

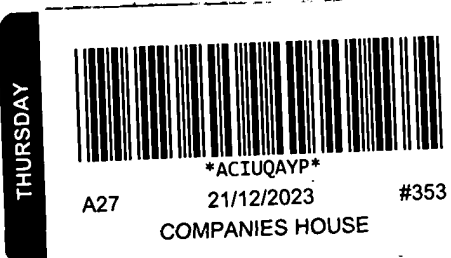


**ECFR**

**Report and Financial Statements  
For the Year Ended 31 December 2022**

**Charity Number: 1143536**

**Company Registration Number: 07154609**



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# European Council on Foreign Relations

## Legal and administrative information

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<b>Governing Document:</b>	Memorandum and Articles of Association	
<b>Registered Offices:</b>	First Floor 10 Queen Street Place London EC4R 1BE	
<b>Trustees/Directors:</b>	Franziska Brantner (resigned 1 March 2023) Ian Clarkson Lykke Friis Teresa Gouveia Adam Lury (appointed 1 January 2023)	
<b>Chair of Board of Trustees/Directors</b>	Lykke Friis	
<b>Chair of Executive Committee</b>	Ian Clarkson	
<b>Key Management Personnel:</b>	Programme Director Deputy Director - Operations	Mark Leonard Alba Lamberti
<b>Auditors:</b>	Azets Audit Services, 2 <sup>nd</sup> Floor, Regis House, 45 King William St, London, EC4R 9AN	
<b>Bankers:</b>	Barclays Bank 2 Victoria Street London SW1	
<b>Solicitors:</b>	Bates Wells & Braithwaite 2-6 Cannon Street London EC4M 6YH	

# European Council on Foreign Relations

## Report of the Directors

### For the year ending 31 December 2022

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The Directors, who are also Trustees for the purposes of company law, present their report together with the financial statements for the year ended 31 December 2022. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Charity's memorandum and articles of association, the Charities Act 2011, the Companies Act 2006 and the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) effective 1 January 2015.

#### Objectives and Activities

The objective of the European Council on Foreign Relations (also the "Charity", "Company") is to conduct research and promote informed debate across Europe on the development of a coherent and effective European values-based foreign policy. First launched in October 2007, the Charity is part of the first pan-European think-tank, comprised of a Group of ECFR entities (also "ECFR") with presence in selected EU member states.

ECFR has developed a strategy with three distinctive elements that define its activities:

- **A distinctive research and policy development process.** ECFR has brought together a team of distinguished researchers and practitioners from all over Europe to advance its objectives through innovative projects with a pan-European focus. ECFR's activities include primary research, publications of policy reports, private meetings and public debates, 'friends of ECFR' gatherings in EU capitals and outreach to strategic media outlets.
- **A pan-European Council.** ECFR has brought together a distinguished Council of over 330 Members — politicians, decision makers, thinkers and business executives from across Europe — which meets once a year as a full body. Through geographical and thematic task forces, members provide ECFR staff with advice and feedback on policy ideas and help with ECFR's activities within their own countries.
- **A physical presence in the main EU member states.** ECFR, uniquely among European think-tanks, has offices in Berlin, London, Madrid, Paris, Rome, Sofia and Warsaw. The offices are platforms for research, debate, advocacy and communications.

The Directors confirm that they have referred to the guidance provided by the Charity Commission on public benefit when reviewing the Company's aims and objectives and in planning future activities. The Charity, together with its sister organizations and through their combined pan-European research and outreach work supports European governments, foreign policy debate and diplomacy.

#### Achievements and Performance

For 2022, our effort was aimed at creating a more effective, ambitious, and cooperative European foreign policy. Within our five research programs (Africa, Middle East and North Africa, Asia and China, Wider Europe and European Power), our efforts focused on gaining an analytical understanding of Europe's foreign policy dilemmas, recommending innovative solutions, and promoting those solutions through publications, convening conferences, media appearances, and other forms of advocacy.

In 2022, much of this work focused on the current and future impacts and implications of the war in Ukraine on European foreign policy and European integration. Prominent in this area was the work of ECFR's Security and Defense, Climate and Energy and Technology Initiatives, whose highlights included:

- A commentary on the provision of Leopard 2 tanks to Ukraine; and
- The publication of the EU Energy Deals Tracker

Outside of the conflict, many other areas of policy were also tackled by ECFR's Programmes. Highlights for the year included:

- Insight China and the internal China debate on China's place in regional and global politics;
- The launch of the annual Africa Forum in Berlin;
- The 2022 MENA forum in Amman; and
- The publication of "Biting back: The EU's digital alliance with Latin America and the Caribbean."
- The EU-Japan Forum in Warsaw

# European Council on Foreign Relations

## Report of the Directors

### For the year ending 31 December 2022

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We produced over 260 commentaries, 26 policy briefs, 5 web specials, 55 podcast episodes and 44 YouTube videos. The impact of this work is reflected in a 35% growth in media mentions over the previous year and 150+ opinion editorials in leading media outlets.

In 2022, the world started to come out of COVID 19 restrictions and ECFR Group again showed its prowess when it comes to strategic convening – virtually or in-person. Across our five Programs and seven National Offices, we organized some 64 virtual events and 84 in-person events. ECFR's Annual Council Meeting took place in June 2022 in Berlin, marking the 15th anniversary of ECFR. Over 200 high level guests, including 90 Council members attended the event which comprised four public panel discussions and seven Policy Salons where the ramifications of the war in Ukraine and EU enlargement were debated.

#### Financial Review

##### Results for the year

Net incoming resources for the year ending 31st December 2022 were €6.3m and net resources expended were €6.4m, resulting in a deficit for the year of €68k. The Open Society Foundation provided an unrestricted grant of €2.2m to support ECFR. Restricted donations of more than €250k were received from the Foundation for Democracy & Pluralism, the Open Society Foundation, the Norwegian Ministry of Foreign Affairs and the Swedish Ministry of Foreign Affairs. The Charity re-granted in total €2.4m to other ECFR entities and received €44k from other ECFR entities.

##### Reserves

The Charity's reserves policy is to build sufficient reserves to meet the identified risks assessed each year. The aim is to invest in reserves until they cover at least four months operational running costs so that organisational liabilities to staff and other stakeholders can be met at all times. The Charity ended 2022 with a deficit of €68k before the addition of other gains of €168k leaving a final surplus of €100k. As a result, total funds as of 31 December 2022 increased to €3.1m, in excess of 10 months of ECFR operational running costs. Restricted funds at 31 December 2022 were €626k and unrestricted funds were €2.452m. The Board has approved a break-even budget for 2023 for ECFR to maintain strong reserves. Beyond 2023 the Board is committed to continue break-even to surplus budgets in line with the stated policy.

#### Plans for the Future

For 2023, ECFR will need to continue adjusting its operations and strategy to reflect the geopolitical awakening coming from the Russian invasion of Ukraine. The war has shown Europe that we are not living in an era of global peace, but rather an era of permanent conflict and ties that previously bound the world together can easily be weaponized.

ECFR stands ready in 2023 to take up the challenge to help governments, civil society organisations and EU institutions explore how to maintain the European and global coalition against the Russian invasion.

ECFR's priorities for 2023 reflect the major factors of political change and concerns of European citizens and the growing need for Europeans to think and act more geopolitically. They also offer European decision-makers concrete solutions to address those concerns by showing how Europe can serve as the first line of defence. In more detail our priorities are:

- **Understanding the effects of the Russia-Ukraine war on the European and global order** – As the international system continues to be affected by the geopolitical dynamics emerging from the war, we will focus on how the evolution of the crisis is affecting Europe's global capacity to act. We will use research meetings and expert contributions from our policy fellows and council members to look at the opportunities and challenges for the EU and its member states, focusing the tools that the Europeans have at their disposal (sanctions, force deployments, weapons transfers, etc) and trying to map a long-term trajectory for re-establishing a European security order, either with or without Russia.
- **Rebalancing Transatlantic Relations in the United States** – Through our research and through policy dialogues with US counterparts, we will seek opportunities to increase US support for European sovereignty and increase European contributions to common defense efforts. The effective US-European cooperation over Ukraine presents opportunities for enhanced cooperation on key files, from the Iran nuclear deal to China policy, multilateralism and technology. But the possibility of radical changes in US foreign policy toward Europe under a new congress or a new administration mean that Europeans must also prepare for the possibility of a post-American European security order.

# European Council on Foreign Relations

## Report of the Directors

### For the year ending 31 December 2022

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- **Bolstering the European neighbourhood against external threats and internal instability** – Through our research and advocacy work on containing Russia, enhancing security in the eastern neighbourhood, promoting dialogue in the Western Balkans, building on diplomatic openings in Libya and assessing moves to reduce tensions in the Middle East, our goal is first and foremost to support our values, prevent escalation, promote concerted European action and to pursue stabilization of the immediate neighbourhood while not losing sight of ongoing reform efforts.
- **Building European capacity to practice climate foreign policy** – Through our efforts to understand the effects of European climate policy on foreign policy and through detailed analysis of opportunities to promote European climate goals in Africa, the Middle East and Asia, we promote European to use foreign policy as a tool to realise European climate goals and to help partner countries join Europe in transitioning to a more sustainable future.
- **Help develop a cohesive European policy on the Indo-Pacific** – We will launch a new strand of work aiming to map European views on this region that is attracting increasing geopolitical attention, exploring the potential to build relationships that embody democratic values and can stand as a counterweight to Chinese ambitions in the region.
- **Reveal the political foundations of European foreign policy** — Through our polling efforts, we are helping European policymakers understand how the public sees key foreign policy issues such as the War in Ukraine, the Climate Crisis, and the Transatlantic Alliance. We use this data to spot political trends early and to warn policymakers when their policies lack political roots.
- **Move towards new forms of communications and advocacy** — We continue to increase our use of data visualization, of infographics, of podcasts and of social media to allow our ideas to profit from new forms of communications. As we work our way through the pandemic and look beyond the initial crisis phases, we continue to develop new formats and innovative ways of working and communicating with partners that will enable us to make the most of our opportunities and resources.

## Structure, Governance and Management

### Constitution

The Charity, a UK company limited by guarantee incorporated on 11 February 2010, is a not-for-profit organisation which obtained UK charitable status on 24 August 2011. The liability of members is limited to £1. The Company is governed by its Memorandum & Articles of Association, as last revised and adopted on 16 August 2011. The objects of the Company are 'the advancement of education in the field of foreign policy and related areas by undertaking and promoting research for the public benefit and publishing the useful results thereof'.

ECFR is made up of the UK Company and five legal ECFR entities established in Germany, France, Spain and Italy under the common control and unified management of the German ECFR e.V. Board of Trustees.

### Governance

The Charity is governed by a Board of Trustees/Directors, which meets three times a year. Trustees/Directors are recruited by invitation based on the skills, experience and influence they have in the European political arena. At the end of 2022 the Board was composed of Lykke Friis, Ian Clarkson, Franziska Brantner and Teresa Gouveia. The Board is supported by an Executive Committee which meets quarterly and is composed of three or four Board members. This Committee has been delegated responsibility for overseeing the administrative and financial governance of the Charity on behalf of the Board, whilst noting that the Board retains final responsibility for the performance of that delegated authority. Its decisions and recommendations are reported to the Board to ensure the full Board can continue to discharge its overall responsibility.

All members of the Board give their time freely as volunteers, and none of the board members received any remuneration in the year. Details of expenses reimbursed to trustees are disclosed in note 14. There are no related party transactions.

### Key management personnel

The management of the Charity is delegated to the Director & Co-founder and through him to the members of the Senior Management Team. Remuneration for the Director is reviewed every three years and set by the Board. Remuneration for senior management and the rest of the staff is set by the Director and the Deputy-Directors.

# **European Council on Foreign Relations**

## **Report of the Directors**

### **For the year ending 31 December 2022**

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#### **Structure, Governance and Management – continued**

##### **Principal risks and uncertainties**

The Board of Directors is responsible for ensuring that there are effective and adequate risk management and internal control systems in place to manage the major risks to which the Charity is exposed. It discharges this responsibility through its review of the effectiveness of the Charity's risk management framework as part of ECFR's risk management framework.

This is designed to support informed decision-making regarding the risks that affect ECFR's and the Charity's performance and their ability to achieve their objectives. It also provides for a consistent approach to identifying, assessing and dealing with the risks facing ECFR and the Charity so as to ensure that they do not exceed the level of risk ECFR and the Charity are willing to assume. It should be noted that the framework is designed to manage, rather than to eliminate, the risks to ECFR's and the Charity's objectives and to provide reasonable, but not absolute, assurance against material misstatement or loss.

The Charity board together with the senior management team have reviewed the risks faced by the Charity and updated the risk register to capture and monitor all risks identified. The key risks have been assessed as:

- Loss of key Trustees
- Loss of key staff members
- Risks to the organisation arising from cyber-attacks and loss of key data
- Raising insufficient funds to cover costs

Actions taken to mitigate the risks associated with loss of key trustees includes active recruitment of trustees with the right skillset to support the Charity's mission. Loss of key staff members is being mitigated through the annual performance review and objective setting process, transparent staff policies, and active line management combined with regular communication with staff. I.T. security risks are being addressed through related investments in hard- and software, data back-up routines and staff training. Actions taken to mitigate the risks associated with funding include close monitoring of fundraising strategy and progress, diversifying sources of funding to include a wider range of donors, seeking multi-year partnerships, and maintaining good relations with current major funders.

##### **Statement of Directors' responsibilities**

The Directors are responsible for preparing the Report of Directors and the financial statements in accordance with applicable law, UK accounting standards and UK GAAP.

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 charitable company and of incoming resources and application of resources, including the income and expenditure of the charitable company for that period.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the charities SORP (FRS 102)
- Make judgements and accounting estimates that are reasonable and prudent
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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.

In so far as the directors are aware:

- there is no relevant audit information of which the charitable Company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

**European Council on Foreign Relations**  
**Report of the Directors**  
**For the year ending 31 December 2022**

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**Statement of Directors' responsibilities - continued**

**Disclosure of information to the auditors**

We, the directors of the Company who held office at the date of approval of these Financial Statements as set out above each confirm, so far as we are aware, that:

- there is no relevant audit information of which the Company's auditors are unaware; and
- we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Auditors**

Azets Audit Service have expressed their willingness to act as auditors in accordance with Section 419 (2) of the Companies Act 2006.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved by the trustees and signed on their behalf:



Lykke Frils

Chair of the Board of Trustees/Directors

Date

19/12 - 2023



# European Council on Foreign Relations

## Independent Auditor's Report to the members of ECFR

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### Opinion

We have audited the financial statements of ECFR (the 'charitable company') for the year 31 December 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including 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 charitable company's affairs as at 31 December 2022 and of its incoming resources and application of resources, including its income and expenditure, 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 charitable 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

### 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 trustees are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 our audit:

- the information given in the trustees' report (incorporating 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' 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 trustees 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.

# **European Council on Foreign Relations**

## **Independent Auditor's Report to the members of ECFR**

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### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 trustees 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 trustees are responsible for assessing the charitable 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 trustees either intend to liquidate the charitable 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 is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the charitable company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

# **European Council on Foreign Relations**

## **Independent Auditor's Report to the members of ECFR**

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### **Use of our report**

This report is made solely to the charitable 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 charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Azets Audit Services*

J Howard FCA (Senior Statutory Auditor)  
For and on behalf of Azets Audit Services  
Statutory Auditor, Chartered Accountants  
2<sup>nd</sup> Floor, Regis House,  
45 King William St,  
London, EC4R 9AN

Date 20 December 2023

# European Council on Foreign Relations

## Statement of Financial Activities for the year ended 31 December 2022

	Note	Unrestricted €	Restricted €	Total 2022 €	Total 2021 €
<b>Incoming Resources</b>					
Donations & Legacies	2,3	206,823	-	206,823	281,841
Charitable activities	2	2,253,798	4,193,506	6,447,304	4,999,740
Investment Income	2	3	-	3	1
Other Income	2	2,863	-	2,863	548
<b>Total Incoming Resources</b>		<b>2,463,487</b>	<b>4,193,506</b>	<b>6,656,993</b>	<b>5,282,130</b>
<b>Resources Expended</b>	4				
Charitable activities:					
Asia & China programme		18,577	14,150	32,727	81,261
Middle East & North Africa programme		918,987	355,572	1,274,559	1,148,917
European Power programme		637,556	1,134,248	1,771,804	941,228
Wider Europe programme		114,139	91,418	205,557	299,836
Africa programme		36,392	118,762	155,154	161,216
Advocacy & National offices		491,707	31,480	523,187	544,383
Regrant		940,000	1,822,086	2,762,086	1,471,000
<b>Total Resources Expended</b>		<b>3,157,358</b>	<b>3,567,716</b>	<b>6,725,074</b>	<b>4,647,841</b>
<b>Net income/(expenditure)</b>	5	<b>(693,871)</b>	<b>625,790</b>	<b>(68,081)</b>	<b>634,289</b>
Other recognised gains/(losses)		168,743	-	168,743	-
<b>Net movement in funds</b>		<b>(525,128)</b>	<b>625,790</b>	<b>100,662</b>	<b>634,289</b>
<b>Reconciliation of funds</b>					
Total funds brought forward		2,976,916	-	2,976,916	2,342,627
<b>Total funds carried forward</b>		<b>2,451,788</b>	<b>625,790</b>	<b>3,077,578</b>	<b>2,976,916</b>

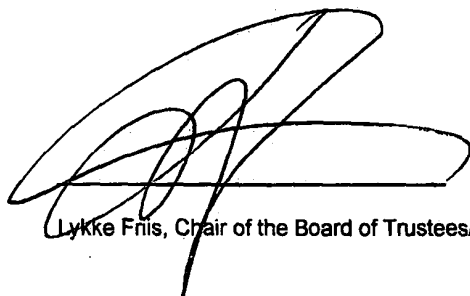
The statement of financial activities includes all gains and losses in the year. All income and expenditure derive from continuing activities.

The notes on pages 13-23 form part of these financial statements.

**European Council on Foreign Relations**  
**Balance Sheet as at 31 December 2022**  
**(Company number: 07154609)**

	Note	2022 €	2021 €
<b>Fixed assets</b>			
Tangible assets	8	216	1,322
<b>Total Fixed assets</b>		<u>216</u>	<u>1,322</u>
<b>Current assets</b>			
Debtors	9	3,171,924	468,079
Cash at bank and in hand	10	3,942,902	3,782,162
<b>Total Current assets</b>		<u>7,114,826</u>	<u>4,250,241</u>
<b>Current Liabilities</b>			
Creditors: amounts falling due within one year	11	(4,037,464)	(1,274,647)
<b>Total Current liabilities</b>		<u>(4,037,464)</u>	<u>(1,274,647)</u>
<b>Net Current Assets</b>		<u>3,077,362</u>	<u>2,975,594</u>
<b>Total assets less current liabilities</b>		<u>3,077,578</u>	<u>2,976,916</u>
<b>Total net assets</b>		<u>3,077,578</u>	<u>2,976,916</u>
<b>Funds of the Charity</b>			
Restricted Funds	12/13	625,790	-
Unrestricted Funds		2,451,788	2,976,916
<b>Total Funds</b>		<u>3,077,578</u>	<u>2,976,916</u>

Approved by the board of directors and trustees on \_\_\_\_\_ and signed on its behalf by:



Lykke Friis, Chair of the Board of Trustees/Directors

19/12 - 2023

The notes on pages 13-23 form part of these financial statements.

# European Council on Foreign Relations

## Cashflow Statement for the year ended 31 December 2022

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	Note	2022 €	2021 €
<b>Cash flows from operating activities:</b>			
Net cash provided by operating activities	16	160,740	(177,804)
<b>Cash flows from investing activities:</b>			
Purchase of assets		-	-
<b>Net cash used in investing activities</b>		-	-
<b>Change in cash and cash equivalents in the year</b>		<b>160,740</b>	<b>(177,804)</b>
Cash and cash equivalents at beginning of the year		3,782,162	3,959,966
<b>Cash and cash equivalents at end of year</b>	10	<b>3,942,902</b>	<b>3,782,162</b>

The notes on pages 13-23 form part of these financial statements.

# **European Council on Foreign Relations**

## **Notes to the Financial Statements for the year ended 31 December 2022**

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### **1) Accounting Policies**

#### **(a) General information and basis of preparation**

ECFR (The European Council on Foreign Relations) is a company limited by guarantee in England and Wales. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. ECFR meets the definition of a public benefit entity under FRS 102.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2015.

The financial statements are presented in Euro (EUR), which is the presentational currency of the charity from 1 January 2018.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s). The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

#### **(b) Going Concern**

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

#### **(c) Funds**

Unrestricted funds - represent funds which are free to be spent in accordance with the charitable objects at the discretion of the trustees.

Designated reserves are set aside out of unrestricted reserves by the trustees, for particular purposes.

Restricted funds - represent funds that have been given for particular purposes and/or projects, which have legal restrictions on their use and must be spent wholly to undertake activities in accordance with donor requirements.

#### **(d) Income**

All incoming resources are recognised where the charity is legally entitled to the income, the amount can be reliably measured and it is probable that the income will be received.

Donated Services and Gifts in Kind are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the charity can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities.

Donations and legacies are recognised in the financial statements when the trustees are convinced that there is entitlement to the income, it is probable that the income will be received and the amount in question is measurable. Any administration fee that is charged is recognised as unrestricted income.

Grant income is recognised in the period the grant relates to and to the extent that certainty to their entitlement can be measured.

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## **Notes to the Financial Statements for the year ended 31 December 2022**

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### **1) Accounting Policies – continued**

#### **(e) Expenditure**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably.

Expenditure on charitable activities includes spending on ECFR's 5 Programmes (Asia & China, Middle East & North Africa, European Power, Wider Europe, Africa) and the National Offices.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

Staff costs are allocated between cost headings according to the function of each employee.

#### **(f) Allocation of support and governance costs**

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include governance costs, administrative office function costs, and depreciation, HR and recruitment, and premises costs. They are incurred directly in support of expenditure on ECFR's charitable objects.

Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs relating to the statutory audit, legal fees, as well as staff and consultancy costs in relation to senior management.

Support and Governance costs have been allocated across charitable activities using percentage allocations.

#### **(g) Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation. All assets costing more than £500 (€555) are capitalised. Assets are depreciated once the asset is ready for use. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset on a straight-line basis over the assets estimated useful lives as follows:

Computer equipment — 33% straight line  
Furniture, Fixtures and fittings — 25% straight line  
Office equipment — 33% straight line

#### **(h) Debtors**

Other debtors including amounts owed from ECFR Group entities are recognised at the settlement amount due. Prepayments are valued at the amount prepaid. Accrued income including gift aid is measured at the amount due to be received.

#### **(i) Cash at bank and in hand**

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

#### **(j) Creditors and provisions**

Creditors and accruals are recognised at their known or reliably estimated settlement amount due. Sundry creditors including provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably.



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## **Notes to the Financial Statements for the year ended 31 December 2022**

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### **1) Accounting Policies – continued**

#### **(k) Financial instruments**

Derivatives, including foreign forward exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised as other gains/losses on the face of the Statement of Financial Activities.

#### **(l) Operating Leases**

The charity classifies the lease on the London office building as an operating lease; the title to the building remains with the lessor. Rental charges are charged on a straight-line basis over the term of the lease.

#### **(m) Pensions**

The company subscribes to a defined contribution pension scheme provided by Standard Life. Contributions payable for the period are charged in the Statement of Financial Activities.

#### **(n) Foreign Currency**

In preparing these financial statements, transactions in the foreign currencies have been recorded in the presentational currency using an average exchange rate or the rate prevailing at the time.

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Foreign exchange differences arising on translation are reported in the Statement of Financial Activities.

#### **(o) Taxation**

No charge to taxation arises on the result for the year because the company is able to take advantage of the tax exemptions available to charities.

#### **(p) Judgements and key sources of estimation uncertainty**

Accounting estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The following judgements (apart from those involving estimates) have been made in the process of applying the above accounting policies that have had the most significant effect on amounts recognised in the financial statements:

##### **Useful economic lives of tangible assets**

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually.

They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets, see note 8 for the carrying amount of the fixtures and equipment and computer equipment, and note l(g) for the useful economic lives for each class of assets.

There are no other key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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## Notes to the Financial Statements for the year ended 31 December 2022

### 2) Analysis of income

	Unrestricted €	Restricted €	Total 2022 €	Total 2021 €
<b>Donations and legacies:</b>				
Donations and gifts	-	-	-	50,000
Donated goods, facilities and services (Note 3)	<b>206,823</b>	-	<b>206,823</b>	231,841
	<b>206,823</b>	-	<b>206,823</b>	281,841
<b>Charitable Activities:</b>				
Grants	<b>2,253,798</b>	<b>4,193,506</b>	<b>6,447,304</b>	4,999,740
	<b>2,253,798</b>	<b>4,193,506</b>	<b>6,447,304</b>	4,999,740
<b>Investment Income:</b>				
Interest Income	<b>3</b>	-	<b>3</b>	1
	<b>3</b>	-	<b>3</b>	1
<b>Other Income</b>	<b>2,863</b>	-	<b>2,863</b>	548
	<b>2,863</b>	-	<b>2,863</b>	548
<b>Total Income</b>	<b>2,463,487</b>	<b>4,193,506</b>	<b>6,656,993</b>	5,282,130

ECFR is very grateful for the continuing support of the Open Society Foundation for their core funds of €2,233,798 (2021: €2,099,817).

In 2021, all of the €281,841 income in relation to donations and legacies was attributable to the unrestricted funds.

In 2021, €2,099,817 of income from charitable activities was attributable to the unrestricted, fund and the remaining €2,899,923 of the income was attributable to the restricted fund.

In 2021, all of the €548 income from other income was attributable to the unrestricted fund.

### 3) Donated goods, facilities and services

	Total 2022 €	Total 2021 €
Asia & China programme	-	-
Middle East & North Africa programme	<b>62,877</b>	19,270
European Power programme	<b>27,824</b>	15,485
Wider Europe programme	<b>36,500</b>	47,000
Advocacy & National Offices	<b>79,622</b>	150,086
<b>Total Gifts in Kind</b>	<b>206,823</b>	231,841

Gifts in Kind consist of 11% (2021: 8.1%) of donated office services and 89% (2021: 91.9%) of event services. It includes contributions to office space, speakers time, provision of venue space and support to public events.

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## Notes to the Financial Statements for the year ended 31 December 2022

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### 4) Analysis of expenditure

	Direct Staff Costs	Activity Costs	Support Costs	Total 2022	Total 2021
	€	€	€	€	€
Asia & China programme	-	20,302	12,425	32,727	81,261
Middle East & North Africa programme	425,035	469,526	379,998	1,274,559	1,148,917
European Power programme	131,649	1,256,039	384,116	1,771,804	941,228
Wider Europe programme	-	149,336	56,221	205,557	299,836
Africa programme	-	128,320	26,834	155,154	161,216
Advocacy & National Offices	266,443	208,053	48,691	523,187	544,383
Regrant	-	2,762,086	-	2,762,086	1,471,000
	<b>823,127</b>	<b>4,993,662</b>	<b>908,285</b>	<b>6,725,074</b>	<b>4,647,841</b>

	Total 2022	Total 2021
	€	€
<b>Support Costs</b>		
Staff Costs	572,630	575,107
Office Rental	133,783	242,491
Communications	31,721	24,214
Professional costs	89,496	71,664
IT costs	17,188	16,299
Depreciation, equipment hire & asset impairment	1,796	1,839
Bank charges & loss on exchange	56,940	(104,725)
Governance costs	4,569	11,294
Loss on sale of assets	162	-
	<b>908,285</b>	<b>838,183</b>

### 5) Net Income/(Expenditure) for the year is stated after charging:

	Total 2022	Total 2021
	€	€
<b>Auditors remuneration for the charity:</b>		
Audit fees for the audit of charity	10,250	12,649
Other services	12,155	15,991
	<b>22,405</b>	<b>28,640</b>
Depreciation	944	1,332
Operating lease office rentals	119,722	175,064

# European Council on Foreign Relations

## Notes to the Financial Statements for the year ended 31 December 2022

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### 6) Staff costs and employee benefits

Staff Costs	Total 2022 €	Total 2021 €
Salaries & wages	1,132,941	1,188,966
Social security costs, incl. pension arrangements for non-UK staff	154,478	156,887
Pension costs (defined contribution scheme for UK staff)	70,937	88,187
Other employee benefits	37,401	38,961
	<b>1,395,757</b>	<b>1,473,001</b>

Staff costs consists of support staff costs of €572,630 (2021: €575,107) and direct activities staff costs of €823,127 (2021: €897,894). Please see note 4.

Average monthly number of employees during the year calculated on a full-time equivalent basis was 16 (2021: 18).

The following number of employees received a gross salary between the below bands during the year:

Band	2022	2021
€70,000 to €79,999	1	-
€80,000 to €89,999	-	-
€90,000 to €99,999	1	-
€100,000 to €109,999	-	1
€110,000 to €119,999	-	-
€120,000 to €129,999	-	1
€130,000 to €139,999	1	-
€140,000 to €149,999	-	-
€150,000 to €159,999	-	-
€160,000 to €169,999	-	-
€170,000 to €179,999	-	-
€180,000 to €189,999	-	-
€190,000 to €199,999	-	-
€200,000 to €209,999	-	-
€210,000 to €219,999	1	1

Key management comprise the senior management team (noted on page 1). The total cost to company of key management for the group were €441,736 (2021: €428,301).

Redundancy payments made during the year were €Nil (2021: €Nil).

Accrued annual leave of €26,366 (2021: €42,582) has been provided for.

### 7) Defined Contribution

The Standard Life Group Self Invested Personal Pension is available to all UK employees in line with current statutory requirements. The company makes 5% contribution to employees, in exceptional cases up to 10% contribution. The charity complied with the requirements of auto-enrolment in the UK in July 2015 and re-enrolment by September 2019. Pension related costs for the year amounted to €70,937 (2021: €88,187). Pension contribution payments of €8,674 (2021: €9,403) were outstanding at year end.

Pension contributions for non-UK staff are paid in line with the social security arrangements in place in each country.

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## Notes to the Financial Statements for the year ended 31 December 2022

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### 8) Tangible Fixed Assets

Charity	Computer Equipment	Office Equipment	Fixtures, fittings & equipment	Total
	€	€	€	€
<b>Costs</b>				
At 1st January 2022	29,098	602	-	29,700
Additions	-	-	-	-
Disposals	(1,167)	-	-	(1,167)
At 31st December 2022	<u>27,931</u>	<u>602</u>	<u>-</u>	<u>28,533</u>
<b>Depreciation</b>				
At 1st January 2022	27,776	602	-	28,378
Charge for the year	944	-	-	944
Disposals	(1,005)	-	-	(1,005)
At 31st December 2022	<u>27,715</u>	<u>602</u>	<u>-</u>	<u>28,317</u>
<b>Net Book Value</b>				
At 31st December 2022	<u>216</u>	<u>-</u>	<u>-</u>	<u>216</u>
At 31st December 2021	<u>1,322</u>	<u>-</u>	<u>-</u>	<u>1,322</u>

### 9) Debtors

	2022	2021
	€	€
Trade Debtors	42,090	28,950
Accrued Income	-	50,000
Property Deposit	23,514	54,720
ECFR Group Debtors	2,891,924	267,529
Other Debtors	-	2,626
Prepayments	45,653	64,254
Financial instrument	168,743	-
	<u>3,171,924</u>	<u>468,079</u>

### 10) Cash at bank and in hand

	2022	2021
	€	€
Cash at bank and in hand	3,942,902	3,782,162
	<u>3,942,902</u>	<u>3,782,162</u>

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## Notes to the Financial Statements for the year ended 31 December 2022

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### 11) Creditors: amounts falling due within one year

	2022	2021
	€	€
<b>Analysis of creditors</b>		
ECFR Group Creditors	2,548,676	78,799
Trade Creditors	214,099	102,071
Other Tax and Social Security Costs	-	2,325
Pension Contributions	8,674	9,403
Sundry Creditors	29,703	107,751
Accruals	58,721	105,765
Deferred Grant income	1,177,591	868,533
	<u>4,037,464</u>	<u>1,274,647</u>

	2022	2021
	€	€
<b>Deferred Income</b>		
<b>Movement in deferred income account:</b>		
Balance at 1 January	868,533	1,778,806
Amounts added in current period	1,177,591	868,533
Amounts released to income from previous periods	(868,533)	(1,778,806)
Balance at 31 December	<u>1,177,591</u>	<u>868,533</u>

Deferred income relates to income received during the year for projects taking place after the year end.

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## Notes to the Financial Statements for the year ended 31 December 2022

### 12) Restricted Funds

Donor	Restricted Purpose	01 January 2022	Income	Expenditure	31 December 2022
		€	€	€	€
Support greater than €250,000:					
Ministry of Foreign Affairs Sweden	Multiprogramme 2022	-	2,765,154	(2,434,712)	330,442
Open Society Foundations (OSF)	Unlock 2022				
Foundation for Democracy and Pluralism	FDP - Aletheia Data Project				
Ministry of Foreign Affairs Norway	Norwegian MFA MENA 2022				
Support between €100,000 and €250,000:					
Bill & Melinda Gates Foundation	Building an EU-Africa program	-	621,811	(609,981)	11,830
Ministry of Foreign Affairs Denmark	MENA Danish MFA				
Open Society Foundations (OSF)	Unlock 2021				
Support between €50,000 and €100,000:					
Charles Koch Institute	CKI - Transatlantic European Sovereignty project	-	249,600	(228,004)	21,596
Fondation Calouste Gulbenkian	Partnership 2022				
Rockefeller Brothers Fund	Iran SG and WD Initiative 2021 - 2023				
Support between €25,000 and €50,000:					
Ploughshares Fund	Ploughshares Fund	-	108,459	(80,416)	28,043
JETRO-London	Jetro London - Asia Core Support 2022				
Open Society Foundations (OSF)	OSF - Democratic transition in Belarus				
Support below €25,000:					
11 Donors	Various	-	448,482	(214,603)	233,879
		-	4,193,506	(3,567,716)	625,790

ECFR entities across Europe contributed to the work supported by each of these restricted funds and the restricted funds were expensed in line with the guidelines applicable to each of those funds. ECFR is grateful to all its funders for their generous support provided in 2022, especially from our core funder, the Open Society Foundation.

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## Notes to the Financial Statements for the year ended 31 December 2022

### 13) Restricted Funds – Prior Year (2021)

Donor	Restricted Purpose	01 January 2021	Income	Expenditure	31 December 2021
		€	€	€	€
Support greater than €250,000:					
Open Society Foundations (OSF)	Unlock 2021 & 2020, Democratic transition in Belarus	-	1,691,158	(1,691,158)	-
Bill & Melinda Gates Foundation	Africa Programme Support 2020-2022				
Swedish International Development Agency	MENA & WE Programme Support 2021				
Support between €100,000 and €250,000:					
Ministry of Foreign Affairs Norway	MENA Programme Support 2018-2020 & 2022-2024, Africa 2021 with NUPI	-	760,387	(760,387)	-
Japan Bank for International Cooperation	MENA Programme Support 2021				
Ministry of Foreign Affairs Sweden	EP & WE Programme Support 2021, Economic Coercion TF 2021				
Ministry of Foreign Affairs Denmark	MENA Programme Support 2019-2022				
Support between €50,000 and €100,000:					
Compagnia di San Paoli	Strategic Partnership 2020-2021	-	290,626	(290,626)	-
Ericsson	Asia Programme Support 2021-2022				
Fondation Calouste Gulbenkian	EP Programme Support 2021				
Rockefeller Brother Fund	Iran taskforce 2019-2021, Iran SG and Women's Dialogues Initiative 2021-2023				
Support between €25,000 and €50,000:					
JETRO – London	Asia Programme Support 2021	-	117,000	(117,000)	-
Ministry of Foreign Affairs Ireland	North Africa & MEPP Core support 2021				
ECFR Italy	Strategic Partnership CdSP 2021-2022				
Banco Santander	ECFR Madrid Support 2021				
Support below €25,000:					
6 Donors	ECFR Madrid Support 2020/21, Multilateralism project, China's influence in Bulgaria, Turkey-Armenia normalization: A policy workshop	-	40,752	(40,752)	-
		-	2,899,923	(2,899,923)	-



# European Council on Foreign Relations

## Notes to the Financial Statements for the year ended 31 December 2022

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### 14) Transactions with trustees

During the year, no trustees (2021: nil) were paid or received any other benefit from employment with the charitable company. 3 trustees (2021: 3) were reimbursed for travel and meeting expenses amounting to €9,877 (2021: €2,925).

### 15) Transaction(s) with related parties

The charity has taken advantage of the exemption not to disclose transactions with entities that are part of the Group by virtue of its status as a subsidiary of the parent whose financial statements are consolidated and are made publicly available.

### 16) Reconciliation of net income/(expenditure) to net cashflow from operating activities

	2022	2021
	€	€
Net income/(expenditure) for the reporting period	(68,081)	634,289
<b>Adjustments for:</b>		
Depreciation	944	1,332
Loss/(profit) on sale of fixed assets	162	-
(Increase)/Decrease in debtors	(2,703,845)	4,266
Increase/(Decrease) in creditors	2,762,817	(817,691)
FX movement on financial instrument	168,743	-
	<u>160,740</u>	<u>(177,804)</u>

### 17) Operating lease commitments

	2022	2021
	€	€
The charity had total commitments under an operating lease as follows:		
Not later than one year	83,770	89,748
Later than one and not later than five years	-	88,338
Later than five years	-	-

### 18) Ultimate Controlling Party

The ultimate parent entity is European Council on Foreign Relations (ECFR) e.V, a not-for-profit association registered in Germany, No. VR 37797 B. The consolidated accounts may be obtained from the registered address of the parent entity which is Unter den Linden 17, 10117 Berlin, Germany.