

# 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 2014

Company Number 1012357



# Contents

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Legal and Administrative Information	3
Directors' Report	4
Auditors' Report	7
Income and Expenditure Account	8
Balance Sheet	9
Cashflow Statement	10
Notes to the Accounts	11

# Legal and administrative information

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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:  
**139 Clapham Road, London SW9 0HP**

Tel: **020 7490 1555**  
Fax: **020 7490 0881**  
Email: [info@foe.co.uk](mailto:info@foe.co.uk)  
Website: <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:

**S. Bernstein**  
**J. Gold**  
**F. Green**  
**H. Griffiths**  
**S. Hack**  
**J. Halladay**  
**S. Hale (appointed May 2014)**  
**V. Harvey (resigned February 2014)**  
**D. Horsman**  
**M. Price (resigned February 2014)**  
**Dr T. Sayer (Chair)**  
**A. Schiffer (appointed Nov 2013)**  
**S. Steeden**

Executive Director: **A. Atkins**  
Company Secretary: **E. Kavanagh**

The day to day management is delegated to the Executive Director (A. Atkins), the Senior 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:  
**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

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The Directors present their report and accounts for the year ended 31 May 2014.

## Objectives of Friends of the Earth Limited

Friends of the Earth Limited exists to protect and improve the environment, through influencing Government policies and business practices, inspiring individuals and communities to take personal 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 supports the work of the charity by undertaking activities that are either outside of the charitable objectives, or that pose an unacceptable level of risk – either financial or reputational – to the charity. The definition of the programmes is such that all of the work, by its nature, is in line with the charitable objectives, leaving specific actions relating to the public-facing campaigns to be assessed in accordance with our criteria. None of the actions undertaken in this year were required to be taken by Friends of the Earth Limited. 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.

In other respects the company 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. We have plans to update / improve our campaign hubs to ensure that local groups and individual activists have greater access to the information they need.

## Overseas Collaboration

Friends of the Earth Limited continues to be an active contributor to the work of both the

European and International bodies, with staff holding posts on boards and committees, and cooperating closely particularly around international climate conferences such as those held in Warsaw, where we presented a united front to bring pressure to bear.

## Local, National and Regional Groups

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 about 15 grants of amounts up to £1,500 to local groups and we provided groups with props and materials to run their version of the Bee Cause and fracking events.

Local groups give essential support to much of the work that we do, and we wouldn't be nearly as effective in our work without their contacts and influence. They are also an invaluable source of information and feedback to our campaigners, and it is often the case that our national work is taken seriously by politicians because of our grass-roots presence.

In June 2014 we staged our second Base Camp, which proved to be even more popular with our supporters. However this will not be a stand-alone annual event. It is one part of a varied approach that will include a presence at the Wilderness Festival.

Fracking operations continued to be an issue of great concern locally and nationally, and we have worked to provide support to communities that are potentially affected by the operations of Cuadrilla and other shale gas extraction companies. We are working for a moratorium on shale gas extraction and exploration.

## Financial review

The decrease of £0.3 million in total incoming resources to £1.5 million for the year ended 31 May 2014 is 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 to us go further by taking advantage of Gift Aid.

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Donations from individual supporters make up 91% of our total income, of which committed giving income (standing orders) accounts for 89%. This regular source decreased by £92,103 as new supporters joined Friends of the Earth Trust instead. Donations from individual supporters of Trust increased by 11% this year (by over £0.6 million). This regular income enables us to plan our future campaigns with confidence.

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 £272,000. 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 increased by £63,069.

## Reserves

Overall there was a deficit of expenditure over income from ordinary activities in the year of £483,681. This reduced reserves to £733,972 and is in line with our strategic plan. Our current level of reserves represents almost 19 weeks' worth of normal operating expenditure which is above our policy but is intentional to support the charity should it need further funds.

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 set out 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.

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### **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.

### **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.

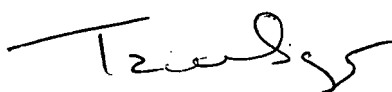
Friends of the Earth Limited rents some of its office space from Friends of the Earth Trust. For administrative efficiency, the two companies also share staff and a number of office services.

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 8 November 2014 and signed on behalf of the board,



**T Sayer**  
*Chair*

# Auditor's report

## TO THE MEMBERS OF FRIENDS OF THE EARTH LIMITED

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We have audited the financial statements of Friends of the Earth Limited for the year ended 31 May 2014 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 5, 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.

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](http://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 2014 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.

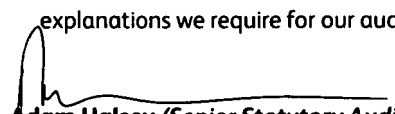
### Opinion on other matter prescribed by the Companies Act 2006

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.

### 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 record, 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.

  
**Adam Halsey (Senior Statutory Auditor)**  
for and on behalf of Haysmacintyre Chartered Accountants and Statutory Auditors

8 November 2014

26 Red Lion Square  
London  
WC1R 4AG

# Income and expenditure account

FOR THE YEAR ENDED 31 MAY 2014

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	Notes	2014 £	2013 £
<b>INCOME</b>			
Supporters' contributions	2	1,401,203	1,798,805
Gross (loss)/profit on trading	3	(24,199)	(69,680)
Other	4	163,058	97,417
<b>TOTAL INCOME</b>		<u>1,540,062</u>	<u>1,826,542</u>
<b>EXPENDITURE</b>			
Campaigning & information provision		1,853,815	1,750,684
Fundraising		120,889	166,545
Management & administration		49,039	43,445
<b>TOTAL EXPENDITURE</b>	5	<u>2,023,743</u>	<u>1,960,674</u>
<b>NET DEFICIT FOR THE FINANCIAL YEAR BEFORE TAX</b>		(483,681)	(134,132)
<b>NET DEFICIT FOR THE FINANCIAL YEAR AFTER TAX</b>		(483,681)	(134,132)
<b>ACCUMULATED SURPLUS AT THE BEGINNING OF THE YEAR</b>		1,217,653	1,351,785
<b>ACCUMULATED SURPLUS</b>		<u>733,972</u>	<u>1,217,653</u>

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

All transactions during the year are derived from continuing activities.

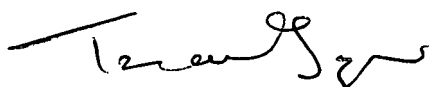


# Balance sheet

**AS AT 31 MAY 2014**

	Notes	2014 £	2013 £
<b>TANGIBLE FIXED ASSETS</b>	9	<u>350,727</u>	<u>236,630</u>
<b>CURRENT ASSETS</b>			
Debtors	10	873,818	1,400,244
Cash at bank		12,056	28,426
		<u>885,874</u>	<u>1,428,670</u>
<b>CREDITORS - DUE WITHIN ONE YEAR</b>	11	<u>(502,629)</u>	<u>(447,647)</u>
<b>NET CURRENT ASSETS</b>		<u>383,245</u>	<u>981,023</u>
<b>NET ASSETS</b>		<u>733,972</u>	<u>1,217,653</u>
<b>RESERVES</b>			
Accumulated Surplus		<u>733,972</u>	<u>1,217,653</u>

The accounts on pages 8 to 15 were approved by the Directors on 8 November 2014 and were signed on their behalf by:



**T Sayer**  
Chair of the Board

# Cashflow statement

FOR THE YEAR ENDED 31 MAY 2014

	Notes	2014 £	2013 £
<b>Net outgoing resources for the year</b>		(483,681)	(134,132)
Adjusted by:			
Interest receivable		(824)	(1,049)
Depreciation	9	160,766	99,563
Decrease in debtors		526,426	178,611
Increase/(Decrease) in creditors		54,982	(98,485)
(Loss)/ profit on disposal of fixed assets		24,026	(1,172)
<b>NET CASH INFLOW FROM ACTIVITIES</b>		<u>281,695</u>	<u>43,336</u>
 <b>Returns on investments and servicing of finance</b>			
Interest received		824	1,049
 <b>NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		<u>824</u>	<u>1,049</u>
 <b>Capital Expenditure</b>			
Payments to acquire tangible fixed assets	9	(300,997)	(63,545)
Receipts from disposal of assets		2,108	1,172
<b>NET CASH OUTFLOW FROM CAPITAL EXPENDITURE</b>		<u>(298,889)</u>	<u>(62,373)</u>
 <b>DECREASE IN CASH</b>		<u>(16,370)</u>	<u>(17,988)</u>
 <b>ANALYSIS OF CHANGES IN NET FUNDS</b>			
Balance as at 1 June 2013		28,426	46,414
Net cash outflow		(16,370)	(17,988)
<b>Balance as at 31 May 2014</b>		<u>12,056</u>	<u>28,426</u>

# Notes to the accounts

FOR THE YEAR ENDED 31 MAY 2014

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## 1. Accounting policies

### Basis of Preparation

The accounts are prepared under the historical cost basis, in accordance with applicable accounting standards 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 both sales from our Local Group mail order catalogue and of commission from the Natural Collection catalogue, and from our Big Laugh and Bike Ride events. 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 leasehold improvements	Over the term of the lease, which is 15 years
Fixtures, fittings and furniture	10 years
Office equipment	4 years
Computer Equipment	3 / 4 year. New computer equipment will be depreciated over 3 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.

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## 2. Supporters' contributions

	2014	2013
	£	£
Committed giving (standing orders and direct debits) including magazine subscriptions	1,366,976	1,459,079
Legacies	33,226	305,389
Other supporters' contributions	1,001	34,337
	<u>1,401,203</u>	<u>1,798,805</u>

## 3. Trading

	2014	2013
	£	£
Trading turnover	49,961	88,448
Cost of sales	(74,162)	(158,128)
	<u>(24,199)</u>	<u>(69,680)</u>

## 4. Other income

	2014	2013
	£	£
Bank Interest	824	1,049
Advertising in supporter magazine	19,466	6,901
Miscellaneous (**)	142,768	89,467
	<u>163,058</u>	<u>97,417</u>

\*\*Miscellaneous income includes Local Groups Conference Fees and a service charge for asset usage to Friends of the Earth Trust.

## 5. Expenditure

	2014	2013
	£	£
The deficit for the year is after charging:		
Staff costs (see note 6)	1,183,409	1,133,394
Depreciation of fixed assets	160,766	99,563
Auditors - statutory audit	6,100	6,000
Auditors - other	-	-
Hire of equipment under operating leases (see note 8)	8,206	9,941
Building leases rentals (see note 8)	<u>73,823</u>	<u>98,040</u>

## 6. Employees and staff costs

	2014	2013
	£	£
Salaries	1,027,127	1,009,012
National Insurance	103,119	90,407
Pension	53,163	33,975
	<u>1,183,409</u>	<u>1,133,394</u>

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The average number of persons (full-time equivalent) employed by the company during the year was 28 (2013 : 28).

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:

	2014	2013
No. of employees who earn between £60,000 and £69,999	3	3
No. of employees who earn between £70,000 and £79,999	1	1

These salaries were split between Friends of the Earth Trust 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

Remuneration paid to directors of Friends of the Earth Limited in 2013/14 was £nil (2012/13 £nil).

## 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 £82,029 (2013: £107,981). As at 31 May 2014, the minimum annual commitments under the leases are as follows:

	2014	2013
	£	£
Building operating leases renewed annually	4,722	4,658
Building operating leases which expire within 5 years	28,529	27,572
Equipment operating leases	32,879	36,657
	<u>66,130</u>	<u>68,887</u>

## 9. Fixed assets

	Office Furniture £	Computers and Office Equipment £	Computer Software £	Totals £
<b>COST</b>				
Balance at 1 June 2013	304,395	929,903	627,191	1,861,489
Additions	0	107,199	193,798	300,997
Disposals	(177,267)	(615,444)	(315,791)	(1,108,502)
Balance at 31 May 2014	<u>127,128</u>	<u>421,658</u>	<u>505,198</u>	<u>1,053,984</u>
<b>DEPRECIATION</b>				
Balance at 1 June 2013	290,202	814,739	519,918	1,624,859
Charge for the year	1,924	64,916	93,926	160,766
Disposals	(174,389)	(602,070)	(305,909)	(1,082,368)
Balance at 31 May 2014	<u>117,737</u>	<u>277,585</u>	<u>307,935</u>	<u>703,257</u>
<b>NET BOOK VALUE</b>				
At 31 May 2014	<u>9,391</u>	<u>144,073</u>	<u>197,263</u>	<u>350,727</u>
At 31 May 2013	<u>14,193</u>	<u>115,164</u>	<u>107,273</u>	<u>236,630</u>

## 10. Debtors

	2014 £	2013 £
Trade debtors	23,557	9,547
Prepayments and accrued income	150,192	153,066
Amount due from Friends of the Earth Trust	624,767	1,146,153
Other debtors	75,302	91,478
	<u>873,818</u>	<u>1,400,244</u>

## 11. Creditors – due within one year

	2014 £	2013 £
Trade creditors	128,505	172,644
Other taxes and social security	146,038	142,089
Accruals and deferred income	66,861	71,482
Interest-free loans	5,000	5,000
Other creditors	156,225	56,432
	<u>502,629</u>	<u>447,647</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 2014 the number of members was 11 (2013: 11).

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### 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 and Friends of the Earth Limited is explained in the Directors' Report on page 6. During the year Friends of the Earth Trust paid Friends of the Earth Limited for the following items:

	2014 £	2013 £
Shared office services (*)	1,356,483	1,642,591
Service charge for asset usage	128,640	80,658
Salaries incurred by Friends of the Earth Trust	4,822,321	4,695,781
Total expenditure incurred by Friends of the Earth Trust	6,307,444	6,419,030
Less rent charged by Friends of the Earth Trust	(56,990)	(49,436)
Legacies transferred by Friends of the Earth Trust		293,889
Cash transfers from Friends of the Earth Trust	(6,771,841)	(6,898,088)
Net transactions in the year	(521,387)	(234,605)
Amount owed by Friends of the Earth Trust at year end	624,767	1,146,153

\*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 Clarke, the Chair of Friends of the Earth Trust, an honorarium of £5,000 for services managing the Executive Director and attending joint meetings during the year.

### 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 2013/14 a trading loss of £24,217 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 2014 this amounted to £53,004, (2013: £67,130), which is 2.6% of total expenditure.