



**Friends of
the Earth**

Friends of the Earth Limited

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

Company Number: 1012357

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Contents

Legal and administrative information	3
Directors' Report	5
Auditors' Report	9
Income and Expenditure Account	12
Balance Sheet	13
Notes to the accounts	15

Reference and administrative details

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

Company Registration Number: 1012357

Registered office

The Printworks,
1st Floor, 139 Clapham Road,
London SW9 0HP
020 7490 1555
info@foe.co.uk
friendsoftheearth.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/after the year were:

D. Horsman (formally Anley) (Chair from July 2016)
S. Bernstein (resigned October 2016)
S. Hack (resigned July 2017)
S. Hale
C. Church
J. Gold (resigned July 2016)
L.K. Hand (appointed July 2016)
Dr T. Sayer (Chair) (resigned July 2016)
F. Green (resigned July 2016)
A. Schiffer
H. Griffiths (resigned July 2016)
S. Steeden

Chief Executive Officer

C Bennett

Company secretary

N Siddiqi (appointed 21 October 2016)
E Kavanagh (resigned 21 October 2016)

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

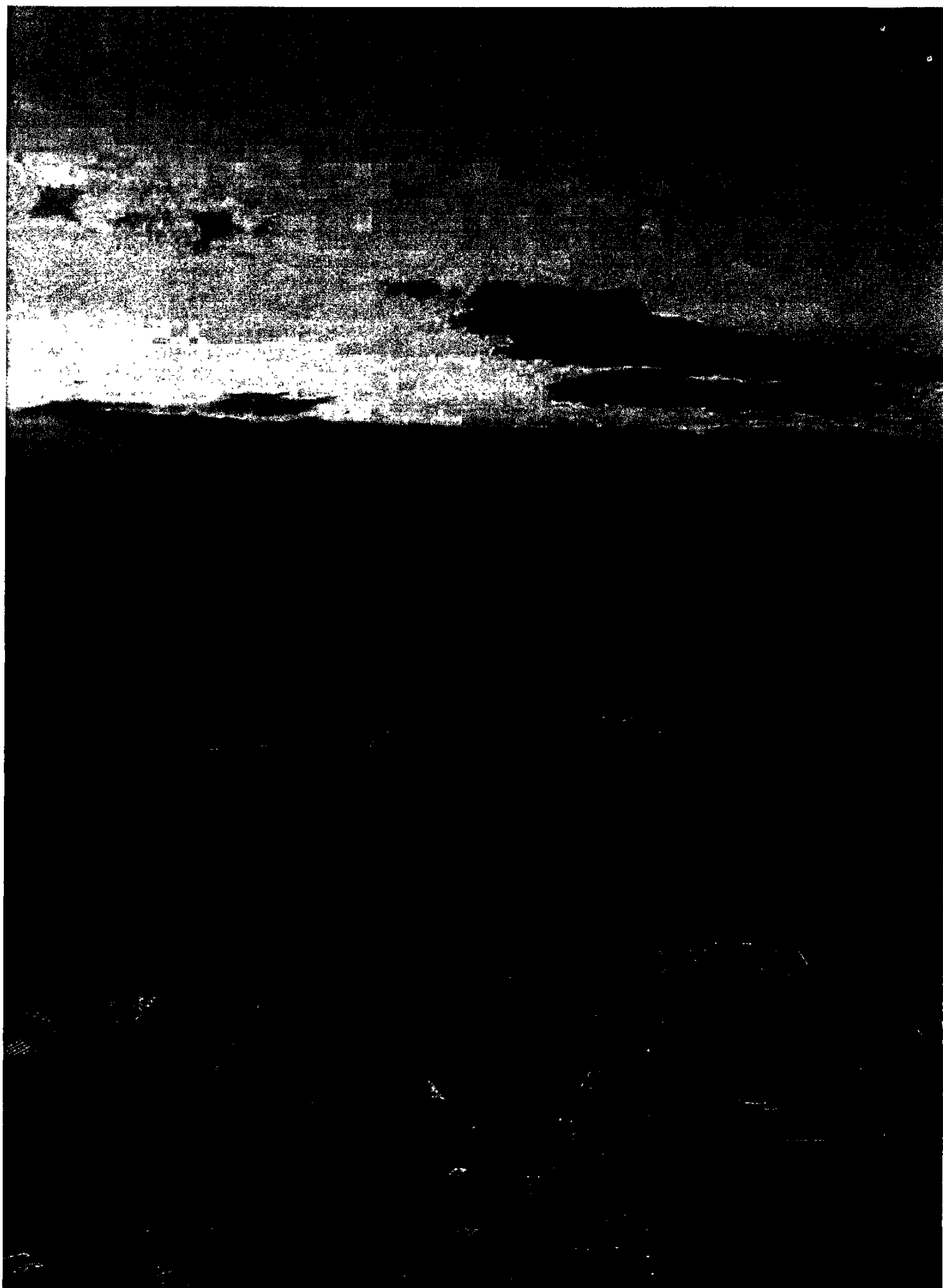
Principal advisers

Registered Auditors

haysmacintyre
Chartered Accountants
26 Red Lion Square
London, WC1R 4AG

Bankers

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



Directors' report

The Directors present their report and accounts for the year ended 31 May 2017

Objectives of Friends of the Earth Limited

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

Review of activities

Friends of the Earth Limited independently decides which work it will carry out, but in doing so it takes into account the work of Friends of the Earth Trust in order to avoid any unnecessary duplication of effort. Friends of the Earth Limited adheres to the same standards as Friends of the Earth Trust regarding party political impartiality and speaking out. Full details of activities and impacts of the work undertaken by the charity are given in the Trustees' Report section of the Friends of the Earth Trust's published accounts.

Friends of the Earth Limited concentrates on three activities – building on our collaboration with overseas organisations; supporting and encouraging local, regional and national groups in their work; and coordinating national activism by developing an effective network.

At the heart of our success has been these networks, comprising experts, activists and dedicated supporters who have helped us capture the imagination of thousands of people and gain their trust

Overseas collaboration

Friends of the Earth Limited continues to be an active and influential contributor to the work of both our European and International bodies, with staff holding posts on boards and committees. We play a key role within the Friends of the Earth International federation to ensure strategic interventions and mobilisation on crucial issues such as international climate, and to support those member groups under threat because of their environmental activism.

Local, national and regional groups

We continue to support a large grassroots network of community groups, with 157 licensed Friends of the Earth groups working with us across Friends of the Earth campaigns and programmes as well as driving their own projects forwards. This year we have built on work begun in the previous year to broaden the ways that communities can work with us, to allow us to reach and involve a greater diversity of people in a greater range of ways. Our Affiliates programme has expanded to 18 groups, and we have plans to double the size of the Affiliates network.

We have continued to put on regional and day-long events for supporters to network and skill-share too, with more than 20 such events across the country this year.

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

Northern Ireland

In Northern Ireland we brought a legal challenge over the failure of the local authorities to stop sand dredging in Lough Neagh. After much work preparing the case in FY16/17, we won the judicial review early in the subsequent financial year, in June 2017.

Wales

In Wales we have continued our work on a number of issues. Our Bee Friendly initiative in partnership with the Welsh government continues to flourish while we have also launched work on plastics. There has been continued work on a range of other issues as well including fracking and clean air.

Financial review

Total income for the year ended 31 May 2017 was £1.49 million, a decrease of £116,000 on the previous year.

Donations from individual supporters make up 82% of our total income, of which regular giving income accounts for 77%. This income decreased by £62,617, a result of natural attrition.

Overall expenditure decreased by £590,434.

Reserves

Overall there was a surplus of £275,061 of expenditure over income from ordinary activities in the year. This increased reserves to £587,423.

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.

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 that require urgent remedial action outside the company's normal systems and procedures.

Related party

The work of Friends of the Earth Limited complements that of Friends of the Earth Trust. 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.

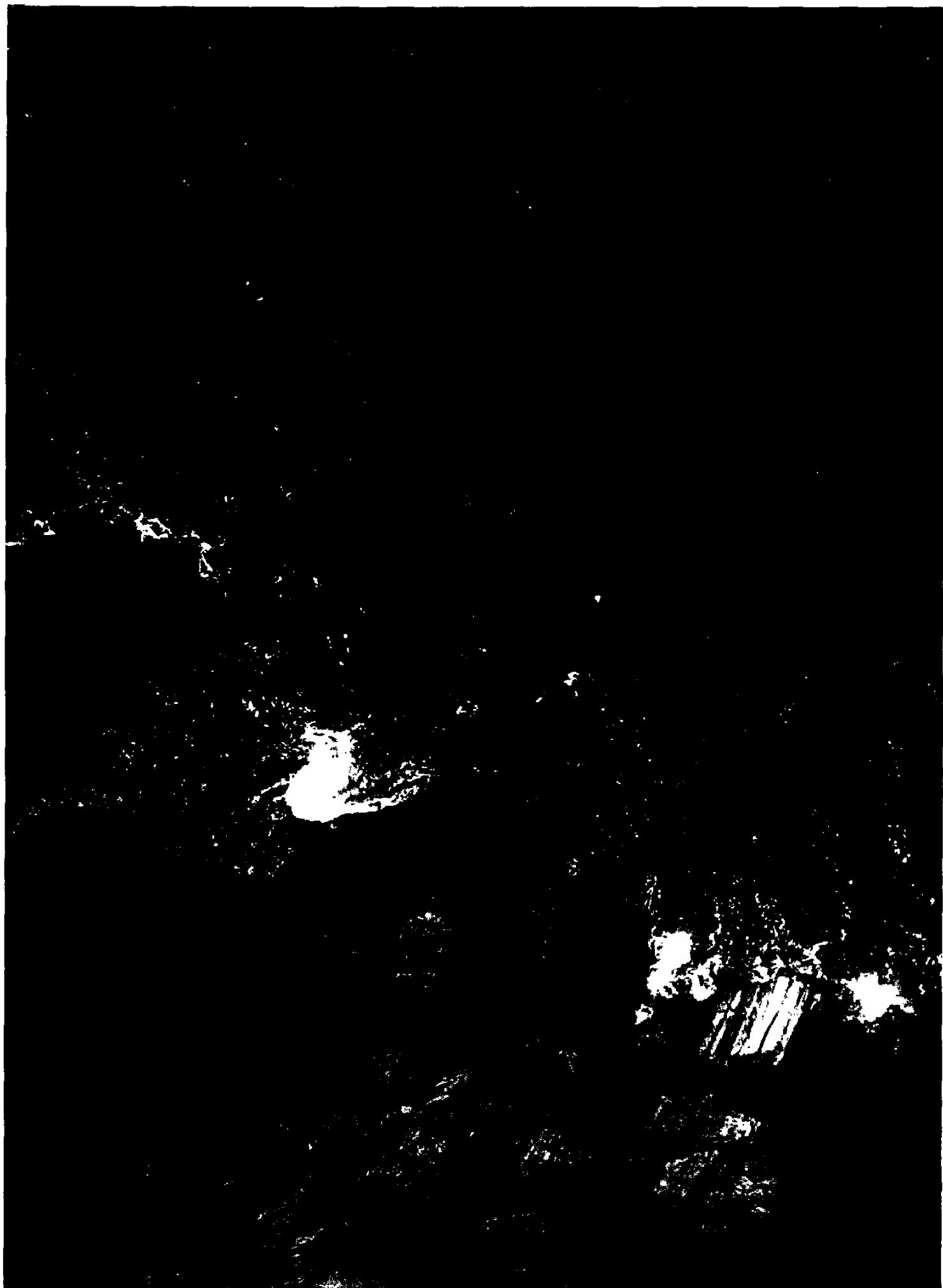
Auditors

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, 2017 and signed on behalf of the board,

D HORSMAN
Chair

A handwritten signature in black ink, appearing to read 'Deborah Horsman', written in a cursive style.



Auditor's report

Independent auditors report to the members and Directors of Friends of the Earth Limited

We have audited the financial statements of Friends of the Earth Limited for the year ended 31 May 2017, which comprise the Profit and Loss Account, the Company 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006. 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2017 and of the company's results 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- » The information given in the Directors report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- » The Directors' report has been prepared in accordance with applicable legal requirements.
- » In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

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:

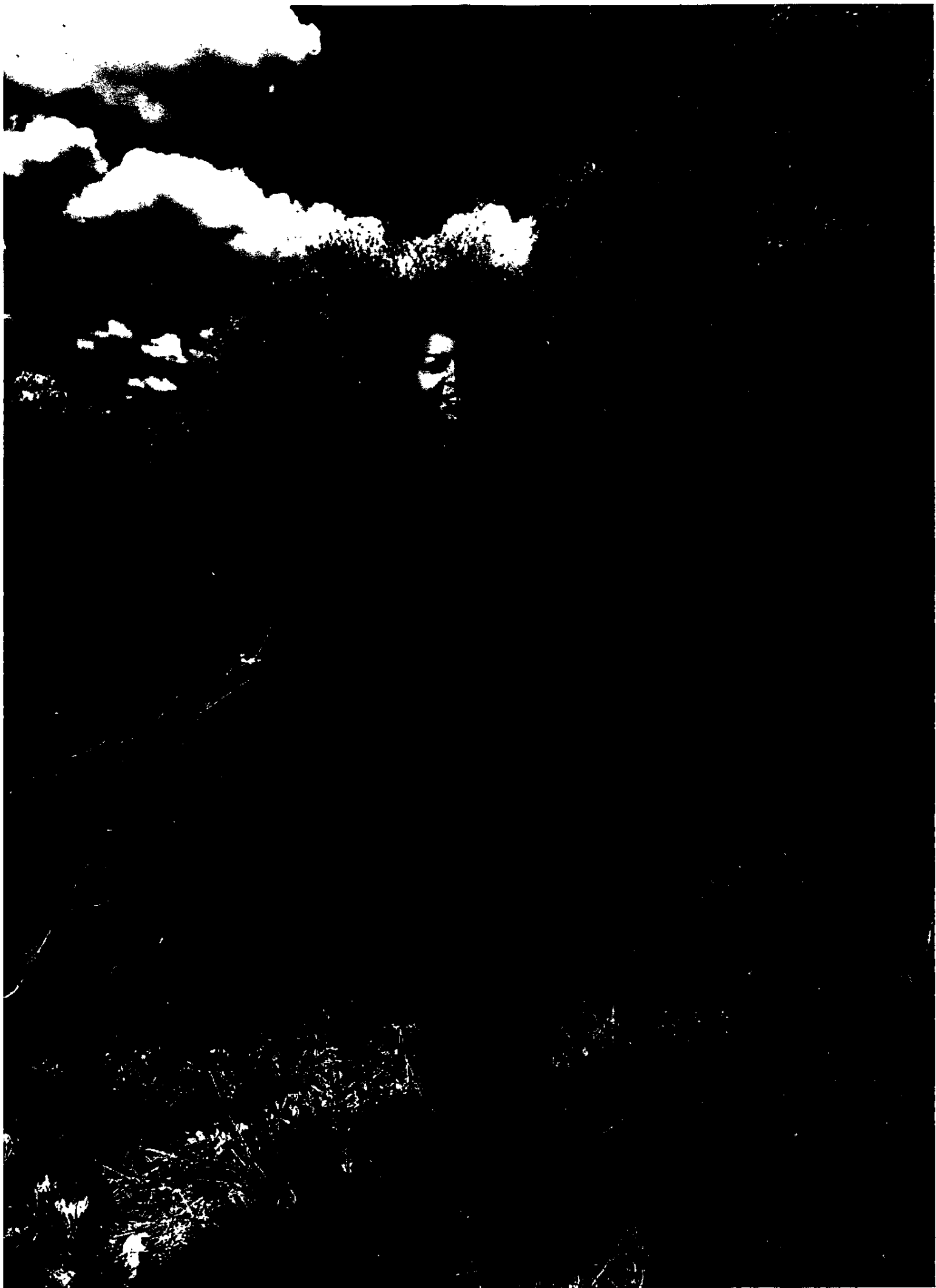
- » the company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- » the company financial statements are not in agreement with the accounting records and returns; or
- » certain disclosures of Directors'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



Adam Halsey (Senior Statutory Auditor)

for and on behalf of haysmacintyre
Chartered Accountants and Statutory Auditors
26 Red Lion Square
London WC1R 4AG

Date: 3 November 2017



Statement of comprehensive income

for the year ended 31 May 2017

	Notes	2017 £	2016 £
INCOME			
Supporters' contributions	2	1,213,666	1,404,479
Gross profit/ (loss) on trading	3	34,229	(30,440)
Other	4	239,992	229,367
TOTAL INCOME		1,487,887	1,603,406
EXPENDITURE			
Campaigning & information provision		1,160,633	1,680,556
Supporter recruitment		-	34,418
Fundraising		23,133	55,842
Management & administration		29,060	32,444
TOTAL EXPENDITURE	5	1,212,826	1,803,260
NET SURPLUS (DEFICIT) FOR THE FINANCIAL YEAR BEFORE TAX		275,061	(199,854)
TAXATION CHARGES	15	-	-
NET SURPLUS(DEFICIT) FOR THE FINANCIAL YEAR AFTER TAX		275,061	(199,854)
ACCUMULATED SURPLUS AT THE BEGINNING OF THE YEAR		312,362	512,216
ACCUMULATED SURPLUS		587,423	312,362

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

Balance sheet

as at 31 May 2017

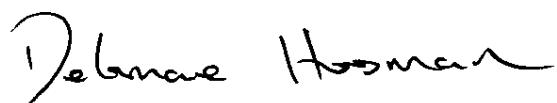
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	Notes	2017 £	2016 £
TANGIBLE FIXED ASSETS	9	106,024	118,353
CURRENT ASSETS			
Debtors	10	141,900	771,309
Cash at bank		1,494,346	39,274
		1,636,246	810,583
CREDITORS - DUE WITHIN ONE YEAR	11	(1,154,847)	(616,574)
NET CURRENT ASSETS		481,399	194,009
NET ASSETS		587,423	312,362
RESERVES			
Accumulated surplus		587,423	312,362

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

Approved by the Directors on 3 November 2017
and signed on behalf of the board,

D HORSMAN
Chair





Notes to the accounts

for the year ended 31 May 2017

1. Accounting policies

Basis of preparation of financial statements

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

Income

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

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

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
Office equipment	4 years
Computer equipment	3 years
Telephone equipment	7 years
Computer software	Individual purchases costing over £20,000 are depreciated over 4 years once the software is in use.

Debtors

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

Creditors

Short term creditors are measured at the transaction price.

Operating leases

Rental charges are charged on a straight line basis over the life of the lease.

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.

Financial instruments

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments, including trade and other debtors and creditors are initially recognised at transaction value and subsequently measured at their settlement value.

2. Supporters' contributions

	2017	2016
	£	£
Committed giving (standing orders and direct debits)		
including magazine subscriptions	1,145,879	1,208,496
Legacies	3,315	24,103
Other supporters' contributions	64,472	171,880
	1,213,666	1,404,479

Other supporters' contributions include appeal/donation income relating to Fracking activity and donations from businesses.

3. Gross profit on trading

	2017	2016
	£	£
Trading turnover	59,367	76,598
Cost of sales	(25,138)	(107,038)
	34,229	(30,440)

4. Other income

	2017	2016
	£	£
Bank Interest	3	9
Advertising in supporter magazine	7,650	38,902
Miscellaneous (**)	232,339	190,456
	239,992	229,367

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

5. Operating expenditure

	2017	2016
	£	£
The deficit for the year is after charging:		
Staff costs (see note 6)	582,968	1,020,989
Depreciation of fixed assets	104,465	129,139
Auditors - statutory audit	6,758	5,800
Auditors - other	-	-
Hire of equipment under operating leases (see note 8)	3,059	1,596
Building leases rentals (see note 8)	36,683	34,368



6. Employees and staff costs

	2017	2016
	£	£
Salaries	543,134	895,065
National Insurance	25,320	83,414
Pension	14,514	42,510
	582,968	1,020,989

The average number of employees during the year was 161 (2015/16: 161), jointly employed with Friends of the Earth Trust. The average number of persons (full-time equivalent) employed by the company during the year was 14 (2016: 25). This is considered the most accurate estimate of staff time.

	2017	2016
No. of employees who earn between £60,000 and £69,999	1	1
No. of employees who earn between £80,000 and £89,999	-	1
No. of employees who earn between £90,000 and £99,999	1	-

The salaries of the above staff were split between Friends of the Earth Trust and Friends of the Earth Limited.

The company operates a Group Personal Pension Plan for the benefit of its employees. This is a defined contribution scheme and is administered separately from the company. The company matches contributions made by employees up to 7% of their salary each year and these costs are charged to the income & expenditure account as incurred.

The total emoluments paid to the 8 senior management staff were £343,121 (2015/16: £158,065). During 2015/16 the senior management team was restructured.

7. Directors' remuneration

Remuneration paid to directors of Friends of the Earth Limited in 2016/17 was £nil (2015/16 £nil)

8. Operating leases

The company leases property on short-term leases. The rents paid on these leases, and a share of others, were £39,742 (2015/16. £35,964) and are subject to re-negotiation at various intervals specified in the leases. The total commitments remaining, up to the break clause, are as follows:

	2017 £	2016 £
Within 1 year	19,000	19,288
Within 2-5 years	34,850	24,932
More than 5 years	35,400	44,636
Total	89,250	88,856

9. Fixed assets

	Office Furniture £	Computers and Office Equipment £	Computer Software £	Totals £
COST				
Balance at 1 June 2016	127,128	449,519	528,723	1,105,370
Additions	-	6,399	85,737	92,136
Disposals	-	-	-	-
Balance at 31 May 2017	127,128	455,918	614,460	1,197,506
DEPRECIATION				
Balance at 1 June 2016	121,487	398,892	466,638	987,017
Charge for the year	1,827	26,875	75,763	104,465
Disposals	-	-	-	-
Balance at 31 May 2017	123,314	425,767	542,401	1,091,482
NET BOOK VALUE				
At 31 May 2017	3,814	30,151	72,059	106,024
At 31 May 2016	5,641	50,627	62,085	118,353

10. Debtors

	2017	2016
	£	£
Trade debtors	3,743	29,585
Prepayments and accrued income	133,132	77,481
Amount due from Friends of the Earth Trust	-	621,555
Other debtors	5,025	42,688
	141,900	771,309

11. Creditors

	2017	2016
	£	£
Trade creditors	196,937	268,872
Other taxes and social security	126,349	122,548
Accruals and deferred income	125,454	160,578
Amounts due to Friends of the Earth Trust	646,453	-
Interest-free loans	5,000	5,000
Other creditors	54,654	59,576
	1,154,847	616,574

12. Financial instruments

	2017	2016
	£	£
Financial assets		
Debtors	141,900	771,309
Cash at bank	1,494,346	39,274
Financial assets measured at fair value through profit or loss	1,636,246	810,583
Financial liabilities		
Creditors	1,154,847	616,574
Financial liabilities measured at amortised cost	1,154,847	616,574

Financial assets measured at fair value through profit or loss comprise cash at bank.

Other financial liabilities measured at fair value through profit or loss comprise trade creditors.

13. 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 2017 the number of members was 7 (2016: 11).

14. Related party transactions

The relationship between Friends of the Earth Trust and Friends of the Earth Limited is explained in the Directors' Report on page 5. During the year Friends of the Earth Trust paid Friends of the Earth Limited for the following items:

	2017 £	2016 £
Shared office services (*)	1,629,610	1,521,015
Service charge for asset usage	83,502	103,311
Salaries incurred by Friends of the Earth Trust	4,980,334	4,626,828
Total expenditure incurred by Friends of the Earth Trust	6,693,446	6,251,154
Less rent charged by Friends of the Earth Trust	18,546	(4,787)
Cash transfers from Friends of the Earth Trust	(7,980,000)	(6,138,578)
Net transactions in the year	(1,268,008)	107,789
Amount owed (from)/to Friends of the Earth Trust at year end	(646,453)	621,555

Shared office services include the costs of Finance, HR, 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, an honorarium of £5,000 (2015/16 £5,000) for services managing the Chief Executive Officer and organising and chairing strategy meetings with Friends of the Earth Limited.

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. In the year 2016/17 a trading profit of £34,229 (2015/16 Loss (£30,440) was made.

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 2017 this amounted to £50,897 (2016: £49,853), which is 4.2% of total expenditure (excluding trading expenditure).



**Friends of
the Earth**

friendsoftheearth.uk