

GREENPEACE LIMITED
Year ended 31st December 1998



GREENPEACE LIMITED

Annual report and financial statements for the year ended 31st December 1998

Contents

Page:

1. Report of the directors
 3. Income and expenditure account
 4. Balance sheet
 5. Cash flow statement
 6. Notes forming part of the financial statements
 14. Report of the auditors
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Directors

Robin Grove-White
Ian Flooks
Martyn Day
Ian Hargreaves
Marion Stoler

Secretary and registered office

Sarah Burton, Canonbury Villas, Islington, London N1 2PN

Company number

1314381

Auditors

BDO Stoy Hayward, 8 Baker Street, London W1M 1DA

Report of the directors for the year ended 31st December 1998

The directors present their report together with the audited financial statements for the year ended 31st December 1998.

Results and dividends

The income and expenditure account is set out on page 3 and shows the surplus for the year.

The company does not pay dividends.

During the year gross income, and the net contribution from fundraising activities, fell in comparison to the previous year. Campaign costs were increased by a small amount, and information costs reduced, leading to a lower but significant surplus for the year.

Also during the year, the company made a claim for the refund of VAT suffered on expenditure related to supporter subscriptions, information and administration since 1994. In 1999 the company received a refund from Customs and Excise related to the years 1994 to 1997. The accounts for previous years have been restated to include these amounts as set out in note 2 on page 7.

Details of Greenpeace activities throughout the year are published to supporters through the *Campaign Report* and *Annual Review* newsletters.

Reserve Policy

Over the next three years the directors plan to invest significant amounts in recruitment of new supporters, in order to increase the level of income available for campaigns. This investment will be funded from existing reserves together with the help of a loan from Greenpeace International.

The directors plan to maintain sufficient cash balances to allow Greenpeace to react quickly to threats and opportunities which may arise.

Principal activity

The principal activity of the company is campaigning to prevent environmental abuse.

The company is funded through subscriptions, donations and other fundraising initiatives, and the profits of trading activities. In addition, it receives grants from and makes grants to other Greenpeace organisations.

The company does not solicit donations from governments or companies.

There have been no events since the balance sheet date which materially affect the position of the company.

Year 2000 issue

The directors have reviewed the impact of the Year 2000 issue on the computer systems central to the company's ongoing activities. Developments are being carried out to enhance systems as necessary before the impact of the Year 2000 adversely affects the company's operations.

Report of the directors for the year ended 31st December 1998 (continued)

Greenpeace supporters

The directors express their thanks to the hundreds of thousands of supporters who contributed financially to Greenpeace campaigns during the year; the thousands of supporters who participated in the work of Greenpeace Local Groups; and all those supporters and members of the public who participated in Greenpeace campaigns during the year.

Directors

The directors of the company during the year were:

Robin Grove-White	
Ian Flooks	
Martyn Day	
Ian Hargreaves	
Marion Stoler	Appointed 31st July 1998

None of the directors held any beneficial interest in the shares of the company.

Directors' responsibilities

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

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the annual general meeting.

By order of the board



Sarah Burton

Secretary

13 July 1999

Income and expenditure account for the year ended 31st December 1998

	Note	1998	1997
		£	(as restated) £
Trading account:			
Turnover	3	527,998	660,724
Cost of sales		<u>308,309</u>	<u>457,458</u>
Gross profit		219,689	203,266
Trading expenses		<u>82,306</u>	<u>142,821</u>
Net profit on trading activities		137,383	60,445
Interest receivable		27,422	13,568
Subscriptions, donations and income from fundraising events		5,549,200	5,772,183
Fundraising costs		<u>1,173,211</u>	<u>1,134,212</u>
Total fundraising income less direct expenses	5	4,375,989	4,637,971
General marketing expenses		<u>409,857</u>	<u>336,617</u>
		3,966,132	4,301,354
		4,130,937	4,375,367
Campaign costs		3,159,474	3,096,239
Information costs		282,188	368,893
Administrative and central costs		<u>461,117</u>	<u>469,718</u>
		3,902,779	3,934,850
		228,158	440,517
Interest payable	6	<u>418</u>	<u>863</u>
Surplus on ordinary activities before taxation	7	227,740	439,654
Tax on trading activities and interest receivable	8	5,000	-
Surplus for the year	14	<u>222,740</u>	<u>439,654</u>

All amounts relate to continuing activities.

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

The information on this page should be read with reference to note 2

The notes on pages 6 to 13 form part of these financial statements

Balance sheet at 31st December 1998

	Note	1998	1997
			(as restated)
		£	£
Fixed assets			
Tangible assets	9	206,000	247,359
Investments	10	4	4
Current assets			
Debtors	11	563,437	859,613
Cash at bank and in hand		927,322	350,135
		1,490,759	1,209,748
Creditors: amounts falling due within one year	12	(1,176,102)	(1,159,190)
Net current assets		314,657	50,558
		520,661	297,921
Capital and reserves			
Share capital	13	8	8
Income and expenditure account	14	520,653	297,913
Shareholders' funds	18	520,661	297,921

These financial statements were approved by the Board on 13 July 1999



Ian Flooks

Director

13 July 1999

The information on this page should be read with reference to note 2

The notes on pages 6 to 13 form part of these financial statements.

Cash flow statement for the year ended 31 December 1998

	Note	1998	1997 (as restated)
		£	£
Net cash inflow from operating activities	16	614,268	126,687
Returns on investments and servicing of finance			
Interest received		31,394	14,666
Interest paid		(418)	(863)
Net cash inflow from returns on investments and servicing of finance		30,976	13,803
Taxation			
Corporation tax received		20,919	14,487
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(100,345)	(142,332)
Proceeds from sale of fixed assets		11,369	1,079
Investment in subsidiary company		-	(2)
Net cash outflow from investing activities		(88,976)	(141,255)
Increase in cash	17	577,187	13,722

The information on this page should be read with reference to note 2

The notes on pages 6 to 13 form part of these financial statements.

Notes forming part of the financial statements for the year ended 31st December 1998

1. Accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Turnover

Turnover represents sales of merchandise to outside customers at invoiced amounts less value added tax, subscriptions to a business journal published by the company and income from commercial events in which the company participated.

Fundraising income

Subscriptions, donations and income from fundraising events represent amounts received in the year.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets over their expected useful lives. It is calculated at the following rates:

Action equipment	-	25% on straight line basis
Office equipment	-	20% on straight line basis
Computer equipment	-	25% on straight line basis
Motor vehicles	-	25% on straight line basis

Leasehold improvements

Expenditure in improving leasehold premises is written off as incurred.

Operating leases

Where assets are financed by leasing agreements that do not give rights approximating to ownership ('operating leases'), the annual rentals are charged to the income and expenditure account on a straight-line basis over the lease term.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the income and expenditure account in the year in which they become payable.

Notes forming part of the financial statements for the year ended 31st December 1998

2. Prior year adjustment

During the year the company began negotiations with Customs and Excise to correct the VAT status of supporter subscriptions. As a result of the change in VAT status the company has made a claim for the refund of VAT suffered since 1994.

The claim therefore gives rise to a prior year adjustment.

A significant proportion of the total VAT claim is being disputed by Customs and Excise and negotiations are continuing with a view to recovery of these amounts.

To the extent that recoverability is uncertain the directors consider it prudent to provide against such amounts. The net effect (after exceptional provision) of this adjustment is as follows:

	Claim £	Provision £	Net £
1994	220,497	208,413	12,084
1995	268,576	210,182	58,394
1996	241,523	44,686	196,837
1997	162,481	52,772	109,709
1998	181,293	85,110	96,183
	<u>1,074,370</u>	<u>601,163</u>	<u>473,207</u>

The 1997 comparative figures in the income and expenditure account have been restated to reflect the above. In the balance sheet the comparative figures have been restated to reflect the unprovided VAT debtor owing from Customs and Excise. The effect of the adjustment is as follows:

	1997 £
Subscriptions income	<u>(8,002)</u>
Fundraising costs	83,953
General marketing expenses	3,160
Campaign costs	6,643
Information costs	15,451
Administrative and central costs	<u>8,504</u>
Expenses	<u>117,711</u>
Net increase in reserves	<u>109,709</u>

The directors do not consider it expedient to analyse the VAT reclaim between the types of expenditure for 1996 and earlier years as it would not provide any useful additional information.

The aggregate effect, by year, is shown below:

	1996 £	1995 £	1994 £
Subscriptions income	(7,691)	(2,265)	-
Expenses	<u>204,528</u>	<u>60,659</u>	<u>12,084</u>
Net increase in reserves	<u>196,837</u>	<u>58,394</u>	<u>12,084</u>

Notes forming part of the financial statements for the year ended 31st December 1998

3. Turnover and results on ordinary activities

Income is derived solely from the company's principal activity of campaigning to prevent environmental abuse. All income arose wholly from markets within the UK.

4. Employees

	1998	1997
	£	£
Staff costs (including directors) consist of:		
Wages and salaries	2,243,241	2,023,291
Social security costs	213,135	196,351
Other pension costs	77,810	70,087
Redundancy costs	11,800	8,727
	<u>2,545,986</u>	<u>2,298,456</u>
The average weekly number of employees (excluding directors) during the year was as follows:	Number	Number
Fundraising	11	11
Campaigns and information	73	68
Administration	16	15
	<u>100</u>	<u>94</u>

5. Total fundraising income less direct expenses

	1998			1997
	Gross income	Direct expenses	Net income/ (expenditure)	Net income/ (expenditure) (as restated)
	£	£	£	£
Subscriptions and donations	4,887,548	635,017	4,252,531	4,505,307
Prospecting - new supporters	504,341	509,997	(5,656)	(44,786)
Local groups and events	157,311	28,197	129,114	177,450
	<u>5,549,200</u>	<u>1,173,211</u>	<u>4,375,989</u>	<u>4,637,971</u>

6. Interest payable

	1998	1997
	£	£
Interest on bank overdrafts and short term loans	<u>418</u>	<u>863</u>

Notes forming part of the financial statements for the year ended 31st December 1998

7. Surplus on ordinary activities before taxation

This is arrived at after charging / (crediting) :

	1998	1997 (as restated)
	£	£
Depreciation	140,653	166,697
Auditors' remuneration	24,000	21,500
Directors' emoluments	18,703	53,110
Hire of plant and machinery (operating leases)	19,836	20,639
Pension costs	77,810	70,087
Surplus on disposal of fixed assets	(10,318)	(523)

Emoluments (excluding pension contributions) of:

Chairperson	8,292	8,000
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	1998	1997
	Number	Number
The number of other directors whose emoluments (excluding pension contributions) fall in the following ranges was:		
£0 - £5,000	4	4
£35,000 - £40,000	-	1
	4	5

8. Tax on trading activities and interest receivable

	1998	1997
	£	£
Corporation tax for the year	5,000	-

The other activities of the company fall outside the scope of taxation.

Notes forming part of the financial statements for the year ended 31st December 1998

9. Tangible fixed assets

	Action equipment £	Office equipment £	Computer equipment £	Motor vehicles £	Total £
Cost					
At beginning of year	161,662	328,696	805,110	69,407	1,364,875
Additions	33,591	9,658	28,309	28,787	100,345
Disposals	(28,733)	-	(10,738)	(7,242)	(46,713)
At end of year	166,520	338,354	822,681	90,952	1,418,507
Depreciation					
At beginning of year	148,816	275,926	643,509	49,265	1,117,516
Disposals	(27,682)	-	(10,738)	(7,242)	(45,662)
Provided in the year	13,376	20,148	90,648	16,481	140,653
At end of year	134,510	296,074	723,419	58,504	1,212,507
Net book value					
At 31st December 1998	32,010	42,280	99,262	32,448	206,000
At 31st December 1997	12,846	52,770	161,601	20,142	247,359

10. Investment

The information required by the Companies Act 1985 in relation to the subsidiary undertakings is given below.

Company	Principal activity	Called up share capital	Proportion held
Greenpeace Events Limited	Dormant	£2	100%
solar electric ltd	Dormant	£2	100%

Each of the subsidiary undertakings has £2 share capital and £2 assets.

Notes forming part of the financial statements for the year ended 31st December 1998

	1998	1997
	£	(as restated) £
11. Debtors		
Trade debtors	46,013	222,755
Amounts owed by other Greenpeace organisations	9,615	149,939
Other debtors	5,405	46,896
Corporation tax recoverable	-	20,500
VAT recoverable	445,813	334,409
Prepayments and accrued income	56,591	85,114
	<u>563,437</u>	<u>859,613</u>
All amounts are receivable within one year.		
12. Creditors: Amounts falling due within one year		
Amounts owed to other Greenpeace organisations	52,251	34,872
Amount owed to ultimate parent company	18,088	18,088
Other creditors	970,417	982,934
Creditors for taxation and social security	64,976	62,209
Accruals and deferred income	64,951	61,087
Corporation Tax	5,419	-
	<u>1,176,102</u>	<u>1,159,190</u>
13. Share capital		
Authorised:		
Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted and called up		
Ordinary shares of £1 each	<u>8</u>	<u>8</u>
14. Income and expenditure account		
Net (liabilities) at beginning of year as originally stated	(79,111)	(409,056)
Prior year adjustment (see note 2)		
1996 and prior	267,315	267,315
1997	109,709	
Net assets / (liabilities) at beginning of year as restated	<u>297,913</u>	<u>(141,741)</u>
Surplus for the financial year	<u>222,740</u>	<u>439,654</u>
Net assets at end of year as restated	<u>520,653</u>	<u>297,913</u>

Notes forming part of the financial statements for the year ended 31st December 1998

15. Commitments under operating leases

As at 31st December 1998, the company had annual commitments under non-cancellable leases as set out below:

	1998 Land and buildings £	1998 Other £	1997 Land and buildings £	1997 Other £
Operating leases which expire:				
Within 1 year	-	-	-	3,294
In 2 - 5 years	-	16,745	-	16,745
Over 5 years	135,600	-	135,600	-
	<u>135,600</u>	<u>16,745</u>	<u>135,600</u>	<u>20,039</u>

	1998 £	1997 (as restated) £
16. Reconciliation of operating surplus to net cash inflow from operating activities		
Surplus for the year	222,740	439,654
Tax on trading activities and interest receivable	5,000	-
Interest receivable	(27,422)	(13,568)
Interest payable	418	863
Operating surplus	<u>200,736</u>	<u>426,949</u>
Depreciation charges	140,653	166,697
(Surplus) on disposal of fixed assets	(10,318)	(523)
Decrease in stocks	-	7,111
Decrease / (increase) in debtors	271,704	(347,875)
Increase / (decrease) in creditors	11,493	(125,672)
Net cash inflow from operating activities	<u>614,268</u>	<u>126,687</u>

17. Analysis of changes in cash during the year

At start of year	350,135	336,413
Net cash inflow	<u>577,187</u>	<u>13,722</u>
At end of year	<u>927,322</u>	<u>350,135</u>

Notes forming part of the financial statements for the year ended 31st December 1998

	1998	1997 (as restated)
	£	£
18. Reconciliation of movement in shareholders' funds		
Surplus for the financial year	222,740	439,654
Opening shareholders' funds		
(1998 - originally £(79,103) before prior year adjustment of £267,315 (see note 14) in respect of 1996 and prior years and £109,709 in respect of 1997)	297,921	
(1997 - originally £(409,048) before prior year adjustment of £267,315)		(141,733)
Shareholders' funds at end of year	<u>520,661</u>	<u>297,921</u>

19. Contingent liabilities

In the opinion of the directors there were no actions being taken against the company during 1998 which will result in material costs to the company.

20. Related party transactions disclosure

Robin Grove-White, a director of Greenpeace Limited, is also a trustee for Greenpeace Environmental Trust. During the year grants of £136,000 (1997: £Nil) were received from Greenpeace Environmental Trust to fund certain Greenpeace projects of common interest. There was no amount amount owing at the year end (1997: £Nil).

21. Ultimate parent company

The company's ultimate parent company is Greenpeace UK Limited, a company limited by guarantee.

Report of the auditors

To the members of Greenpeace Limited

We have audited the financial statements on pages 3 to 13 which have been prepared under the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st December 1998 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward

BDO Stoy Hayward,
Chartered Accountants
and Registered Auditor

London