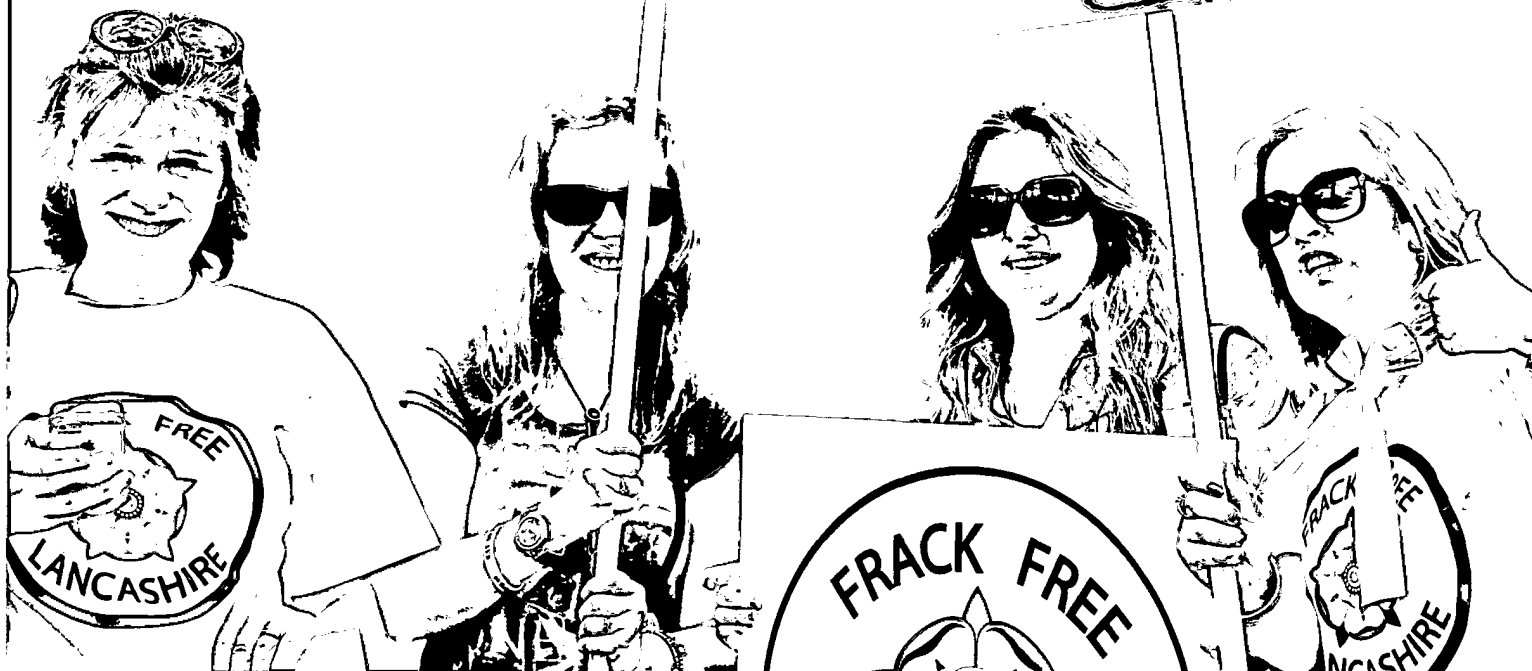


Report and Accounts

for the year ended 31 May 2015

Company Number 1012357
Registered Charity Number 281681



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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:
**The Printworks,
1st Floor, 139 Clapham Road,
London SW9 0HP
020 7490 1555
info@foe.co.uk
www.foe.co.uk**

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. The Directors are responsible for setting policy and agreeing strategy. Those who held office during the year were:

**S. Bernstein
S. Hale
C. Church (appointed July 2014)
J. Gold
D. Horsman
Dr T. Sayer (Chair)
F. Green
A. Schiffer
H. Griffiths
S. Steeden
S. Hack
J. Halladay (resigned July 2014)**

During the year a governance review was undertaken and new articles of association came into effect on 1 June 2015, resulting in a smaller Board of Directors as well as streamlined regulatory processes under the Companies Act 2006. Two Board committees meet quarterly to scrutinise various elements of the organisation's work, the Performance, Finance and Audit Committee, and a Board Development Committee which oversees governance processes, including recruitment of Directors.

Executive Director:
A. Atkins (resigned June 2015)

Chief Executive Officer (CEO):
C. Bennett (appointed July 2015)

Company Secretary:
E. Kavanagh

The day-to-day management is delegated to the Chief Executive Officer, the Senior Management 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
Chartered Accountants
26 Red Lion Square
London WC1R 4AG**

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

Directors' report

The Directors present their report and accounts for the year ended 31 May 2015

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 supports the work of the charity by undertaking activities that are either outside of the charitable objectives, or that pose an unacceptable level of risk – either financial or reputational – to the charity. As well as its fracking campaign, the company concentrates on three fronts – building on our collaboration with overseas organisations; supporting and encouraging local, regional and national groups in their work; and coordinating national activism by developing an effective network. At the heart of our successes have been these networks, comprising experts, activists and dedicated supporters who have helped us capture the imagination of thousands of people and gain their trust. We updated and improved our campaign hubs to ensure that local groups and individual activists have greater access to the information they need.

Overseas collaboration

Friends of the Earth Limited continues to be an active and influential contributor to the work of both our European and International bodies, with staff holding posts on boards and committees. We play a key role within the Friends of the Earth International Federation to ensure strategic interventions and mobilisation on crucial issues such as international climate, and to support those member groups under threat because of their environmental activism.

Local, national and regional groups

We continue to support a large grass roots network of community groups, with 165 licensed Friends of the Earth groups working with us across our campaigns and programmes as well as driving their own projects forwards. This year we have initiated work to broaden out the ways that communities can work with us, to allow us to reach and involve a greater diversity of people in

a greater diversity of ways, and have several new affiliate groups as a result.

Our third Basecamp was the largest yet, with around 480 people from within and beyond Friends of the Earth coming together for a weekend of training, learning and networking. We have continued to put on regional and day-long events for supporters to network and skill-share too, with more than 20 such events across the country this year.

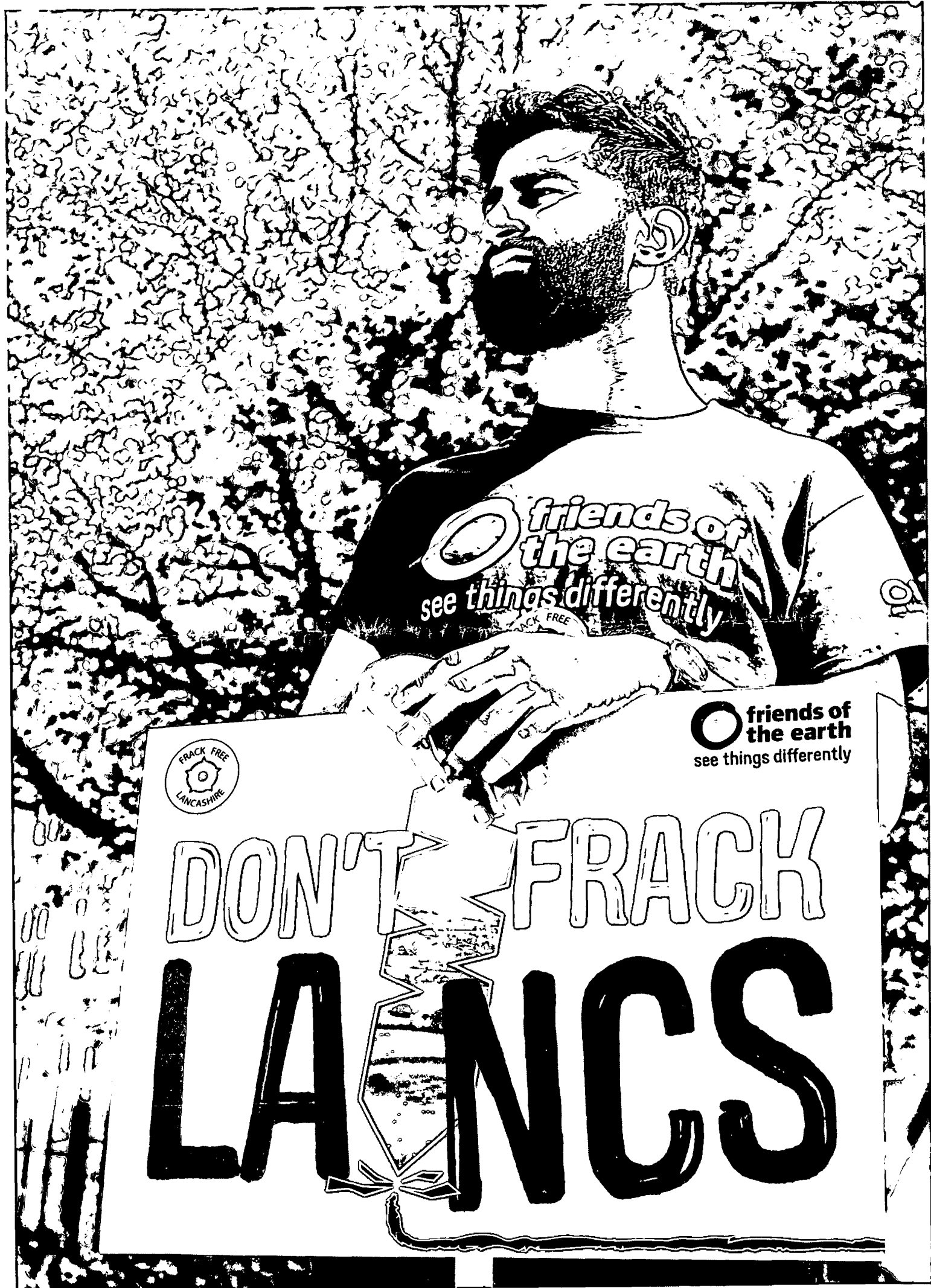
Our innovative Organisers Development Programme has grown further, now training 64 people in campaigning, project and community skills. This year we also started to plan for funding for a replication of this programme for a younger, college-based audience.

We continue to involve community groups and our larger supporter base in our major campaigning work, with over 100 groups participating and hundreds of thousands of individual actions happening, particularly on fracking, international climate change and bees as well as responses to urgent real-world developments on a range of issues.

Fracking

We've achieved big victories at a local and national level through our fracking campaign, The "F" Word. Locally we stopped fracking site by site, building opposition and enabling local communities to use planning and legal tools. We used these local stories to exert pressure nationally and fracture political support. Costs associated with fracking work in the run up to the General Election went through Friends of the Earth Limited.

In Lancashire there were delays to two crucial fracking applications. The fracking industry retreated further when an application to frack was withdrawn and an appeal against a rejected application was also withdrawn in Sussex. We used the opposition in Lancashire, Scotland and Wales to bring together an alliance of MPs to propose a moratorium on fracking in the Infrastructure Bill. This led to the moratoriums in Scotland, and then Wales. In conjunction with Greenpeace we secured cross-party support against fracking from more than a third of parliamentary candidates in the run up to the General Election. Our work in 2014/15 underpinned a huge victory in

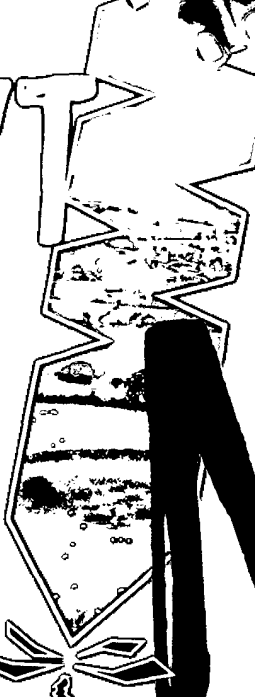


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the earth**
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see things differently

**DON'T FRACK
LANCS**



Lancashire in June 2015, when Cuadrilla's fracking application at two sites was rejected.

We continued to work with grass roots activists, including 54 Frack Free community groups. In total 76,617 people took action to stop fracking in 2014/15.

In Northern Ireland we helped to maintain a de facto halt to fracking activities and supported widespread community resistance to new oil and gas exploration. There have been no new fossil fuel industries set up in 2014/15.

Financial review

We are pleased to report an increase of £24,000 in total incoming resources to £1.56 million for the year ended 31 May 2015.

Donations from individual supporters make up 89% of our total income, of which committed giving income (standing orders) accounts for 82%. This regular source decreased by £87,032 as new supporters joined Friends of the Earth Trust instead. Donations from individual supporters of the Trust increased by 1% this year. This regular income enables us to plan our future campaigns with confidence.

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.

We were satisfied that legacy income increased this year, by £79,678. 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. We thank all those who remember us in their will.

Overall expenditure decreased by £237,546 due to Friends of the Earth Limited's share of campaigning and fundraising costs being lower than in the 2013/14 Financial Year.

Reserves

Overall there was a deficit of expenditure over

income from ordinary activities in the year of £221,756. This reduced reserves to £512,216 and is in line with our strategic plan. Our current level of reserves represents almost 15 weeks' worth of normal operating expenditure which is above our policy but is intentional to support the charity should it need further funds.

We consider that the current 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.

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.

Directors' responsibilities

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

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 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. 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.

Friends of the Earth Limited rents some of its office space from Friends of the Earth Trust. For administrative efficiency, the two companies also share staff and a number of 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:
and signed on behalf of the board,

7th January 2016

T SAYER
Chair



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 2015 which comprise the Income and Expenditure Account, the Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Auditors' 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 its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective Responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors of the company are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2015 and of 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 matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' 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:

- > the company has not kept adequate and sufficient accounting record, or returns adequate for our audit have not been received from branches not visited by us; or
- > the company 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.
- > the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Directors' Report or the requirement to prepare a Strategic Report


Adam Halsey (Senior Statutory Auditor) for and on behalf of haysmacintyre

26 Red Lion Square
Chartered Accountants and Statutory Auditors
London WC1R 4AG

Date: 7 June 2016



This site has been planted with
bee-friendly flowers to help our
threatened bee populations as
part of The Bee Cause campaign.
www.foe.co.uk/bees

THE  CAUSE

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Income and expenditure account

FOR THE YEAR ENDED 31 MAY 2015

	Notes	2015 £	2014 £
INCOME			
Supporters' contributions	2	1,395,006	1,401,203
Gross (loss)/profit on trading	3	11,654	(24,199)
Other	4	157,781	163,058
TOTAL INCOME		1,564,441	1,540,062
EXPENDITURE			
Campaigning & information provision		1,665,793	1,853,815
Fundraising		48,230	120,889
Management & administration		72,174	49,039
TOTAL EXPENDITURE	5	1,786,197	2,023,743
NET DEFICIT FOR THE FINANCIAL YEAR BEFORE TAX		(221,756)	(483,681)
NET DEFICIT FOR THE FINANCIAL YEAR AFTER TAX		(221,756)	(483,681)
ACCUMULATED SURPLUS AT THE BEGINNING OF THE YEAR		733,972	1,217,653
ACCUMULATED SURPLUS		512,216	733,972

All recognised gains and losses are included in the income and expenditure account. All transactions during the year are derived from continuing activities.

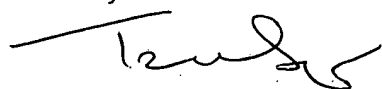
Balance sheet

AS AT 31 MAY 2015

	Notes	2015 £	2014 £
TANGIBLE FIXED ASSETS	9	215,249	350,727
CURRENT ASSETS			
Debtors	10	706,079	873,818
Cash at bank		34,107	12,056
		740,186	885,874
CREDITORS – DUE WITHIN ONE YEAR	11	(443,219)	(502,629)
NET CURRENT ASSETS		296,967	383,245
NET ASSETS		512,216	733,972
RESERVES			
Accumulated Surplus		512,216	733,972

The financial statements on pages 11 to 18 were approved by the Directors on:
and were signed on their behalf by:

7th January 2016



T SAYER Chair of the Board

Cashflow statement

FOR THE YEAR ENDED 31 MAY 2015

	Notes	2015 £	2014 £
Net outgoing resources for the year		(221,756)	(483,681)
Adjusted by:			
Interest receivable		(300)	(824)
Depreciation	9	154,621	160,766
Decrease in debtors		167,739	526,426
(Decrease)/Increase in creditors		(59,410)	54,982
(Loss)/ profit on disposal of fixed assets		0	24,026
NET CASH INFLOW FROM ACTIVITIES		40,894	281,695
Returns on investments and servicing of finance			
Interest received		300	824
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		300	824
Capital Expenditure			
Payments to acquire tangible fixed assets	9	(19,143)	(300,997)
Receipts from disposal of assets		0	2,108
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		(19,143)	(298,889)
INCREASE/(DECREASE) IN CASH		22,051	(16,370)
ANALYSIS OF CHANGES IN NET FUNDS			
Balance as at 1 June 2014		12,056	28,426
Net cash inflow/(outflow)		22,051	(16,370)
Balance as at 31 May 2015		34,107	12,056

Notes to the accounts

FOR THE YEAR ENDED 31 MAY 2015

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 catalogue sales/commission and local group licences. 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
Office equipment	4 years
Computer Equipment	3 years
Telephone equipment	7 years
Computer software	Individual purchases costing over £20,000 are depreciated over four years once the 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 annually the level of reserves required and we use a risk-based approach to determine the level required.

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.

2 Supporters' contributions

	2015	2014
	£	£
Committed giving (standing orders and direct debits) including magazine subscriptions	1,279,944	1,366,976
Legacies	112,904	33,226
Other supporters' contributions	2,158	1,001
	1,395,006	1,401,203

3 Gross profit on trading

	2015	2014
	£	£
Trading turnover	12,092	49,962
Cost of sales	(438)	(74,161)
	11,654	(24,199)

4 Other income

	2015	2014
	£	£
Bank Interest	300	824
Advertising in supporter magazine	11,030	19,466
Miscellaneous (**)	146,451	142,768
	157,781	163,058

**Miscellaneous income includes Basecamp fees and a service charge for asset usage to Friends of the Earth Trust.

5 Operating expenditure

	2015	2014
	£	£
The deficit for the year is after charging:		
Staff costs (see note 6)	1,043,702	1,183,409
Depreciation of fixed assets	154,621	160,766
Auditors – statutory audit	5,650	6,100
Auditors – other	–	–
Hire of equipment under operating leases (see note 8)	4,200	8,206
Building leases rentals (see note 8)	36,081	73,823

6 Employee and staff costs

	2015	2014
	£	£
Salaries	905,596	1,027,127
National Insurance	91,294	103,119
Pension	46,812	53,163
	1,043,702	1,183,409

The average number of persons (full-time equivalent) employed by the company during the year was 25 (2014: 28).

	2015	2014
No. of employees who earn between £60,000 and £69,999	3	3
No. of employees who earn between £70,000 and £79,999	1	1

The salaries of the above staff were split between Friends of the Earth Trust and Friends of the Earth Limited.

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 and these costs are charged to the income and expenditure account as incurred.

7 Directors' remuneration

Remuneration paid to Directors of Friends of the Earth Limited in 2014/15 was £nil (2013/14 £nil).

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 £40,118 (2014: £82,029). As at 31 May 2015, the minimum annual commitments under the leases are as follows:

	2015	2014
	£	£
Building operating leases renewed annually	4,722	4,722
Building operating leases which expire within 5 years	15,530	28,529
Equipment operating leases	16,422	32,879
	36,674	66,130

9 Fixed assets

	Office Furniture £	Computers and Office Equipment £	Computer Software £	Totals £
COST				
Balance at 1 June 2014	127,128	421,658	505,198	1,053,984
Additions	0	0	19,143	19,143
Disposals	0	0	0	0
Balance at 31 May 2015	127,128	421,658	524,341	1,073,127
DEPRECIATION				
Balance at 1 June 2014	117,737	277,585	307,935	703,257
Charge for the year	1,924	60,028	92,669	154,621
Disposals	0	0	0	0
Balance at 31 May 2015	119,661	337,613	400,604	857,878
NET BOOK VALUE				
At 31 May 2015	7,467	84,045	123,737	215,249
At 31 May 2014	9,391	144,073	197,263	350,727

10 Debtors

	2015 £	2014 £
Trade debtors	19,453	23,557
Prepayments and accrued income	108,282	150,192
Amount due from Friends of the Earth Trust	513,766	624,767
Other debtors	64,578	75,302
	706,079	873,818

11 Creditors – due within one year

	2015 £	2014 £
Trade creditors	150,409	128,505
Other taxes and social security	140,202	146,038
Accruals and deferred income	52,732	66,861
Interest-free loans	5,000	5,000
Other creditors	94,876	156,225
	443,219	502,629

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 2015 the number of members was 11 (2014: 11).

8

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 and Friends of the Earth Limited is explained in the Directors' Report on page 4. During the year Friends of the Earth Trust paid Friends of the Earth Limited for the following items:

	2015 £	2014 £
Shared office services	1,326,436	1,356,483
Service charge for asset usage	123,697	128,640
Salaries incurred by Friends of the Earth Trust	4,617,418	4,822,321
Total expenditure incurred by Friends of the Earth Trust	6,067,551	6,307,444
Less rent charged by Friends of the Earth Trust	(27,563)	(56,990)
Cash transfers from Friends of the Earth Trust	(6,150,989)	(6,771,841)
Net transactions in the year	(111,001)	(521,387)
Amount owed by Friends of the Earth Trust at year end	513,766	624,767

Shared office services include the costs of Finance, HR, IT and office facilities support functions which the Directors consider is a cost effective means of acquiring these services. The service charge for asset usage relates to assets purchased by and depreciated solely within Friends of the Earth Limited.

Friends of the Earth Limited paid Roger Clarke, the Chair of Friends of the Earth Trust, an honorarium of £5,000 for services managing the Executive Director and attending joint meetings during the year.

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. In the year 2014/15 a trading profit of £11,654 was made.

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 2015 this amounted to £27,245, (2014: £53,004), which is 1.6% of total expenditure.

16 Restructure costs

In summer 2014 the organisation undertook a review of its structure in order to reduce central running costs and better align resources to deliver the strategy. The Directors approved the plan in July 2014, and following consultation with employees, the restructure took effect over the next few months. Costs in 2014/15 associated with the restructure allocated to Friends of the Earth Limited were:

Redundancy and termination costs	31,892
Other costs	11,036
	42,928