>813,263</u>

## **FRIENDS OF THE EARTH LIMITED**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MAY 2009**

#### **12. 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 31 May 2009 the number of members was 12 (2008: 11).

#### **13. RECONCILIATION OF MOVEMENTS IN RETAINED FUNDS**

There are no changes for the current or previous year other than the retained surplus in the income and expenditure account.

#### **14. RELATED PARTY TRANSACTIONS**

The relationship between Friends of the Earth Trust Limited and Friends of the Earth Limited is explained in the Directors' Report on page 6. During the year Friends of the Earth Trust Limited paid Friends of the Earth Limited for the following items:

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Shared office services (*)	<u>1,702,365</u>	<u>1,237,803</u>
Total expenditure paid by Friends of the Earth Trust	<u>1,702,365</u>	<u>1,237,803</u>
Less rent charged by Friends of the Earth Trust	<u>(46,424)</u>	<u>(99,586)</u>
Net	<u>1,655,941</u>	<u>1,138,217</u>
Amount owing by Friends of the Earth Trust at year end	<u>790,782</u>	<u>865,497</u>

\* Shared office services include the costs of finance, personnel, IT and office facilities support functions which the Directors consider is a cost effective means of acquiring these services.

During the year ended 31 May 2009, Friends of the Earth Limited made a grant to Friends of the Earth Trust of £837,000 (2007/08: £200,000).

#### **15. CORPORATION TAX AND VAT**

The majority of the company's income is not taxable. Tax is only payable on any taxable profit from trading activities. For the year ended 31 May 2009 the liability is Nil (2008: nil).

In common with many other voluntary organisations, Friends of the Earth Limited is unable to reclaim all of its input VAT. In the year ended 31 May 2009 this amounted to £40,237 (2008: £65,103), which is 1.3% of our total expenditure.