

**Friends of
the Earth**

FRIENDS OF THE EARTH LIMITED

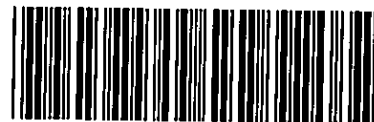
(A company limited by guarantee
and not having a share capital)

REPORT AND ACCOUNTS

for the year ended 31 May 2012

Company Number 1012357

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FRIENDS OF THE EARTH LIMITED
REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MAY 2012

CONTENTS	Page
Legal and Administrative Information	2
Directors' Report	3 - 8
Auditors' Report	9 - 10
Income and Expenditure Account	11
Balance Sheet	12
Cashflow Statement	13
Notes to the Accounts	14 - 19

FRIENDS OF THE EARTH LIMITED

LEGAL AND ADMINISTRATIVE INFORMATION

Friends of the Earth Limited is a company limited by guarantee, not having a share capital and is governed by its memorandum and articles of association

Company Registration Number	1012357
Registered Office	26-28 Underwood Street, London N1 7JQ
Tel	020 7490 1555
Fax	020 7490 0881
email	info@foe.co.uk
Web site	http://www.foe.co.uk

The majority of the Directors of the company are appointed by election from the Friends of the Earth Limited Local Groups. The remainder are co-opted for their skills and expertise. One third retire each year and may offer themselves for re-appointment. The Directors are responsible for setting policy and agreeing strategy. Those who held office during the year were

J Birch (resigned July 2011)	D Horsman (appointed Chair February 2012)
S Counsell (Chair) (retired February 2012)	B Jackson
J Gold	A Rae (retired November 2011)
F Green	W Rigby (appointed November 2011)
H Griffiths	Dr T Sayer
S Hack (appointed November 2011)	S Steeden (appointed April 2012)
J Halladay	P Whitney (retired November 2011)
V Harvey (appointed November 2011)	

The Board has 3 sub-committees: an Organisational Excellence Committee (which looks at finance, governance and resource matters), a Campaigns Committee, and an Engagement Committee. The committees enable appropriate scrutiny and monitoring of different areas of the Friends of the Earth Limited's work.

Executive Director	A Atkins
Company Secretary	E Kavanagh

The day to day management is delegated to the Executive Director (A Atkins), the Management Team (made up of employees selected for their expertise in the various activities of the organisation) and the Company's other staff.

Principal Advisers

Registered Auditors	Bankers
haysmacintyre	Co-operative Bank
Chartered Accountants	Manchester Business Centre, 1 Balloon Street,
Fairfax House, 15 Fulwood Place	Manchester, M60 4EP
London, WC1V 6AY	

FRIENDS OF THE EARTH LIMITED

DIRECTORS' REPORT

The Directors present their report and accounts for the year ended 31 May 2012

OBJECTIVES OF FRIENDS OF THE EARTH LIMITED

Friends of the Earth Limited exists to protect and improve the environment, through influencing political policies and business practices, inspiring individuals and communities to take personal and political action, and stimulating wide and intelligent debate. In these ways it also supports Friends of the Earth Trust, a charity, to achieve its charitable objectives.

GOVERNANCE

On 25 February 2012 Simon Counsell retired as both Director and Chair of Friends of the Earth Limited, having been in post since January 2006. During this time Friends of the Earth Limited has gone through changes in both senior personnel and focus – Simon's contribution to this work was invaluable and very much appreciated by staff and directors alike. We would like to take this opportunity to sincerely thank Simon for his input and guidance and wish him every success with his other interests, particularly Rainforest Foundation UK. Simon has been replaced as Chair by Bonnie Horsman.

REVIEW OF ACTIVITIES

Friends of the Earth Limited undertakes campaigning work and, as such, concentrates on three fronts – building on our collaboration with overseas organisations, supporting and encouraging local, regional and national groups in their work, and coordinating national activism by developing an effective network. At the heart of our successes have been these networks, comprising experts, activists and dedicated supporters who have helped us capture the imagination of thousands of people and gain their trust.

External Context

One of the first acts of the Coalition Government was to launch a wholesale attack on the concept of the English regions. This has seen the demise of Regional Development Agencies, Government Offices and Regional Assemblies. The intention was to abolish the regional strategies, but due to the need for strategic environmental assessments of their demise to be carried out, that process has been put on hold. We technically still have regional plans with which new development should conform. However developers are putting in planning applications to test the will of local authorities, then appeal and as a last resort go to the courts, development by appeal is gaining traction.

New Initiatives

In September 2011 we launched 'Campaign Hubs' a new dynamic online destination for activists to join forces on campaigns and projects. Successful from the outset, Campaign Hubs are empowering activists to organise themselves, share information and network faster and more effectively than ever before. The hubs include a Young Friends of the Earth network of 16–30 year old activists.

FRIENDS OF THE EARTH LIMITED

DIRECTORS' REPORT (continued)

In November 2011 we hosted our sell-out comedy fundraiser 'Laugh or the Polar Bear Gets It' at London's HMV Hammersmith Apollo. The event raised £60,000 for our work including confronting climate change.

In January 2012 we launched our new, improved online shop in association with New Internationalist. We now have a great range of products available and products associated with the Bee Cause campaign have been selling well. Marketing efforts will concentrate on the Christmas period.

Campaign Successes

We take Government to task on illegal Feed-In Tariff change – and win

In 2008 we led a successful campaign supporting Feed-in Tariffs, otherwise known as cash-back for solar projects. Without warning in November 2011 the Government announced that they would cut the feed-in tariff drastically with immediate effect and that the required consultation process would take place after the cuts had been implemented. Together with two solar companies we challenged the Government's illegal ruling in the High Court - and again when the Government appealed - in the Supreme Court. On both occasions we won our legal challenge. Uncertainty in the industry over this period put jobs and businesses at risk, however in May 2012 the Government set out its new plan for the solar industry until 2020, which we welcome. We are now calling for an independent body to decide how much money solar power receives, to rule out a repeat of this costly and chaotic episode.

Final Demand generates immediate action

In October 2011 the Final Demand campaign, which promotes practical solutions to set the UK on track for a secure and affordable green energy future, was launched. In support of the work done by Friends of the Earth Trust and to highlight the findings we sent a team of spoof energy company representatives, clad in 'EDF-off' uniforms to hand out freebies to the public as a thank you for their soaring profits. This generated an incredible 200 news items, carrying our message to new audiences and contributing to a huge shift in media positioning on the real reasons behind fuel price rises.

International Work

As part of Friends of the Earth International we have been a major presence at United Nations climate talks, helping to support developing countries in their push for a strong and fair international climate agreement. These countries have done the least to cause climate change but some are already suffering the impacts of higher global temperatures. In talks in Panama, South Africa and Germany we continued to push for agreement on cutting emissions and at Durban we introduced our ground-breaking Energy System Report. This describes a new model of globally funded tools to take our energy systems beyond fossil fuels to universally accessible and sustainable energy.

In November 2011 we attended the Resource Efficiency and Food Security Conference in Brussels. This was an extremely successful event allowing us to network widely and outline our programmes on Economics and Resource Use and Climate and Energy in particular.

During the year we lobbied the 72 UK Members of the European Parliament who will have a say in the Common Agricultural Policy reform, which is currently being rewritten. It's an incredible opportunity to stop the destruction of the environment and rural communities at home and abroad caused by factory farming in Europe.

FRIENDS OF THE EARTH LIMITED

DIRECTORS' REPORT (continued)

Local and Regional Actions

We are constantly seeking ways to support and encourage our local groups in the actions that they take in their areas, recognising that it is these issues that are often most meaningful to members of the public. During the year we made 25 grants of amounts up to £1,500 to local groups, we ran a community energy master class to help people interested in setting up renewable energy projects and we provided groups with props and materials to run their version of the Bee Cause events.

The annual conference was held in Nottingham in September 2011. In a departure from the normal format we arranged for international speakers to give an insight into the global context for the actions that we take, and we also invited past executives of Friends of the Earth to take part in a Question Time style session.

Areas in the northwest and southeast of England are being threatened by possible fracking operations that we believe pose serious environmental concerns, key among these being greenhouse gas emissions, potential contamination of groundwater, the triggering of earthquakes, and a rise in water demand. Consequently we are working for a moratorium on further shale gas extraction and exploration.

Local groups that worked to support the big port upgrade and wind turbine factory planned for Hull were celebrating too. About 800 people will be directly employed at Siemens' £80m turbine manufacturing plant, which could be up and running by 2013. Work on the service and maintenance of the turbines will continue in the city until at least 2049, because the turbines last for about 25 years - an example of how a green economy can work to benefit people and the planet.

Cymru

Local groups in Wales were at the forefront of campaigns to reduce plastic bag use in their towns and cities and worked tirelessly to raise awareness of the issue. So they were celebrating in late 2011, when Wales became the first country in the UK to introduce a 5p charge for every single-use plastic bag a shopper uses.

Our supporters and thousands of local residents in Merthyr Tydfil and the Rhymney Valley celebrated the culmination of two years' successful campaigning when proposals for a mega incinerator were withdrawn. With the community organisation United Valleys Action, we helped stop the giant 750,000 tonne-a-year incinerator which would have produced air pollution and climate-changing gases in an area that already suffers poor health, over 10,000 objections were submitted to the planners.

Northern Ireland

The Planning Reform Act 2011 fell far short of providing a viable long term vision for planning and democracy in the province. Over the last 12 months Friends of the Earth Northern Ireland has made a strong case for systemic root and branch change to the planning system. In the summer of 2011 in conjunction with Queen's University Belfast, we ran a survey, which produced 540 responses, with 70% of respondents feeling the public is served 'poorly' or 'very poorly'. Survey results also raised questions about the level of leverage exercised by the powerful institutions and business interests that lobby Members of the Legislative Assembly (MLAs). The information we have about how decisions are reached points to total system failure. In January we launched a new campaign, called '*What are they planning?*' The campaign is pushing for a system that's transparent and accountable, with guiding principles that prioritise sustainable development, together with action on climate change and energy security.

FRIENDS OF THE EARTH LIMITED

DIRECTORS' REPORT (continued)

Local groups in Northern Ireland have been working hard to prevent the new A5 road, which we believe will seriously damage the environment and ruin investment in public transport, from going ahead. Together with pressure groups, the Alternative A5 Alliance, An Taisce and Plan Better, our supporters have been growing grass roots opposition to the scheme.

FUTURE DEVELOPMENTS

Having completed the new strategy last year, giving a 40 year perspective and 10 year ambitions for our work, the next few years will be ones of consolidation and delivery of the devised programmes.

In the short-term we intend to make real progress in two specific areas. Firstly on research, consultation, production and dissemination of our 40 year route map to a sustainable future. This major piece of work, in time, will cover all of the issues that threaten the future of the planet – exploring the threats and remedies that are available. It will augment and complement the work being done by the Policy and Campaigns teams, as well as enhancing our standing and reputation.

Secondly, we are undertaking a comprehensive review and re-launch of our activism, aiming to connect with and inspire greater numbers of supporters. In addition we are mapping the supporter journey, enabling supporters to contribute to our work in a variety of ways.

FINANCIAL REVIEW

The decrease of £1.1 million in total incoming resources to £1.7 million for the year ended 31 May 2012 is mainly due to the fact that we now encourage new supporters to join Friends of the Earth Trust, a registered charity, so they can make their gift go further by taking advantage of Gift Aid.

Donations from individual supporters make up 93% of our total income, of which committed giving income (standing orders and direct debits) accounts for 90%. This regular, reliable source decreased by £0.4 million as new supporters joined Friends of the Earth Trust instead - donations from individual supporters of FOE Trust increased by 11% this year (by over £0.6 million).

Charities and other non-profit organisations which rely on income from individuals often have higher costs of generating funds as generally it is more expensive to raise income in this way. The Directors consider that maintaining the company's financial independence ensures the integrity of its campaigning and information work.

We were disappointed that legacy income decreased this year, by £18k. However, this source of income is very unpredictable and fluctuates from year to year. Tax advantages make it beneficial to leave legacies to Friends of the Earth Trust which is a charity. We thank all those who remember us in their will.

Overall expenditure has been decreased by £0.9 million.

FRIENDS OF THE EARTH LIMITED

DIRECTORS' REPORT (continued)

RESERVES

Overall there was a deficit of income over expenditure from ordinary activities in the year of £251,045. This reduced our reserves to £1,351,784. Our current level of reserves represents almost 36 weeks' worth of normal operating expenditure.

We consider that the current level of reserves is acceptable for a non-profit organisation of this size and complexity, especially in view of the amount of committed income pledged to the company.

We have no equity investments and hence these accumulated reserves are primarily represented by bank deposits. Our reserves and investment policies are summarised in note 1 to the accounts.

The employee and staff costs are detailed in note 6 to the accounts but this does not take account of the tremendous contribution made by the thousands of volunteers who work throughout the organisation and without whom we could not achieve so much.

DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

RISK MANAGEMENT

The Directors have considered the major risks to which the company is exposed and confirm that systems have been established to mitigate those risks. This review, carried out annually by the Directors and senior staff, has identified that there are currently no significant risks which require urgent remedial action outside of the company's normal on going systems and procedures.

FRIENDS OF THE EARTH LIMITED

DIRECTORS' REPORT (continued)

RELATED PARTY

The work of Friends of the Earth Limited complements that of Friends of the Earth Trust Limited. The latter is a registered charity and it exists to protect and improve the environment, through campaigning, undertaking research, education and publishing and it provides an information service on environmental problems and their solutions.

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

The value of these transactions is detailed in note 14 to the accounts.

AUDITORS

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

Approved by the Directors on 3 November 2012 and signed on behalf of the board,



D HORSMAN Chair

FRIENDS OF THE EARTH LIMITED

AUDITORS' REPORT TO THE MEMBERS OF FRIENDS OF THE EARTH LIMITED

We have audited the financial statements of Friends of the Earth Limited for the year ended 31 May 2012 which comprise the Income and Expenditure Account, the Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective Responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors of the company are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements. In addition, we read all the financial, and non-financial information in the Directors' Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 May 2012 and of its deficit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

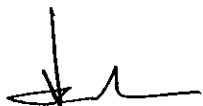
FRIENDS OF THE EARTH LIMITED

AUDITORS' REPORT TO THE MEMBERS OF FRIENDS OF THE EARTH LIMITED (continued)

Matters on which we are required to report by exception

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

- 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 trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Bernie Watson (Senior Statutory Auditor)
for and on behalf of haysmacintyre
Chartered Accountants and Statutory Auditors

Fairfax House
15 Fulwood Place
London WC1V 6AY

Date 3 November 2012

FRIENDS OF THE EARTH LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MAY 2012

	Notes	2012 £	2011 £
INCOME			
Supporters' contributions	2	1,612,326	2,015,846
Gross profit on trading	3	6,342	3,728
Other	4	114,917	802,834
TOTAL INCOME		<u>1,733,585</u>	<u>2,822,408</u>
EXPENDITURE			
Campaigning & information provision		1,730,672	2,505,540
Fundraising		114,870	264,516
Management & administration		69,056	59,308
TOTAL EXPENDITURE	5	<u>1,914,599</u>	<u>2,829,364</u>
NET DEFICIT FOR THE FINANCIAL YEAR BEFORE TAX		(181,014)	(6,956)
CORPORATION TAX PAID	15	70,031	-
NET DEFICIT FOR THE FINANCIAL YEAR AFTER TAX		(251,045)	(6,956)
ACCUMULATED SURPLUS AT THE BEGINNING OF THE YEAR		1,602,829	1,609,786
ACCUMULATED SURPLUS		<u>1,351,785</u>	<u>1,602,830</u>


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

All transactions during the year are derived from continuing activities

FRIENDS OF THE EARTH LIMITED
CO. NO. 1012357
BALANCE SHEET AS AT 31 MAY 2012

	Notes	2012 £	2011 £
TANGIBLE FIXED ASSETS	9	<u>272,648</u>	<u>119,028</u>
CURRENT ASSETS			
Debtors	10	1,578,855	1,403,493
Cash at bank		46,414	667,073
		<u>1,625,269</u>	<u>2,070,566</u>
CREDITORS - DUE WITHIN ONE YEAR	11	<u>(546,132)</u>	<u>(586,765)</u>
NET CURRENT ASSETS		<u>1,079,137</u>	<u>1,483,801</u>
NET ASSETS		<u>1,351,785</u>	<u>1,602,829</u>
RESERVES			
Accumulated Surplus		<u>1,351,785</u>	<u>1,602,830</u>

The accounts on pages 11 to 19 were approved by the Directors on 03 November 2012 and were signed on their behalf by



D HORSMAN

Chair of the Board

FRIENDS OF THE EARTH LIMITED
CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MAY 2012

	Notes	2012 £	2011 £
Net outgoing resources for the year		(251,045)	(6,957)
Adjusted by			
Interest receivable		(1)	(1)
Depreciation charges	9	128,041	98,595
(Increase) in debtors		(175,362)	(163,914)
(Decrease)/Increase in creditors		(40,633)	132,545
NET CASH (OUTFLOW)/INFLOW FROM ACTIVITIES		<u>(339,000)</u>	<u>60,268</u>
Returns on investments and servicing of finance			
Interest received		1	1
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		<u>1</u>	<u>1</u>
Capital Expenditure			
Payments to acquire tangible fixed assets	9	(281,660)	(54,209)
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		<u>(281,660)</u>	<u>(54,209)</u>
(DECREASE)/INCREASE IN CASH		<u>(620,659)</u>	<u>6,060</u>
ANALYSIS OF CHANGES IN NET FUNDS			
Balance as at 1 June 2011		667,073	661,013
Net cash (outflow)/inflow		(620,659)	6,060
Balance as at 31 May 2012		<u>46,414</u>	<u>667,073</u>

FRIENDS OF THE EARTH LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MAY 2012

1. ACCOUNTING POLICIES

Basis of Preparation

The accounts are prepared under the historical cost basis, in accordance with applicable accounting standards

Income

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

Trading turnover consists of income from the Polar Bear event in November 2011, sales from our Local Group mail order catalogue, publication sales and merchandising income. Turnover represents amounts invoiced, excluding VAT.

Other income is accounted for on the accruals basis.

Fixed Assets

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

Fixtures, fittings and furniture	10 years
Computers and office equipment	4 years
Telephone equipment	7 years
Computer software	Individual purchases costing over £20,000 are depreciated over 4 years once software is in use

Operating Leases

Payments made under operating leases are charged to the income and expenditure account on a straight line basis over the lease term.

Reserves

The company needs reserves in order to be able to cope with the difficulties of predicting levels of voluntary donations and to cover contingencies and unforeseen opportunities. The Directors review annually the level of reserves required and we use a risk-based approach to determine the level required.

Investments

Friends of the Earth Limited does not hold any equity investments. Any spare cash that we have available is invested in banks that have an effective environmental policy, namely the Co-operative Bank and Triodos Bank.

Foreign Currencies

Transactions in foreign currencies are translated at the rates ruling at the date of the transaction.

FRIENDS OF THE EARTH LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MAY 2012

2. SUPPORTERS' CONTRIBUTIONS

	2012	2011
	£	£
Committed giving (standing orders and direct debits)		
including magazine subscriptions	1,561,456	1,939,123
Legacies	26,792	44,453
Other supporters' contributions	24,078	32,270
	<u>1,612,326</u>	<u>2,015,846</u>

3. TRADING

	2012	2011
	£	£
Trading turnover	79,750	7,593
Cost of sales	(73,408)	(3,865)
	<u>6,342</u>	<u>3,728</u>

The increase in activity was mainly due to including income and costs from our 'Laugh or the Polar Bear Gets It' comedy event

4. OTHER INCOME

	2012	2011
	£	£
Bank Interest	1	1
Advertising in supporter magazine	11,799	16,433
Miscellaneous (**)	103,117	786,399
	<u>114,917</u>	<u>802,833</u>

** Miscellaneous income includes Local Groups Conference Fees and a service charge for asset usage to Friends of the Earth Trust Limited. Last year's income included a VAT refund of £675,905

5. EXPENDITURE

	2012	2011
	£	£
The deficit for the year is after charging		
Staff costs (see note 6)	1,061,532	1,241,708
Depreciation of fixed assets	128,041	98,595
Auditors - statutory audit	6,900	7,750
Auditors - other	-	500
Hire of equipment under operating leases (see note 8)	7,753	19,402
Building leases rentals (see note 8)	105,324	117,943

FRIENDS OF THE EARTH LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MAY 2012

6 EMPLOYEES AND STAFF COSTS

	2012	2011
	£	£
Salaries	937,719	1,099,853
National Insurance	94,810	105,358
Pension	29,003	36,497
	<u>1,061,532</u>	<u>1,241,708</u>

The average number of persons (full-time equivalent) employed by the company during the year was 27 (2011 32)

The number of higher paid staff receiving emoluments, including taxable benefits but excluding employer's pension contributions, over £60,000 are shown in the table below

	2012	2011
No of employees who earn between £60,000 and £69,999	-	1
No of employees who earn between £70,000 and £79,999	2	1

These salaries were split between Friends of the Earth Trust Limited and Friends of the Earth Limited, according to the time spent on each company's activities, and the costs included in the Employee and Staff costs above

The company operates a Group Personal Pension Plan for the benefit of its employees. This is administered separately from the company. The company matches contributions made by employees up to 7% of their salary each year and these costs are charged to the statement of financial activities as incurred.

7. DIRECTORS' REMUNERATION

No directors have any interests in the company. The Chair, Simon Counsell, received an honorarium of £7,500 (2011 £10,000) to recompense him for time spent on the company's business, in accordance with arrangements agreed on his appointment.

8. OPERATING LEASES

The company leases buildings and equipment on short term leases and these are subject to re-negotiation at various intervals specified in the leases. The annual rental paid on leases in operation during the year was £113,077 (2011 £137,345). As at 31 May 2012, the minimum annual commitments under the leases are as follows:

FRIENDS OF THE EARTH LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MAY 2012

	2012	2011
	£	£
Building operating leases renewed annually	5,644	5,644
Building operating leases which expire within 5 years	26,282	26,282
Equipment operating leases	<u>47,475</u>	<u>40,372</u>
	<u><u>79,401</u></u>	<u><u>72,298</u></u>

9. FIXED ASSETS

	Office Furniture £	Computers and Office Equipment £	Computer Software £	Totals £
COST				
Balance at 1 June 2011	298,087	777,917	456,283	1,532,287
Additions	6,308	159,484	115,869	281,660
Disposals	<u>-</u>	<u>(14,840)</u>	<u>-</u>	<u>(14,840)</u>
Balance at 31 May 2012	<u>304,395</u>	<u>922,561</u>	<u>572,152</u>	<u>1,799,107</u>
DEPRECIATION				
Balance at 1 June 2011	279,891	727,560	405,808	1,413,259
Charge for the year	6,234	56,827	64,980	128,041
Disposals	<u>-</u>	<u>(14,840)</u>	<u>-</u>	<u>(14,840)</u>
Balance at 31 May 2012	<u>286,125</u>	<u>769,547</u>	<u>470,788</u>	<u>1,526,460</u>
NET BOOK VALUE				
At 31 May 2012	<u>18,269</u>	<u>153,015</u>	<u>101,364</u>	<u>272,648</u>
At 31 May 2011	<u>18,196</u>	<u>50,358</u>	<u>50,475</u>	<u>119,028</u>

10. DEBTORS

	2012	2011
	£	£
Trade debtors	4,982	9,385
Prepayments and accrued income	142,416	195,171
Amount due from Friends of the Earth Trust Limited	1,380,768	1,151,505
Other debtors	<u>50,689</u>	<u>47,432</u>
	<u><u>1,578,855</u></u>	<u><u>1,403,493</u></u>

FRIENDS OF THE EARTH LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MAY 2012

11. CREDITORS - DUE WITHIN ONE YEAR

	2012	2011
	£	£
Trade creditors	275,797	255,491
Other taxes and social security	147,378	141,242
Accruals and deferred income	51,116	115,126
Interest-free loans	5,000	5,000
Other creditors	66,841	69,906
	<u>546,132</u>	<u>586,765</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 31 May 2012 the number of members was 11 (2011: 11).

13. RECONCILIATION OF MOVEMENTS IN RETAINED FUNDS

There are no changes for the current or previous year other than the retained surplus in the income and expenditure account.

14. RELATED PARTY TRANSACTIONS

The relationship between Friends of the Earth Trust Limited and Friends of the Earth Limited is explained in the Directors' Report on page 8. During the year Friends of the Earth Trust Limited paid Friends of the Earth Limited for the following items:

	2012	2011
	£	£
Shared office services (*)	1,479,462	2,395,340
Service charge for asset usage	93,556	92,296
Salaries incurred by Friends of the Earth Trust Limited	4,643,974	3,641,540
Total expenditure incurred by Friends of the Earth Trust Limited	6,216,992	6,129,176
Less rent charged by Friends of the Earth Trust Limited	(38,697)	(48,420)
Less grant made to Friends of the Earth Trust Limited	-	(730,000)
Cash transfers from Friends of the Earth Trust Limited	(5,949,032)	(5,201,343)
Net transactions in the year	<u>229,263</u>	<u>149,413</u>
Amount owed by Friends of the Earth Trust Limited at year end	<u>1,380,768</u>	<u>1,151,505</u>

FRIENDS OF THE EARTH LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MAY 2012

14. RELATED PARTY TRANSACTIONS (cont)

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

Friends of the Earth Limited paid Roger Clark, the Chair of Friends of the Earth Trust Limited, an honorarium of £1,250 for services managing the Executive Director and attending joint meetings during the year.

During the year ended 31 May 2012, Friends of the Earth Limited did not make a grant to Friends of the Earth Trust Limited (2011 £730,000).

15. CORPORATION TAX AND VAT

The majority of the company's income is not taxable. Tax is only payable on any taxable profit from trading activities. Tax of £70,031 was paid in the 2011/12 financial year on interest received on the VAT refund received in the 2010/11 financial year, this charge was not known at the time of producing the statutory accounts.

In common with many other voluntary organisations, Friends of the Earth Limited is unable to reclaim all of its input VAT. In the year ended 31 May 2012 this amounted to £63,200 (2011 £31,835), which is 3.2% of total expenditure.