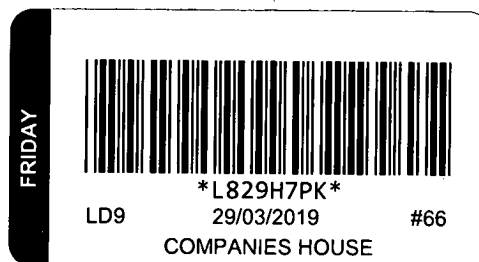


**Company Number: 1012357**

**Friends of the Earth Limited  
Report and Accounts  
for the thirteen month period ending 30 June 2018**



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

## **Contents**

<b>Legal and administrative information</b>	<b>3</b>
<b>Directors' Report</b>	<b>4</b>
<b>Auditors' Report</b>	<b>7</b>
<b>Statement of Comprehensive Income and Retained Earnings</b>	<b>10</b>
<b>Balance Sheet</b>	<b>11</b>
<b>Notes to the accounts</b>	<b>12</b>

# **Friends of the Earth Limited**

## **Legal and administrative information**

### **For the thirteen month period ending 30 June 2018**

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

The Directors of the company are appointed by the Board in order to include a range of appropriate skills, diversity and regional representation. Each director shall retire at the third Annual Retirement Meeting and may offer themselves for re-appointment for three terms. The Directors are responsible for setting policy and agreeing strategy. Those who held office during/after the period were:

C. Church  
A. Schiffer  
M Wright (appointed 21 July 2017)  
D.K. Polley (appointed 21 July 2017)  
F. Butler (appointed 1 July 2018)  
A.K. Rashid (appointed 1 July 2018)  
D. Anley (formerly Horsman) (resigned 21 February 2018)  
S. Steeden (resigned 26 March 2018)  
S. Hack (resigned 21 July 2017)  
S. Hale (resigned 30 June 2018)  
L.K. Hand (resigned 1 July 2018)

Chief Executive Officer: C. Bennett

Company Secretary: N. Siddiqi (resigned 3 April 2018; appointed 19 December 2018)  
L. Bewley (appointed 3 April 2018; resigned 5 September 2018)  
M. Somji (appointed 8 September 2018; resigned 19 December 2018)

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

#### **Principal advisers**

##### Registered Auditors:

haysmacintyre  
Chartered Accountants  
10 Queen Street Place  
London, EC4R 1AG

##### Bankers:

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

# **Friends of the Earth Limited**

## **Directors' Report**

### **For the thirteen month period ending 30 June 2018**

The Directors present their report and accounts for the 13 month period ending 30 June 2018

#### **Objectives of Friends of the Earth Limited**

Friends of the Earth Limited exists to protect and improve the environment, through influencing policies and business practices, inspiring individuals and communities to take action and stimulating wide and intelligent debate.

#### **Review of activities**

During this period, Friends of the Earth Limited worked closely with Friends of the Earth Trust, a charity, to achieve its charitable objectives. Full details of activities and impacts of the work undertaken by the charity are given in the Trustees' Report section of the Friends of the Earth Trust's published accounts.

During the period, Friends of the Earth Limited continued to concentrate on three activities – 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 success has been these networks, comprising experts, activists and dedicated supporters who have helped us capture the imagination of thousands of people and gain their trust.

#### **Overseas collaboration**

During this period, Friends of the Earth Limited continued 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 played 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 continued to support a large grassroots network of community groups, with 157 licensed Friends of the Earth local groups working with us across Friends of the Earth campaigns and programmes as well as driving their own projects forwards. During this period, we have continued to work on broadening the ways that communities can work with us, to allow us to reach and involve a greater diversity of people in a greater range of ways. Our Affiliates programme has expanded to 18 groups and we have plans to increase these to over 35 groups.

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 over this period.

Our flexible approach has continued to lead to the formation of new alliances and networks.

# **Friends of the Earth Limited**

## **Directors' Report – cont.**

### **For the thirteen month period ending 30 June 2018**

#### **Northern Ireland**

In Northern Ireland, we continued our campaigning to resist sand dredging at Lough Neagh. This freshwater lake once teemed with fish and bird wildlife and is now in a dire state, in spite of protections under international, European and UK law. We also campaigned to get the Northern Ireland pension fund to withdraw its investments in fossil fuel companies such as Shell and BP.

#### **Wales**

In Wales, we have continued our work on our Bee Friendly initiative in partnership with the Welsh government and reaching children in classroom too. Our other work there has focussed on plastics, fracking and clean air.

#### **Financial review**

Total income for the 13 month period ending 30 June 2018 was £5.9m, an increase of £4.4m on the previous year.

This increase was driven primarily by the receipt of net proceeds of a number of People's Postcode Lottery draws during the first quarter of 2018. Donations from individual supporters made up 24% of our total income, of which regular giving income accounts for 20%. This income increased by 2% over the previous year due to a longer account period this year, off-set by natural attrition.

Overall expenditure (before tax) increased by £2.1m, mainly as a result of a donation to Friends of the Earth Trust (£1.0m) and a donation to Friends of the Earth Scotland (£0.5m). The latter represents a proportion of the company's People's Postcode Lottery income in the year (see note 15). Costs were also higher due to the current period being longer and increased staff costs (Note 6 of the accounts).

#### **Reserves**

Overall there was a surplus of £2.5m of income over expenditure from ordinary activities in the period. This increased reserves to £3m. We have no equity investments and hence these accumulated reserves are represented by bank deposits.

A revised reserves policy, aiming to hold a General Fund (defined in note 1 of the accounts) equating to between two and four months of expenditure, has been adopted since the period-end.

Currently, the level of forecast expenditure means that this General Fund target should be within or above the range of £1.8m and £3.7m. As at the end of this financial period, the General Fund is within this range at £3m, which equates to more than three months' worth of operating expenditure.

#### **Volunteers**

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

**Friends of the Earth Limited**  
**Directors' Report – cont.**  
**For the thirteen month period ending 30 June 2018**

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 quarterly 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.

**Related party**

During this period, Friends of the Earth Trust, a registered charity, was a related party of Friends of the Earth Limited, by virtue of common control due to a majority of the Directors also holding the office of Trustee of Friends of the Earth Trust.

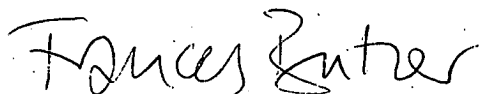
Under a corporate restructure which took effect on 1 July 2018, the two companies became independent of each other within a regulated dual structure framework. A majority of the Directors of both companies are now independent and there is no longer common control between the two companies.

The value of transactions between the two companies during the period of these accounts are detailed in note 13 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 28 March 2019 and signed on behalf of the board,



**F. BUTLER**  
**Chair**

# **Friends of the Earth Limited**

## **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 2018 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 2018 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

# **Friends of the Earth Limited**

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

### **Other information**

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

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

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

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

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

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

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 5, 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.



**Friends of the Earth Limited**  
**INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF**  
**FRIENDS OF THE EARTH LIMITED**

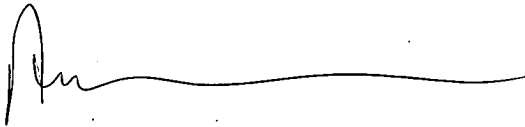
**Auditor's responsibilities for the audit of the financial statements**

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](http://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, Statutory Auditors  
Dated: 29 March 2019

10 Queen Street place  
London  
EC4R 1AG

**Friends of the Earth Limited**  
**Statement of Comprehensive Income and Retained Earnings**  
**For the thirteen month period ending 30 June 2018**

	Notes	2018 £	2017 £
<b>Income</b>			
Supporters' contributions	2	1,389,716	1,213,666
Gross profit/ (loss) on trading	3	11,987	34,229
Other	4	4,458,124	239,992
<b>Total Income</b>		<u>5,859,827</u>	<u>1,487,887</u>
<b>Expenditure</b>			
Campaigning & information provision		1,639,020	1,160,633
Grants to Friends of the Earth Trust and Friends of the Earth Scotland		1,500,000	-
Fundraising		20,516	23,133
Management & administration		113,110	29,060
<b>Total Expenditure</b>	5	<u>3,272,646</u>	<u>1,212,826</u>
<b>Net surplus for the financial period before tax</b>		2,587,181	275,061
Taxation Charges	14	(130,000)	-
<b>Net surplus for the financial period after tax</b>		2,457,181	275,061
Accumulated surplus at the beginning of the period		587,423	312,362
<b>Accumulated surplus at the end of the period</b>		<u>3,044,604</u>	<u>587,423</u>

All recognised gains and losses are included in the statement of comprehensive income and retained earnings.

**Friends of the Earth Limited**  
**Balance Sheet**  
**As at 30 June 2018**

	Notes	2018 £	2017 £
<b>TANGIBLE FIXED ASSETS</b>	9	<u>388,654</u>	<u>106,024</u>
<b>CURRENT ASSETS</b>			
Debtors	10	400,590	141,900
Cash at bank		3,185,925	1,494,346
		<u>3,586,515</u>	<u>1,636,246</u>
<b>CREDITORS - DUE WITHIN ONE YEAR</b>	11	<u>(930,565)</u>	<u>(1,154,847)</u>
<b>NET CURRENT ASSETS</b>		<u>2,655,950</u>	<u>481,399</u>
<b>NET ASSETS</b>		<u>3,044,604</u>	<u>587,423</u>
<b>RESERVES</b>			
Accumulated surplus		<u>3,044,604</u>	<u>587,423</u>

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

Approved by the Directors on 28 March 2019  
and signed on behalf of the board,

*F. Butler*

**F. BUTLER**  
Chair

**Company Number: 1012357**

**Friends of the Earth Limited**  
**Notes to the Accounts**  
**For the thirteen month period ending 30 June 2018**

**1 ACCOUNTING POLICIES**

**Basis of preparation of financial statements**

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

**Going concern**

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

**Income**

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

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

**Lottery Income**

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

**Fixed assets**

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

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

**Debtors**

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

**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.

**Friends of the Earth Limited**  
**Notes to the Accounts – cont.**  
**For the thirteen month period ending 30 June 2018**

**1 ACCOUNTING POLICIES – cont.**

**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.

**2 SUPPORTERS' CONTRIBUTIONS**

	<b>13 month period 2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Committed giving	1,167,362	1,145,879
Legacies	167,601	3,315
Other supporters' contributions	54,753	64,472
	<u>1,389,716</u>	<u>1,213,666</u>

Other supporters' contributions includes donations from businesses which share ethical values.

**3 GROSS PROFIT ON TRADING**

	<b>13 month period 2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Trading turnover	29,570	59,367
Cost of sales	(17,583)	(25,138)
	<u>11,987</u>	<u>34,229</u>

**Friends of the Earth Limited**  
**Notes to the Accounts – cont.**  
**For the thirteen month period ending 30 June 2018**

**4 OTHER INCOME**

	<b>13 month period 2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
People's Postcode Lottery (note 15)	4,424,309	-
Advertising in supporter magazine	193	7,650
Bank Interest	5	3
Miscellaneous	33,617	232,339
	<u>4,458,124</u>	<u>239,992</u>

Miscellaneous income includes income from Rewilding Britain for hosting staff/overheads and a service charge for asset usage to Friends of the Earth Trust.

**5 OPERATING EXPENDITURE**

	<b>13 month period 2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
The deficit for the period is after charging:		
Staff costs (note 6)	889,006	582,968
Depreciation of fixed assets	89,010	104,465
Auditors - statutory audit	6,200	6,758
Auditors – other	12,240	-
Hire of equipment under operating leases (note 8)	1,928	3,059
Building leases rentals (note 8)	49,126	36,683

In common with many other voluntary organisations, Friends of the Earth Limited is unable to reclaim all of its input VAT. In the thirteen month period ending 30 June 2018 this amounted to £122,162 (2017: £50,897), which is 4% (2017: 4%) of total expenditure.

**6 EMPLOYEES AND STAFF COSTS**

	<b>13 month period 2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Salaries	780,754	543,134
National Insurance	71,433	25,320
Pension	36,819	14,514
	<u>889,006</u>	<u>582,968</u>

The average number of employees during the period was 164 (2017: 161), jointly employed with Friends of the Earth Trust. The average number of persons (full-time equivalent) employed by the company during the period was 19 (2017: 14). This is considered the most accurate estimate of staff time.

**Friends of the Earth Limited**  
**Notes to the Accounts – cont.**  
**For the thirteen month period ending 30 June 2018**

**6 EMPLOYEES AND STAFF COSTS – cont.**

	13 month period 2018	2017
No. of employees who earn between £60,000 and £69,999	-	1
No. of employees who earn between £70,000 and £79,999	2	-
No. of employees who earn between £80,000 and £89,999	-	-
No. of employees who earn between £90,000 and £99,999	-	1
No. of employees who earn between £100,000 and £109,999	1	-

The salaries of the above staff were split between Friends of the Earth Trust and Friends of the Earth Limited. The total emoluments paid to the 8 (2017: 8) senior management staff were £624,698 (2017: £343,121).

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.

**7 DIRECTORS' REMUNERATION**

Remuneration paid to directors of Friends of the Earth Limited in this financial period was £nil (2017: £nil).

**8 OPERATING LEASES**

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

	2018	2017
	£	£
Leases which expire		
Within 1 year	24,014	19,000
Within 2-5 years	27,626	34,850
More than 5 years	-	35,400
Total	<u>51,640</u>	<u>89,250</u>

**Friends of the Earth Limited**  
**Notes to the Accounts – cont.**  
**For the thirteen month period ending 30 June 2018**

**9 FIXED ASSETS**

	Office Furniture £	Computers and Office Equipment £	Computer Software £	Totals £
<b>COST</b>				
Balance at 1 June 2017	127,128	455,918	614,460	<b>1,197,506</b>
Additions	6,333	50,258	315,048	<b>371,639</b>
Disposals	-	-	-	-
<b>Balance at 30 June 2018</b>	<b>133,461</b>	<b>506,176</b>	<b>929,508</b>	<b>1,569,145</b>
<b>DEPRECIATION</b>				
Balance at 1 June 2017	123,314	425,767	542,401	<b>1,091,482</b>
Charge for the period	1,932	35,536	51,542	<b>89,010</b>
Disposals	-	-	-	-
<b>Balance at 30 June 2018</b>	<b>125,246</b>	<b>461,303</b>	<b>593,943</b>	<b>1,180,492</b>
<b>NET BOOK VALUE</b>				
<b>At 30 June 2018</b>	<b>8,215</b>	<b>44,873</b>	<b>335,565</b>	<b>388,653</b>
At 31 May 2017	3,814	30,151	72,059	106,024

**10 DEBTORS**

	2018 £	2017 £
Trade debtors	20	3,743
Prepayments and accrued income	158,507	133,132
Amount due from related parties	194,328	-
Other debtors	47,735	5,025
	<b>400,590</b>	<b>141,900</b>



**Friends of the Earth Limited**  
**Notes to the Accounts – cont.**  
**For the thirteen month period ending 30 June 2018**

**11 CREDITORS**

	2018	2017
	£	£
Trade creditors	275,408	196,937
Corporation Tax payable	130,000	-
Other taxes and social security	149,330	126,349
Accruals and deferred income	312,675	125,454
Amounts due to related parties	-	646,453
Interest free loans	5,000	5,000
Other creditors	58,152	54,654
	<u>930,565</u>	<u>1,154,847</u>

**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 30 June 2018 the number of members was 5 (2017: 7).

**13 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 period, Friends of the Earth Trust had the following transactions with Friends of the Earth Limited:

	2018	2017
	£	£
Costs paid by Friends of the Earth Limited on behalf of Friends of the Earth Trust:		
Shared office services	3,257,021	1,629,610
Service charge for asset usage	74,015	83,502
Salaries	<u>4,991,496</u>	<u>4,980,334</u>
Total expenditure paid by Friends of the Earth on behalf of Friends of the Earth Trust	8,322,532	6,693,446
Add rents payable by Friends of the Earth Trust	20,092	18,546
Less non-cash donation to Friends of the Earth Trust	(1,000,000)	-
Less cash transfers by Friends of the Earth Trust	<u>(6,501,844)</u>	<u>(7,980,000)</u>
Net transactions in the period	<u>840,780</u>	<u>(1,268,008)</u>
Amount owed from/(to) Friends of the Earth Trust at the period end	<u>194,327</u>	<u>(646,453)</u>

**Friends of the Earth Limited**  
**Notes to the Accounts – cont.**  
**For the thirteen month period ending 30 June 2018**

**13 RELATED PARTY TRANSACTIONS - cont.**

Friends of the Earth Limited paid Roger Clark, the Chair of Friends of the Earth Trust until his retirement on 3 November 2017, an honorarium of £2,500 (2017: £5,000) for his services during this period in relation to managing the Chief Executive Officer of Friends of the Earth Limited and organising and chairing strategy meetings with Friends of the Earth Limited.

Friends of the Earth Limited paid an honorarium of £5,333 (2017: £Nil) to Frances Butler, who was Chair of Friends of the Earth Trust between 3 November 2017 and 30 June 2018 for her services during this period in relation to managing the Chief Executive Officer of Friends of the Earth Limited and organising and chairing strategy meetings with Friends of the Earth Limited.

**14 CORPORATION TAX**

Tax is not payable on grants and donations and therefore a substantial amount of the company's income is not taxable. Tax is payable on any taxable profit from trading activities including People's Postcode Lottery income. In the thirteen month period ending 30 June 2018, a trading profit of £4,460,719 (2017: £34,229) was made. Corporation tax was payable on this trading profit after deductions available to the company as a result of trading losses in previous years, deductible expenses, and qualifying donations made to charities.

**15 PEOPLE'S POSTCODE LOTTERY**

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

	<b>Period to 2018</b>	<b>2017</b>
Ticket Value	13,999,133	-
Prize Fund	(5,599,653)	-
Management Fee	<u>(3,975,171)</u>	<u>-</u>
	<u><u>4,424,309</u></u>	<u><u>-</u></u>