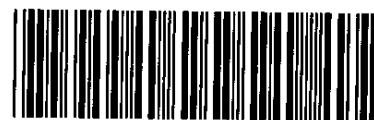


Friends of the Earth Limited
For the year ending 30 June 2020

Company Number: 01012357

Friends of the Earth Limited
Report and Accounts
for the year ending 30 June 2020

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About Friends of the Earth

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

For nearly 50 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 73 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.

In the UK, we've been responsible for making recycling not just a household word, but a household habit. We successfully campaigned for the world's first climate change law, the Climate Change Act 2008, which paved the way for similar legislation around the world. Our combined strength has meant we have been able to push back against drilling for fossil fuels, ensure legal protection from pesticides for bees, and most recently win our appeal against the expansion of Heathrow Airport.

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, supporting communities, defending human rights, protecting nature, moving mountains.

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.

Chair's statement

The coronavirus pandemic has devastated people's lives and brought about rapid social and economic change. At the same time, the Black Lives Matter movement urgently reminds us that the response to the climate and nature emergency must be underpinned by social justice. Learning from these developments and through continuing to build the grassroots movement, national campaigning and collaboration with our international partners, Friends of the Earth is striving for a rapid and fair decarbonisation of our society.

The Chief Executive's statement makes clear the scale of Friends of the Earth's achievements over the past year despite the challenging circumstances. The Board wishes to express its sincere thanks to all staff and volunteers for their swift adaptation to novel ways of working, campaigning and engaging with communities. We are particularly grateful to the Senior Leadership Team and the Union Representatives for their contributions in making that transition happen so smoothly. The Board wishes also to thank our many supporters and donors, the People's Postcode Lottery, trusts and corporates for their continuing support.

During the year we said goodbye and expressed our heartfelt thanks to Craig Bennett who stepped down as Chief Executive Officer in February. Miriam Turner and Hugh Knowles were appointed Interim Co-CEOs, the first time in Friends of the Earth's history that our chief executive post has been occupied by a woman and as a job share. We are progressing recruitment for our permanent chief executive and have undertaken a consultation with all staff and volunteers. We look ahead to our 50th year as an organisation at the heart of an inclusive movement acting and achieving change together.



Frances Butler
Chair

Chief Executive's statement

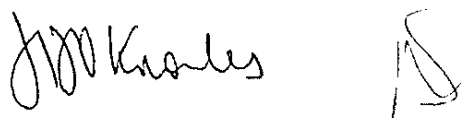
Friends of the Earth has not faced a year like this in its five-decade history. While public awareness of environmental and social justice issues is higher than ever before, 2019-20 saw not only devastating environmental impacts across the globe, but also a pandemic that has exposed the shameful inequalities in our society.

Despite this challenging backdrop, Friends of the Earth Ltd made significant progress throughout the year in our fight against the climate and ecological crises. As a grassroots organisation, we were delighted to grow the strength of our network, establishing 200 new Climate Action Groups across England, Wales and Northern Ireland and upskilling community activists to achieve change in their local area. We were also incredibly proud of our two key victories this year: the moratorium on fracking and our win against a Heathrow third runway at the Court of Appeal.

Our two new campaigns on climate and doubling tree cover gained full momentum and, along with our plastics campaign, made significant strides despite the challenging circumstances in the latter half of the year. We also continued to invest in innovation, piloting new and exciting solutions to the challenges we face. It is thanks to the hard work and commitment of our staff, volunteers, activists, supporters and Board members that we are able to celebrate these successes.

Although our activities were heavily disrupted by the COVID-19 pandemic, we adapted rapidly to online campaigning and supported our network in doing the same. While our finances were impacted at the outbreak of the crisis, we have ended the year in a robust position and within our reserves level. We are grateful to our financial supporters and donors, the People's Postcode Lottery and its players and our largest grantor, Friends of the Earth Charitable Trust, for supporting the organisation through this challenging period.

The year ahead will no doubt bring further challenges and threats to people and planet. With this in mind, we have developed a justice and communities focused plan for a green and fair recovery that will deliver livelihoods and a healthy environment for all. Alongside building the power of our movement to tackle the climate and ecological crises in a way that is fair, we will strive to challenge environmental injustices and build an inclusive and diverse organisation and network. Only together can we create a better world for all.

The image shows two handwritten signatures in black ink. The signature on the left is 'Hugh Knowles' and the signature on the right is 'Miriam Turner'.

Hugh Knowles and Miriam Turner
Interim Co-Chief Executives

Directors' report

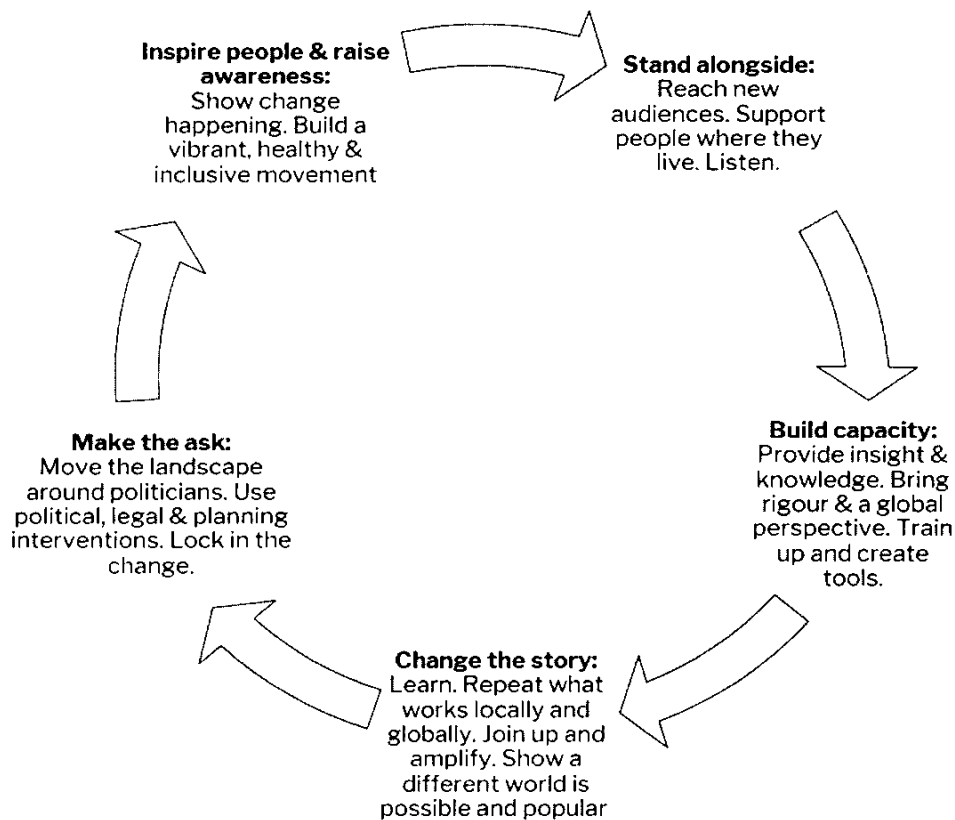
Our mission and strategy

Our campaign aims

Securing climate action, doubling tree cover and tackling plastic pollution.

Our theory of change

Our communities are at the heart of everything we do, and together we are a powerful force for change. This is how we work to create a cleaner, healthier, fairer world for everyone:



Our achievements in 2019/20

This year we concentrated our efforts on developing our grassroots network and building people power to further our campaign aims. Like all organisations, we have needed to adapt rapidly to the COVID-19 pandemic, pausing much of our campaigning activity to help keep our people and communities safe and to give the government and local authorities space to deal with the health crisis. Our primary focus has been on supporting our network and adapting our plans towards a green and fair recovery.

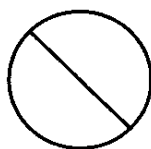
Without the incredible support of our community groups, activists, supporters and funders, as well as collaboration with the wider movement, our activities and achievements this year would not have been possible.



200 Climate
Action Groups



A win at the Court of
Appeal in our case
against Heathrow
expansion



A moratorium on
fracking



236,477 new activists



Over 235,000
signatures on our
petition for a UK
Climate Action Plan



44 experiments and 5
pilots in our Innovation
directorate



325,000 people
called on the
government to
phase out plastic
pollution



Almost 12,000 people
campaigning against a
UK-funded gas
extraction project in
Mozambique



12 local authorities
pledged to double
tree cover



157,000 people took at
least one online action
on climate

Grassroots mobilisation

We are a grassroots, people powered organisation, and we believe this approach is essential to achieving the transformational change we need to see. Our goal this year was to mobilise communities and the public to take action on the climate emergency.

Over the course of the year, we were extremely proud to develop a network of over 200 Climate Action Groups across England, Wales and Northern Ireland, demonstrating communities' commitment to taking climate action in their area. While much of our work focused on growing this network and providing groups with support and training, many have already begun working with their local authorities to develop Climate Action Plans, and these vital efforts will continue into 2020/21. We also worked hard to support and upskill our existing network of around 120 Friends of the Earth local groups; these groups campaign on local environmental issues that matter to them and contribute to our national campaigns. Although many of our community group events were cancelled due to COVID-19, we launched a new online training programme in response, with 40 sessions delivered between March and July, and shifted to virtual gatherings.

With the climate emergency high in the public's awareness, we were also able to mobilise people on a mass scale with over 280,000 new supporters engaging with us. Many of these also took campaign actions with us, over 230,000 new activists in total, including 157,000 on climate. In order to support our growing movement, we have been scoping a new CRM system, which we hope to begin work on in 2020/21. A promising pilot is ongoing in our Communities and Networks directorate.

While a growing, thriving movement is a very exciting achievement, it must be inclusive and representative of UK society. We are proud of our continuing work with young people through our My World My Home programme (in which 41% of participants have identified as BAME over the course of four years) and our Youth Steering Group. Staff who work with our communities and networks also received anti-racism and oppression lens training this year. Yet there is still a long way to go before Friends of the Earth – its staff, activists and supporters – is the truly diverse movement we would like it to be. We need to listen to, stand alongside and support people and their communities from all walks of life in order to build their power. This will be a key priority for us in 2020/21.

Climate action

We are facing a climate emergency. At Friends of the Earth, we want to halt climate breakdown and build a fairer, more sustainable world for all. Following the launch of our climate campaign in 2019, our goal this year was to achieve UK-wide public support for our Climate Action Plan, which sets out our bold solutions to the climate crisis.

Our biggest achievements, however, were the result of years of campaigning by us and many others in the movement: the moratorium on fracking in November 2019 and our landmark victory against the Heathrow third runway in February 2020. The government's indefinite ban on fracking in England represented the culmination of over eight years of tireless and courageous campaigning by communities and anti-fracking groups across the UK, including Friends of the Earth. And our historic win against the Heathrow third

runway, which constitutes the first time the government has been found to have acted illegally by not considering the Paris Agreement or the full scale of climate impacts, also relied on the longstanding dedication of local campaigners, supporters and other organisations. These momentous victories are essential in beating climate breakdown, with a significant shift away from dirty fossil fuels and the prevention of further carbon emissions from one of the single largest emitters in the UK. Our legal win also paves the way when it comes to ensuring that the government takes its own climate commitments seriously.

While the pandemic did delay our ability to build support for our Climate Action Plan, we were still able to achieve considerable backing, with around a third of prospective parliamentary candidates signing our #ClimateActionPledge to support policies that address the climate emergency. 109 of these became elected MPs from across the political spectrum. Over 235,000 people also signed our petition calling on the government to adopt our Climate Action Plan. Following the health crisis and the gross socio-economic inequalities it has exposed, we updated our Climate Action Plan to focus on a green and fair recovery and have begun working with our community groups, supporters and two coalitions, Build Back Better and The Climate Coalition, to lobby decision makers on this.

The UK's own shift away from fossil fuels means nothing if the government continues to exploit other countries' natural resources for profit. We therefore also put pressure on the government to stop funding fossil fuels abroad, in particular a new gas extraction project off the coast of Mozambique, with thousands of our supporters lobbying the Secretary of State for International Trade on this issue. In addition, we have put pressure on the government to avoid toxic trade deals and maintain environmental standards in the wake of Brexit, with our open letter to the Department of Trade achieving over 115,000 signatures.

Tree cover

One invaluable natural climate solution is tree cover. With just 13% of the UK's total land area covered by trees, it is essential that we increase UK forest, drawing down carbon emissions, restoring nature and providing a range of other benefits to the environment, health and wellbeing. This year we therefore set out to obtain UK-wide public support for our call to double tree cover by 2045.

With over 58,000 new supporters taking action with us on trees, 172,000 signatures on our petition demanding a government commitment to double tree cover and 12 local authorities pledging to double tree cover in their area, we achieved growing public support for our campaign, although there is still much work to be done on securing this commitment. We worked with a number of farmers pioneering agroforestry to develop case studies on this essential practice and have worked hard to cultivate allies, persuading large landowners and other key groups such as The Woodland Trust and The National Trust to back stronger targets, either nationally or on their own land.

The pandemic has hindered our efforts to lobby politicians on doubling UK tree cover but, following the launch of the government's English Trees Strategy consultation, we developed a supporter action in late June pressuring the government to raise the level of ambition, which has since received over 10,000 responses. In 2020/21 we will be looking to launch a broader nature campaign that tackles the ecological emergency and promotes engagement with nature for all.

Plastic pollution

Friends of the Earth has been tackling plastic pollution for a number of years; not only does plastic production damage our environment, threatening wildlife and spreading toxins, but it also contributes to global warming through its reliance on fossil fuels. Our aim this year was to achieve a significant shift away from non-essential single-use and other polluting plastics.

Public opposition to plastics continued to rise, with 325,000 supporters petitioning the government to phase out plastic pollution and over 51,000 new activists mobilised by our campaign. Our plastics campaign also received over 20 endorsements from NGOs, businesses and faith groups such as Greenpeace, Water UK and the Muslim Council of Britain.

While three student unions launched reusable takeaway tray schemes in partnership with us, our work on reusable plastics with sports stadiums and catering contractors, including Tottenham Hotspur, The Oval and Compass-Levy, was heavily impacted by coronavirus and the cancellation of all sporting events. In general, the shift towards single-use plastics caused by the health crisis has presented significant challenges to tackling plastic pollution. However, over the year we have built support for plastic targets in the Environment Bill and this will be our focus going forwards.

Innovation

Our Innovation directorate designs and brings to life the next generation of sustainable programmes and initiatives, supporting our campaigns in new and exciting ways. Its goals for the year were to develop a substantial pipeline of hypotheses, experiments and pilots and to increase the number of external collaborators involved in Friends of the Earth's experiments.

With the support of over 120 collaborators, the team's 44 experiments and five pilots addressed a variety of issues relating to collective action around doubling tree cover. This year we also saw the one-year anniversary of the UK's first Postcode Gardener and the scaling of our Own It pilot, a women's peer-to-peer network for greener personal finances.

Although COVID-19 halted progress on our pipeline, in particular because it focused on bringing people together for collective action, we teamed up with Local Trust to develop future scenarios that might result from the crisis, allowing us to build longer-term horizon scanning into our plans.

Our plans for 2020/21

Friends of the Earth's unique role in 2020/21 will be to build strength at a local level, enabling the urgent action needed to deliver fair solutions to the climate and ecological emergency.

Building on our achievements from this year, including the growth and strengthening of our grassroots, we have developed a justice and communities focused plan for a green and fair recovery that will deliver livelihoods and a healthy environment for all.

We must stand alongside people and listen, particularly in areas where the right to a healthy environment has been most undermined, where our political impact can be highest, and where we can build broad and diverse connections. We need to support a wide and inclusive range of local communities to build their power and to campaign for solutions through peaceful action.

We aim to:

- Reduce the UK's carbon emissions quickly and fairly through local climate action plans and national interventions.
- Create support for justice-based responses to the ecological crisis.
- Build an inclusive organisation and network.
- Sustain, grow and diversify a movement strong enough to tackle the climate and ecological crises.
- Defend environmental rights and challenge environmental injustices particularly for the worst affected.

In order to achieve our objectives, we must also ensure that our operations and finances are robust, efficient and cost-effective, including developing longer-term fundraising and finance strategies, completing scoping for a new CRM system and improving organisational culture and development opportunities.

In the latter half of the year we will also develop our next five-year strategy, ensuring that Friends of the Earth remains at the forefront of change and progress as we tackle the climate and ecological crises, together.

Financial performance

Income is sourced from our many donors and supporters, through participation in the People's Postcode Lottery and from grants for our charitable activities including a grant of £7.5m from Friends of the Earth Charitable Trust. In the year income was £12.7m, an increase of £1.5m on 2019. This was due to funding received from the People's Postcode Lottery increasing by £2.1m as a result of the number of draws during the year.

The COVID-19 pandemic has been a significant disruptor to our activities and the organisation has been working almost exclusively virtually since mid-March to the end of our accounting period. Overall expenditure was £11.5m, a reduction of £2m from last year. Part of this reduction was due to the impact of COVID-19. In the latter quarter of the year the pandemic significantly affected our work, resulting in cancelled events and activities. However, as an organisation we quickly transitioned to provide our supporters and community groups with support, guidance and online connection, ensuring our work to promote a healthy and safe environment continued.

Reserves

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

For the 2019-20 period, this equated to a range of between £1.8m and £3.6m. As at the end of the period in review, the General Fund is within that range at £2.0m. In consideration of the potential economic challenges ahead due to COVID-19, the organisation has set a prudent budget for the year ahead that is mindful of reserve levels.

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

Our people

Staff and volunteers

Friends of the Earth employs around 170 staff, with offices in London, Belfast, Cardiff, Birmingham, Leeds, Manchester, Bristol and Brighton. Staff costs are detailed in Note 7 to the accounts. The Board meets with representatives of the Union on an annual basis and, together with Trustees of Friends of the Earth Charitable Trust, is in the process of recruiting a new CEO, who will be central to developing our next five-year strategy. Alongside our staff body, we are also indebted to the invaluable service of our volunteers. During the year we said our goodbyes and thanks to Craig Bennett who had been our Chief Executive Officer since 2015 and welcomed Miriam Turner and Hugh Knowles as Interim Co-Chief Executive Officers.

Gender pay gap

Information on our gender pay gap as of 30 June 2020 can be found below:

Median

The median gender pay gap (the middle value of hourly rates) for all staff was -3.16%. For full-time staff the gap was -3.15% and for part-time staff it was -11.97%.

Mean

The mean gender pay gap (the average hourly rate) for all staff was 0.08%. This improvement was due to a pay review exercise completed in 2018.

Salary quartile

The proportion of men and women across the four salary quartiles is as follows:

Quartile	Female	Male
Lower Quartile	59%	41%
Lower Middle Quartile	60%	40%
Upper Middle Quartile	60%	40%
Upper Quartile	55%	45%
Total	59%	41%

Friends of the Earth does not award bonuses.

These positive figures are a testament to our commitment to equality and social justice.

Activists

We couldn't achieve what we do without the incredible dedication of our community group members and other activists across England, Wales and Northern Ireland. The Directors sincerely thank and pay tribute to the vital contribution they make; their time, passion and commitment is essential to achieving Friends of the Earth's mission and that of the wider movement.

Equality, Diversity & Inclusion

Friends of the Earth is fully committed to championing equality, diversity and inclusion and to continuously learning how to increase the diversity of our people and network, including our Board, staff and volunteers, community activists and supporters.

Over the past few years, we have made progress in several areas, but in all areas we can improve. With this in mind, one of our key objectives in 2020/21 is to create an anti-racist organisation and culture for all staff and volunteers.

Our policies

Ethical policies and safeguarding

Friends of the Earth maintains a set of policies designed to ensure high ethical standards in all aspects of our operations. In 2019 we commissioned an external consultant to review our safeguarding policies and procedures. The findings and recommendations in the consultant's report were welcomed by the Board and the Safeguarding Lead on the Senior Leadership Team is managing the process of implementing the recommendations, including an updated suite of policies, training for staff and Board members and guidance for our community groups. This year we have also updated our grievance policy and introduced policies on whistleblowing and staff conflicts of interest, including gifts and hospitality.

Environmental policies

Friends of the Earth is committed to practising what we preach. Alongside our Cycle to Work scheme, our Climate Perks policy, introduced in July 2019, provides staff with up to two days of paid annual leave per year if they opt for more carbon friendly travel options when on holiday. Other environmental policies include our travel policy, which encourages active travel and prohibits short haul flights unless the carbon emissions are demonstrably lower than other modes of transport, and our policy that our offices use 100% renewable energy. We seek out sustainable and ethical suppliers and plan to update our procurement policy in 2020/21.

Governance

Structure, governance and management

Friends of the Earth comprises two separate legal entities operating under a regulated dual structure arrangement. Friends of the Earth Limited, a not-for-profit company limited by guarantee, undertakes all campaigning and activism and is responsible for people, finance and operations. During the year, Friends of the Earth Limited applied for and received grants for its charitable activities from Friends of the Earth Charitable Trust, a registered charity with independent trustees. Friends of the Earth Charitable Trust raises charitable funds and provides grants to organisations for charitable activities that further its objectives, including Friends of the Earth Limited. The two entities share staff, certain resources and the brand, allowing both organisations to achieve their objectives in a cost-effective manner.

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, as well as our new Climate Action Groups. The Board normally meets five times a year and has as its principal roles determining mission, values and strategy and monitoring organisational performance and prudent finances. The Chair of the Board is responsible for line managing the Chief Executive Officer.

Directors typically serve two three-year terms and during their tenure are also company members. Board recruitment is undertaken in accordance with the articles of association *and the recruitment policy of the Board as determined from time to time and subject to the articles*. The policy recognises the Board's accountability to our local groups, member supporters, financial supporters, activists and all other stakeholders of the company. The Board also engages with our local groups through events, bi-yearly updates and the Chair's email account.

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. The Board was delighted to welcome two new Board members, John Collins and Eva Neitzert, in May 2020. Chris Church and Anne Schiffer's terms ended in July 2020 and the Board warmly thanks them for their service to the organisation.

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.

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.

Auditors

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

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: 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
C Church (resigned 3 July 2020)
J Collins (appointed 15 May 2020)
G K Malhi (appointed 6 September 2019)
E Neitzert (appointed 15 May 2020)
D K Polley
A K Rashid
A Schiffer (resigned 3 July 2020)
M J Wright

Chief Executive Officer: C Bennett (resigned 7 February 2020)
H Knowles & M Turner (appointed 8 February 2020)

Company Secretary: 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 Interim Co-Chief Executive Officers (H Knowles and M Turner), 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

Approved by the Directors on 20 November 2020 and signed on behalf of the Board,

Frances Butler

F Butler

Chair

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 2020 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 2020 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.

Independent Auditors Report to the Members of Friends of the Earth Limited – cont.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

Independent Auditors Report to the Members of Friends of the Earth Limited – cont.

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 (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditors
20 November 2020

10 Queen Street place
London
EC4R 1AG

**Statement of Comprehensive Income and Retained Earnings for
the year ending 30th June 2020**

		2020	2019
Income	Notes	£	£
Supporter Contributions	2	1,270,013	1,286,035
Gross profit on trading	3	-	4,095
Grants Received	4	7,913,329	8,486,642
Other	5	3,544,323	1,448,153
Total Income		12,727,665	11,224,925
Expenditure			
Supporter Recruitment		658,705	758,583
Campaigning & Activism		9,177,753	9,735,529
Grants		1,256,524	2,414,666
Fundraising		266,334	351,877
Management & administration		115,999	223,666
Total expenditure	6	11,475,315	13,484,321
Net surplus / (deficit) for the year before tax		1,252,349	(2,259,396)
Taxation charges	15	880	6,061
Net surplus / (deficit) for the year after tax		1,251,469	(2,253,335)
Accumulated surplus at beginning of year		791,268	3,044,604
Accumulated surplus at end of year		2,042,737	791,269

Balance Sheet as at 30th June 2020

		2020	2019
	Notes	£	£
Tangible Fixed Assets			
Fixed Assets	10	322,586	430,160
		322,586	430,160
Current Assets			
Debtors	11	682,758	217,802
Cash		2,114,450	1,764,279
		2,797,208	1,982,081
Creditors - due within one year	12	(1,042,884)	(1,554,536)
Net Current Assets		1,754,324	427,545
Creditors - due after more than one year	13	(34,174)	(66,436)
Total Net Assets		2,042,736	791,269
Reserves			
Accumulated reserves		2,042,736	791,269

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 20 November 2020 and signed on behalf of the Board,

Frances Butler

F Butler
Director and Chair

Statement of cash flows for the year ending 30 June 2020

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		2020	2019
	Notes	£	£
Cash inflow / (outflow) from operating activities	A	416,455	(1,244,963)
Cash inflows / (outflows) from investing activities			
Dividends, interest and rents from investments	5	38	1,690
Purchase of property, plant and equipment	10	(27,480)	(178,373)
Fixed assets under construction		(38,842)	-
Change in cash and cash equivalents		350,171	(1,421,646)
Cash and cash equivalents at beginning of the year		1,764,279	3,185,925
Cash and cash equivalents at end of the year	B	2,114,450	1,764,279

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

	2020	2019
	£	£
Net income / (expenditure) for the year	1,251,469	(2,248,335)
<i>Adjustments for:</i>		
Dividends, interest and rents from investments	(38)	(1,690)
Depreciation charges	173,894	136,866
(Increase) / decrease in debtors	(464,956)	182,788
(Decrease) / increase in creditors	(543,914)	685,408
Net cash generated from / (used in) operations	416,455	(1,244,963)

Note B: Analysis of changes in net debt

	As at 1 st July 2019	Cashflows	New lease and loans	Other non cash changes	As at 30 th June 2020
	£	£	£	£	£
Cash and cash equivalents					
Cash	1,764,279	350,171	-	-	2,114,450
	<u>1,764,279</u>	<u>350,171</u>			<u>2,114,450</u>
Borrowings					
Loans due within a year	(5,000)	-	-	-	(5,000)
Finance Leases due within a year	(32,480)	886	(6,925)	(7,757)	(46,276)
Finance Leases due over a year	(66,436)	45,736	(13,850)	376	(34,174)
	<u>(103,916)</u>	<u>46,622</u>	<u>(20,775)</u>	<u>(7,381)</u>	<u>(85,450)</u>
	<u>1,660,363</u>	<u>396,793</u>	<u>(20,775)</u>	<u>(7,381)</u>	<u>2,029,000</u>

Notes to the Accounts

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.

Furlough Income

Grant income relating to the Government's Coronavirus Job Retention Scheme is recognised under the accrual model in line with staff costs

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.

Notes to the Accounts – cont.

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.

Notes to the Accounts – cont.

2. Supporter contributions

	2020	2019
	£	£
Committed Giving	997,982	1,033,729
Legacies	25,112	89,696
Other supporter contributions	246,919	162,610
	1,270,013	1,286,035

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

3. Gross profit on trading

	2020	2019
	£	£
Trading Turnover	-	6,006
Cost of Sales	-	(1,911)
	-	4,095

4. Grant income

	2020	2019
	£	£
General grant from Friends of the Earth Charitable Trust	6,881,117	7,800,000
Restricted awards from Friends of the Earth Charitable Trust	848,236	686,642
Furlough Grant Income	183,976	-
	7,913,329	8,486,642

Notes to the Accounts – cont.

5. Other income

	2020	2019
	£	£
People's Postcode Lottery (note 16)	3,488,223	1,312,558
Advertising in supporter magazine	8,345	10,496
Bank interest	38	1,690
Miscellaneous	47,717	123,409
	3,544,323	1,448,153

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

6. Operating expenditure

	2020	2019
	£	£
The surplus for the year is after charging:		
Staff costs (note 7)	7,257,920	6,973,917
Depreciation of fixed assets	173,894	136,866
Auditors - statutory audit	10,725	7,440
Auditors - other	5,400	13,200
Hire of equipment under operating leases (note 9)	5,974	10,458
Building lease rentals (note 9)	10,960	22,932

7. Employee and staff costs

	2020	2019
	£	£
Salaries	6,323,833	6,098,472
National Insurance	596,212	582,282
Pension	337,875	293,163
	7,257,920	6,973,917

Notes to the Accounts – cont.

7. Employee and staff costs – cont.

The average number of employees during the period was 169 (2018/19: 173) 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:

	2020	2019
	No's	No's
Programmes	108	110
Fundraising and supporter recruitment	27	28
Support, management and administration	34	35
	169	173

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.

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 11 (2018/19: 9) senior management staff were £700,363 (2018/19: £554,783).

8. Directors' remuneration

Friends of the Earth Limited paid £10,000 (2018/19: £10,000) to Frances Butler for her services during the year chairing the Board and line managing the Chief Executive Officer.

9. Operating leases

	2020	2019
	£	£
Payments due:		
Not later than one year	37,392	25,719
Later than one year and not later than 5 years	3,227	4,598
Later than 5 years	-	-
Total	40,619	30,317

Notes to the Accounts – cont.

10. Fixed assets

	Office Furniture	Computer and Office Equipment	Computer Software	Total
Cost	£	£	£	£
Balance at 1 July 2019	140,729	650,752	956,037	1,747,518
Additions	-	62,576	3,744	66,320
Disposals	(20,182)	(133,111)	(1,861)	(155,154)
Balance at 30 June 2020	<u>120,547</u>	<u>580,217</u>	<u>957,920</u>	<u>1,658,684</u>
Depreciation				
Balance at 1 July 2019	127,443	495,470	694,445	1,317,358
Charge in the period	2,339	66,045	105,510	173,894
Disposals	(20,182)	(133,111)	(1,861)	(155,154)
Balance at 30 June 2020	<u>109,600</u>	<u>428,404</u>	<u>798,094</u>	<u>1,336,098</u>
Net Book Value				
At 30 June 2020	<u>10,947</u>	<u>151,813</u>	<u>159,826</u>	<u>322,586</u>
At 30 June 2019	<u>13,286</u>	<u>155,282</u>	<u>261,592</u>	<u>430,160</u>

Please note that under Computer and Office Equipment additions there are £38,841 of assets under construction relating to the development of a new CRM system

Notes to the Accounts – cont.

11. Debtors

	2020	2019
	£	£
Trade debtors	26,850	55,050
Prepayments and accrued income	181,892	151,691
Other debtors	469,896	-
Corporation tax receivable	4,120	11,061
	682,758	217,802

12. Creditors - amounts falling due within one year

	2020	2019
	£	£
Trade creditors	118,998	285,041
Other taxes and social security	166,513	160,704
Accruals and deferred income	365,095	505,971
Finance lease obligations	46,276	32,480
Interest free loans	5,000	5,000
Other creditors	336,002	560,340
Corporation tax payable	5,000	5,000
	1,042,884	1,554,536

13. Creditors - amounts falling due after more than one year

	2020	2019
	£	£
Finance lease obligation	34,174	66,436
	34,174	66,436

Notes to the Accounts – cont.

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 the end of the financial year, the number of members was 7 (2018/19: 6).

15 Corporation tax

Tax is not payable on grants and donations and therefore a substantial amount of the company income is not taxable. In the year ending 30 June 2020 a trading profit of £3,386,285 (2018/19: £1,223,251) was made on which corporation tax was payable after deductions available to the company. These included payments to Friends of the Earth Scotland due under a memorandum of understanding and a qualifying charitable donation made to Friends of the Earth Charitable Trust.

16. People's postcode lottery

	2020	2019
	£	£
Ticket Value	9,513,335	3,579,704
Prize Fund	(3,805,334)	(1,431,882)
Management Fee	(2,219,778)	(835,264)
	<u>3,488,223</u>	<u>1,312,558</u>