



Friends of the Earth Limited Report and Accounts for the year ended 30 June 2023

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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: 01012357
Registered office: The Printworks, 1st Floor
139 Clapham Road, London
SW9 0HP
Country of incorporation: England and Wales

The Directors of the company are responsible for the governance, strategic direction and oversight of the management of Friends of the Earth. The Directors who held office during the financial year were:

Monye Anyadike-Danes
Frances Butler*[^] (Co-Chair from 15 December 2022; Chair 1 July to 15 December 2022)
John Collins*
Barry Johnston (appointed 17 November 2022)
Hugh Knowles (appointed 2 May 2023; resigned 24 May 2023)
Jeana Malhi (Vice Chair from 2 March 2023)
Eva Neitzert* (Co-Chair from 15 December 2022; Vice Chair 1 July to 15 December 2022)
Kay Polley (resigned 8 June 2023)
Miriam Turner (appointed 2 May 2023; resigned 23 May 2023)
Jeanette Wong* (appointed 17 November 2022)
Matthew Wright* (resigned 8 June 2023)

(*) member of Finance Committee for all or part of the year

([^]) Trustee of Friends of the Earth Charitable Trust

Co-Executive Directors: H Knowles & M Turner

Company Secretary: K A Bowden (resigned 2 March 2023)
F Bradley (appointed 3 March 2023; resigned 20 August 2023)
L Francis (appointed 24 October 2023)

Day-to-day management is delegated to the Co-Executive Directors (H Knowles and M Turner), 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:
Crowe U.K. LLP
55 Ludgate Hill
London, EC4M 7JW

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

About Friends of the Earth

The natural world has experienced unprecedented disruption in recent years. And it is people as well as the environment that suffer as a result.

For over 50 years, we've been dedicated to the protection of the natural world and the wellbeing of everyone in it. Our international community brings together more than two million people in 73 countries, combining people power all over the world to make an even greater difference and transforming local actions into global impact.

We lead campaigns and legal actions, provide resources and information and promote alternative solutions to create a cleaner, healthier and fairer world for everyone, for today and for generations to come.

In the UK, we've been responsible for making recycling not just a household word, but a household habit. We successfully campaigned for the world's first climate change law, the Climate Change Act 2008, which paved the way for similar legislation around the world. Our combined strength has meant we have been able to push back against drilling for fossil fuels, ensure legal protection from pesticides for bees, and most recently achieve a landmark victory against the government's Net Zero Strategy, demanding that it outlines how key emissions reduction targets will be met.

Working together with local groups, experts, business leaders and politicians we push for change around the issues and causes that matter to you – protecting your home and local environment, promoting safe and healthy food and water across the globe and supporting alternative energy solutions that can change the world for the better. Whether you are a first-time supporter or a seasoned campaigner, we're with you every step of the way, supporting communities, defending human rights, protecting nature.

Together with us your voice is louder, your actions more significant and your impact greater. Together with you, we are determined to change the world for good.

Co-Chairs' statement

This has been another year of mounting, tangible evidence of the worsening environmental crisis that continues to shape our collective future.

This affirmed the need for the ambitious goals we set ourselves in our new strategy in 2021. We need to accelerate the low-carbon, nature-positive transformation of society, prioritising the most vulnerable and least likely to benefit. This year we focussed on building power and using our strengths to start to deliver that strategic goal. Speed and robustness of action over the next decade can still help us to avoid the worst impacts of the climate and ecological crises, and this year Friends of the Earth has continued to work tirelessly to push for change.

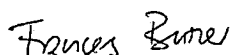
During the year, the Board looked at how we can better inspire, engage and enable more citizens to take action at this vital moment, approving a new Brand and Audience Strategy. We discussed progress with our flagship Warm Homes campaign, which is now active in over 190 communities, and strategy around our nature and environment campaigning, including our fight against deregulation of environmental protections. We also held an EDI workshop, sharing learning on how to embed EDI into the Board's work.

The year was not without challenges, and as a Board we have needed to safeguard the organisation's resilience in an uncertain world, reviewing the successes and the lessons of the last few turbulent years. Despite undeniable external pressures, not least the soaring cost of living and political upheaval, we have made great progress to build the foundations needed for the future.

In November, two new members joined our Board: Barry Johnston and Jeanette Wong, who bring valuable expertise, insights and enthusiasm. Kay Polley and Matt Wright retired in the final quarter of the year, and we thank them for their contributions and commitment over their six years' service. In December, we were honoured to be appointed as Co-Chairs of the Board, modelling role-sharing at governance level.

We strongly believe that a more representative board makes better decisions and that, ultimately, benefits the communities we serve. As an organisation we are taking steps towards building a bigger, bolder and more inclusive environmental justice network, and we were pleased to be awarded "Environmental and Conservation Board of the Year" at the Board Awards in the Spring. We know that we mustn't leave anyone behind in the fight for our climate - we need valuable insights and wisdom from diverse communities if we're to achieve the fair and transformative change we so desperately need. But we are not complacent - and we know we have more work to do to make Friends of the Earth and the environmental sector truly inclusive.

We give grateful thanks as ever to our supporters, donors, and activists who have continued to support our collective mission to fight for change, and to our staff and volunteers, who are central to our achievements and keep us true to our cause.



Frances Butler
Co-Chair



Eva Neitzert
Co-Chair

Co-Executive Directors' statement

In 2022, wildfires swept through Europe, Southern Africa faced severe droughts and Southeast Asia confronted extensive floods. Alongside the stark figure of 4,500 heat-related fatalities in England alone—setting a single-year record— it is clear the impacts of climate change are with us and we must move swiftly and decisively.

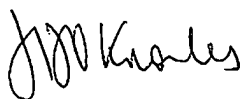
Yet the glaring reality is, that despite the urgency, those in power have too often fallen short of their responsibilities and been unable to deliver a coherent plan. The government has sought to bring in authoritarian anti-protest legislation and back down on its Net Zero commitments, whilst failing to invest in renewables. Corporations have reaped eye-wateringly exorbitant profits on fuels whilst people at home suffered in poorly insulated homes, saddled with mammoth bills. The scale and complexity of the issues, and the media and political landscape, can feel overwhelming. It is crucial to remember that our collective efforts make a difference in holding those in power accountable and driving the change we so desperately need.

This year, we won a landmark victory, when the High Court ruled that the Net Zero Strategy is unlawful and ordered the government to revise it. Yet, their revised plan remains inadequate. The Climate Change Committee, the government's independent advisers on climate, found in June this year there are now only credible plans for less than a fifth of the emissions cuts needed to meet the UK's legally binding climate targets.

We have worked alongside local activists in England, Wales, and Northern Ireland to deliver significant interventions. From defeating the Ffos y Fran opencast coal mine in Cymru, to challenging oil drilling in Horse Hill, the proposed Whitehaven coal mine in Cumbria and the digging of huge gas storage caves under Larne Lough in Northern Ireland. Fossil fuels should have no place in our future, and we are honoured to stand with, and amplify the work of communities at a time when new oil and gas licences are sending a wrecking ball through climate commitments.

In the coming year, we will continue to forge strong partnerships and deliver actions on the ground. Our focus will be on ending fossil fuels, warm homes, environmental rights, and campaigning freedoms, working to demand solutions to the crises that face us. We are thrilled to have a partnership with the Co-operative Bank and thank them for their support in providing funding for our Postcode Gardener programme, to restore nature-deprived spaces across the country, and look forward to this work progressing in 2023-24.

As ever, we are very grateful to our supporters, donors and partners, including the People's Postcode Lottery and its players, and everyone in the movement alongside us.



Hugh Knowles and Miriam Turner
Co-Executive Directors

Strategic report

Our mission and strategy

Our mission

Our mission is the protection of the natural world and the wellbeing of everyone in it. We believe in inspiring individuals to come together and create a better world today.

Our strategy

By 2030, we need to see a transformation in human society. The speed and robustness of action over the next decade will determine whether we avoid the worst impacts of the climate and ecological crises or end up with a severely degraded natural world and diminished capacity to support humanity. In this context, *what* Friends of the Earth exists to achieve hasn't changed but *how* we achieve it must.

At the heart of our work must be those suffering now due to climate and ecological breakdown, and those most at risk of not participating in, or benefiting from, the transition, both here and overseas.

We're committed to developing broader and more diverse networks, partnerships and feedback loops that enable us to listen to these voices, use their insights, and help build their power. What we learn from our evolved network will inform the development of our campaigns, locally, nationally, and globally.

We're committed to standing alongside those suffering today due to climate and ecological breakdown, those oppressed and those most at risk. In doing so, we demonstrate our resolve to build a more inclusive, diverse environmental movement with justice rightly at its core.

We want to build power, use our strengths to accelerate to the low-carbon, nature-positive transition that must take place. We want to ensure this transition works for everyone, and addresses and resolves inequalities and exclusion, even as it lays the path for a greener future.

This is an evolution of what we've always done, namely use our expertise and experience nationally and regionally to support the grassroots, and work together to campaign for change from local to national to global.

A key focus for us over the past year has been continuing to build on the groundwork laid in 2021-22, and moving into delivery.

Our achievements in 2022/23

We set clear objectives and key results (OKRs) as part of our business planning process. Progress against these OKRs is closely monitored throughout the year to ensure we are on track to maximise our impact and achieve our goals.

This year we moved into the implementation of our current strategy, launched in 2021, building the power of our network to secure key environmental wins and laying the groundwork for impactful, justice-focused campaigns. We need a wide range of voices to solve global problems and achieve social and climate justice, and Friends of the Earth's role is to ensure that the response to climate and ecological breakdown puts the most affected communities first.

Our achievements in 2022/23 are provided below against each of our organisational objectives.

We design, run, and win environmental justice campaigns through strong new partnerships (OKR1)

Over the year, we undertook a review of our campaigns package. Through this review we have grouped our campaigns under three core areas with defined change goals: nature and environment, climate and energy, and rights and justice, ensuring alignment with our vision and mission for environmental justice across the organisation.

The year started with an incredible win, when the High Court ruled that the Government's decarbonisation plan was unlawful and breached the Climate Change Act. This historic case showed that the Climate Change Act has teeth, and our work with the Good Law Project, ClientEarth and Jo Wheatley highlighted that it can be enforced through the courts system when the government falls short with its legal duties.

We have long been at the heart of the opposition to fracking in the UK, and when the Truss government removed the moratorium on fracking, our teams worked to mobilise with other NGOs, community groups and networks to start the fight again – leading to U-turn just weeks later when the moratorium was reinstated under Sunak.

In the autumn, we launched our flagship United for Warm Homes campaign, leading a coalition of grassroots groups. We held launch events across the country, and to date have almost 200 Local Action Groups signed up. This is a multi-year campaign, calling for urgent support for people dealing with sky-high energy bills, a new emergency programme to insulate our heat-leaking homes, and an energy system powered by cheap and green renewables.

We sought to take a legal challenge to the Supreme Court against UK Export Finance's funding of a major new gas project in Mozambique. Disappointingly, the Court refused permission to our appeal. We act in solidarity with the people who are losing their loved ones and their livelihoods, and those who are being forced to flee because of this mega

gas project, and will continue to work with Justica Ambiental! (FOE Mozambique) and FOE Africa in their fight against gas projects.

Changes brought about by the Police, Crime, Sentencing and Courts Act 2022 and recent revisions to the Public Order Act 1986 appear to lower and make ambiguous the thresholds for legal protest. We've worked in broad coalitions against this increasingly authoritarian public order legislation and the shrinking of civil society space, and held webinars for our Local Action Groups to brief them on how to lobby their MPs on the contentious issues in these bills. We've also supported our network in understanding how this new legislation affects them, running training and providing guidance on protest rights. These extreme new legal measures are intended to restrict peaceful protest and deter people from exercising their democratic right to assemble, and Friends of the Earth will keep fighting to challenge these threats to freedoms.

We've stood in partnership with other groups in the movement throughout the year, from the Big One, a mass protest in London led by Extinction Rebellion which brought together over 200 groups, to the March for Nature alongside 60,000 others. We joined 300 organisations on a joint letter opposing the Illegal Migration Bill and signalling the importance of refugee rights as human rights, and attended a protest with Liberty and others at the Home Office as the bill passed into law.

As a platform for change, we are building power by bringing together and connecting citizens and communities, driving collective action that delivers environmental justice (OKR2)

We stood with the residents of Islandmagee in May, in a judicial review hearing at the High Court to overturn the authorisation of a massive fossil fuel gas development (the size of seven skyscrapers) under the seabed of Larne Lough. The recent result was not what we had hoped for, but we are committed to our resistance to this development and standing by the side of a small community on a case of such an enormity.

Alongside SLACC, a community group, we have also challenged the government's decision to grant planning permission for a new coal mine in Whitehaven in West Cumbria, which is completely at odds with its climate commitments; the government's own climate advisory body described the mine as "absolutely indefensible". The High Court has agreed to a hearing, though we await confirmation of timing. Friends of the Earth's own research showed that if the government invested in the street-by-street insulation programme needed to bring down our bills and cut emissions now, it would immediately create as many jobs in Cumbria as the coal mine and would save householders hundreds of pounds a year in energy bills (around £30 million a year across West Cumbria).

Young people aren't just the ones who'll inherit the worst impacts of the climate crises, they're also some of our most inspiring activists, and their participation and leadership is essential. Through our further education and mentoring programmes we offer development, connections and experiences to young people from diverse backgrounds. My World My Home, our leadership development programme for college students, supports young people to learn, take action and lead their college communities in

campaigns to benefit the local environment. In 2022-23 the programme ran across 6 colleges across the UK, engaging with a total of 49 students and delivering over 200 sessions. Our Climate. Youth. Society programme is designed to engage with racialised, disabled and working class young people, bridging the gap between initial engagement with campaigning and building the confidence to lead their own campaigns. Every mentee on Climate. Youth. Society is eligible for a £100 start up grant/bursary for their campaign or project. This year, we've allocated £850 in grants to our youth network activists. Highlights include funding for young people to attend Unilever's AGM, where they asked questions on the company's connections to a conflict palm oil-linked subsidiary, and supporting a young woman in leading a workshop at Manchester Museum on South Asian ecology. We facilitated in-person meetings for leaders within our youth network to enhance their peer mentoring of fellow youth activists, and provided funding for workshops addressing water inequity and promoting disability inclusivity within the climate movement.

Our Local Nature Innovation Fund was launched in March 2022, to support community groups who are aiming to protect or restore nature, create a healthier environment for their community, or reconnect people with nature. It was open for groups who share our objectives of engaging people who are currently under-represented or marginalised in nature projects, or who are willing to try something new, and provided grants of up to £1000 to explore what works at a local level to address the nature deficit in nature deprived communities. In 2022-23 we supported 11 groups, and for every £1 spent £4.55 of social value was returned from the investment. Grants awarded funded intergenerational nature skills sharing sessions in Hackney, sharing circles to safely explore intersecting issues around colonialism, rural racism, identity and land in rural communities in Devon, and workshops to help refugees connect with nature in Oxford. The ripples from the project are still spreading with projects successfully bidding for funding to grow vegetables vertically in schools in Bristol and to establish an urban mushroom farm in Tower Hamlets, off the back of our initial seed funding.

Summer Action Gatherings took place across English regions and in Wales, bringing together our network of activists and partners to develop stronger peer-to-peer relationships and campaigns. Well over 150 activists representing the network attended and took part in lively panel discussions, workshops and craftivism. In July, we held our Youth Gathering in Leeds, joined by 70 young people for a weekend of learning, sharing and celebrating, providing effective opportunities for integrated youth involvement in our wider work.

Thanks to the work of our grassroots network, many councils have adopted Climate Action Plans (CAPs) for their areas, with around 50 Local Action Groups currently either working with their councils to develop CAPs or to ensure tangible actions are delivered from agreed CAPs. We know that many of the actions needed to ensure we can live in a safe climate with thriving nature will be much more effective, fairer, and cheaper to implement if they are delivered by local authorities in collaboration with their communities. Through CAPs, we aim to ensure that local authorities prioritise action on climate and have the powers and resources that they need to act, and that funding is spent on the right things – green jobs, more trees, insulation targeted at people living in fuel poverty, great bus services and safe walking and cycling routes.

'Near You' is our digital tool designed to empower grassroots campaigners and communities to drive change in their local areas, providing some of the key data needed to campaign effectively for change, such as climate vulnerability, tree mapping, and air pollution, as well as providing links to resources and highlighting case studies of good practice. Throughout the year we have sought to enhance this tool with new data and functionality, and seek feedback from Local Action Group members on how to improve it further.

Recognising our activist groups as key to fulfilling our strategy and effecting local change, we undertook work to strengthen our network by merging them into one network of Local Action Groups. This structure ensures that we can offer consistent processes, support and training, with a shared set of values, common goals and stronger relationships between staff and groups.

A powerful new narrative around how people power and collective impact delivers environmental justice is inspiring many more people to hope and action (OKR3)

As outlined in our strategy, we wanted to firmly position ourselves as a community-centred environmental justice organisation through compelling, human storytelling. We launched our new Brand and Audience Strategy in November, which guides how we will best reach, engage with and grow an active citizenry who are enabled to take and demand action. The strategy is made up of ambitions around a refreshed brand identity, a realignment of our communications around our networks, a refreshed tone of voice and a broader understanding of our supporters.

We launched a fantastic new three-year partnership with The Co-operative Bank, joining forces to bring back nature to over 1000 spaces deprived of wildlife and greenery across the country into havens for nature and play. We launched our A World to Grow Up campaign to bring back nature, running a crowdfunder prize draw and creating new inspiring video content to highlight this work.

Our appeal based around our nature regulation work launched in March, part of a cross-sector coalition response to the government's unprecedented attack on environmental rights and regulations, including nature protections and the planning system. In response to huge public pressure, the government removed the arbitrary December deletion date from its plans in April, reducing the number of laws listed for the chop in 2023 from thousands to just over 600. Over 25,000 people have signed our open letter to the government asking for a commitment to strengthen our protections, rather than weaken them.

Despite the difficult external financial circumstances, we have retained our base of supporters. In 2022-23, we exceeded our new emailable supporter acquisition target, recruiting 67k new supporters against a target of 65k, and continue to look at how to raise awareness of our work to new audiences through different channels. We've experimented with new ways of gathering insights from our supporters, testing and

learning from our approaches, and launched a new series of short 'Earth Edit' YouTube videos, diving into climate news.

We have launched a new Stories Panel to increase the diversity of voices in our external communications, including from members of our Local Action Groups. This has helped put our ambitions for distributed leadership into practice, demonstrating how we can share the spotlight with local campaigners and support them with media training.

Our Innovation team have been exploring the question of how we might act to shape artificial intelligence technologies to serve the goal of human flourishing in a healthy, regenerative ecosystem. The team ran a 6-week lab to explore the consequences of AI and how Friends of the Earth could help to shape it, delivering an all-staff showcase on learnings and opportunities.

We are a fantastic place to work, where our culture, systems and ways of working enable all of us to make our best contribution (OKR4)

Friends of the Earth was proud to introduce a four day working week (at no loss of pay) for all staff in November 2022. The feedback from this has been mostly extremely positive, particularly for work/life balance, though we are mindful of the need to keep the arrangements under review to ensure a balanced workload over four days.

How we connect with our network, supporters and donors and how we use data across the organisation is of vital importance to our activities and aims, and we have continued work on our transformative CRM project. Phase 1 launched in July 2022, with our Communities and Networks teams using it throughout the year. Phase 2 of the project has run unavoidably beyond our initial schedule as we work to ensure the system is optimised to meet all of our requirements. We remain incredibly enthusiastic about the benefits it will deliver for our work, reporting and interactions with our valued supporters. We anticipate go-live for the rest of the organisation taking place in November 2023.

This year, we had planned to move forwards with the work to review and update our finance and HR information systems to further streamline organisational processes and efficiency. However, due to the need to prioritise the major CRM transformation and other work, this has not yet been progressed.

We have held regular culture sessions for staff, looking at topics such as the joy of failing, imposter syndrome, and kindness, providing spaces to learn together and reflect on team dynamics. Working through our Joint Negotiating Committee comprised of management and Union representatives, we have agreed a Disability Policy and are planning its implementation in the autumn (with a focus on being a neurodiversity-friendly workplace), and have reviewed a number of other key workplace policies.

Key achievements in 2022/23



Landmark victory at the High Court, Net Zero strategy ruled unlawful



Gave evidence at landmark Supreme Court case on persons unknown injunctions



Fracking moratorium reinstated



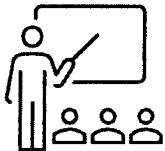
Started storytelling work, amplifying the voices of communities



New Brand and Audience Strategy developed, to enable a greater reach and grow our supporter base



Winner of Best Coalition or Collaboration - Sheila McKechnie Awards (through the Police Bill Alliance)



Network merge completed to form one united network of activists



400k signatures handed in at Downing Street with Warm this Winter Coalition



150 activists attended our summer gatherings



Moved to a 4 day working week for better staff wellbeing

Our plans for 2023-24

We're now in the implementation phase of our new strategy, supported by our 2022-2024 business plan. Key to delivering it will be listening to the voices of those in communities currently suffering due to climate and ecological breakdown, and those most at risk of not participating in, or benefiting from, the transformation that must happen. Those voices will not appear at the heart of our work overnight. We need to build partnerships that enable us to listen to those voices and add what we hear to the considerable expertise we have in the organisation and wider network.

With a growing network and our unique role of linking local organising to national influencing, we will be the enabler that amplifies messages that promote environmental justice. To support thousands, we need to build the tools that will help people create the change they want to see. We also need to tell a powerful story about our role and ensure that thousands more want to act and support us.

In 2023-24, we will continue momentum with our organisational objectives as outlined above (OKRs 1-4). Through our environmental justice campaigns, we will:

- win a solution to eradicate fuel poverty and slash emissions (by 2025)
- have significant impact in stopping the UK's support for fossil fuel extraction
- stand up for communities who have suffered most from nature loss
- galvanise civil society against the shrinking of civil society space, opposing and halting repressive legislation
- continue the momentum for local climate action, building the movement and making real world impact at the local, regional and national level.

Our focus in 2023-24 will be on growing our campaigns under the three core themes of climate and energy, nature and environment and rights and justice; implementing our new CRM system for the whole organisation, and continuing to navigate the ongoing cost-of-living crisis and political uncertainty in the lead up to the next General Election.

We'll be focussing on income generation and building our profile to ensure the organisation is financially sustainable and reaches new audiences. We'll also continue to monitor foundational organisational health via our KPI framework, and work on a new People Strategy to ensure we both have the agile structures in place to deliver, and ensure that we remain an excellent employer.

Financial performance

Income is sourced from our many donors and supporters, and we are grateful for the continued support of our loyal donors.

In the year income from all sources was £10.1m, a decrease of £1.7m on 2021-22. Most of this reduction was due to a lower annual grant from Friends of the Earth Charitable Trust which was £8.8m, a decrease of £1.7m on 2021-22.

Overall expenditure was £11.1m this year, a decrease of £0.4m on 2021-22. Supporter Recruitment costs (£0.8m in 2021-22) were transferred to Friends of the Earth Charitable Trust as agreed between the two separate boards. Allowing for this adjustment, there was an increase in underlying expenditure of £0.4m spread across various categories. The large increase of £0.7m in Management and Administration reflects a reallocation of staff costs from other categories.

Friends of the Earth relies on the staff team to campaign, engage and empower our supporters and group network. Our largest cost is salaries at £9.6m, an increase of £1.6m from last year. This year we have increased staffing numbers in Programmes and in Management and Administration, as we continue to move back to a more normal post-Covid world.

The deficit for the year was £(1.0)m, compared to a surplus of £0.4m in 2021-22.

Reserves

The Board's Reserves Policy recognises that it is prudent to hold sufficient reserves to meet our obligations and invest in the future, balanced with the expenditure required to maximise our impact. In June 2023, the Reserves Policy was reviewed and approved by the Board.

The agreed Reserves Policy takes a risk-based approach, aiming to hold a General Fund (defined as total reserves less designated funds, which consider the probability and financial impact of identified risks in the organisational risk register) equating to between three and six months of expenditure. The organisation's policy is to not hold excessive reserves and aims for reserves to be liquid wherever possible.

Our expenditure in 2022-23 was £11.1m, resulting in a reserves range of £2.8m to £5.6m. At the end of the year the company's reserves were at £3.0m, approximately 3.2 months of reserves coverage. The Board is content that this is an appropriate level of reserves for the company to ensure future resilience.

Our people

Staff and volunteers

Friends of the Earth employs around 200 staff, who are jointly employed by Friends of the Earth Limited and Friends of the Earth Charitable Trust. We have offices in London, Belfast, Cardiff, Birmingham, Leeds, Manchester, Bristol and Brighton. Staff costs are detailed in Note 6 to the accounts. We're also indebted to the invaluable service of our volunteers who provide support to our work, for example in campaigns and fundraising.

The Board meets with representatives of the Union and our People of Colour network on an annual basis and receives regular updates on people matters such as wellbeing, turnover, and learning and development.

Ways of working

In December, we were pleased to introduce a four day (30 hour) working week as our standard full-time contract after an extensive review and discussion across the organisation, including with the recognised trade union. Ahead of implementation, we provided a range of guidance and protocols to assist staff with the change. We are continuing to monitor how the new arrangements are working for staff through regular surveys and intend to complete a wider review later this year to assess any additional support that can be provided for teams to optimise the arrangements. Feedback has been generally very positive and we are proud to be able to provide our teams with a better work/life balance to aid their wellbeing.

We offer flexible working hours and options for office, hybrid and homeworking through our Hybrid Working Policy, in recognition of our staff as our most important asset and the need to ensure our roles are accessible to all. We have introduced core collaboration days, and provide opportunities for staff to get together in person for team days and events.

Working in an increasingly regionally distributed and hybrid style has reduced the need for physical office space in London, so we plan to reduce this by approximately one half in the autumn of 2023. Having our staff based across the UK, both in regional offices and at home better reflects the communities we work with, and opens our roles up to a wider range of potential recruits.

We assess employees' experiences through regular pulse surveys, which consider workloads, wellbeing, and views on issues such as management support and learning and development. Senior management meet monthly with our Joint Negotiating Council to discuss workplace issues and collaborate on policies and initiatives. Each month, the Co-Executive Directors hold an all staff briefing meeting to share news and updates internally, and celebrate successes.

Remuneration

We use a structured pay scale within the organisation, with all roles allocated a score and band following a job grading process prior to recruitment. Upon recruitment, staff generally start at the mid-point of the band, unless they're viewed to be developing into the role based on their prior experience. We tracked or exceeded the Living Wage Foundation rates in 2022-23 and undertake periodic benchmarking exercises to help set our pay rates. Annual increases are subject to approval by the Board and take into account the cost of living and organisational affordability.

As part of our commitment to fair pay, we aim to ensure the ratio of highest paid employee to lowest paid employee is maintained within acceptable parameters. The current ratio is 3.8:1. Our remuneration procedures, which include our key management personnel, are competitive within the sector to ensure we can attract and retain the people we need to deliver our strategy. Friends of the Earth does not award bonuses.

Gender and ethnicity pay gaps

In line with our strong commitment to workplace equality, diversity and inclusion, we produce and publish both our gender and ethnicity pay gaps, which we voluntarily disclose.

Gender

There has been a significant improvement in our median pay gap among full-time staff from 7.13% in favour of men last year down to 2.51% this year, while for part time staff it was 7.61% in favour of women (up from 0.88% in favour of women last year). Overall, the pay gap remains in favour of men by 1.55%, down slightly from 1.63% last year.

Using the mean hourly rate for comparison, the pay gap for all staff was 4.55% in favour of men, compared to 5.22% last year. For actual pay received, the gap was higher at 7.56% in favour of men, down very slightly on 8.76% last year.

For external comparison, Statista reports the average pay gap in 2022 at 15.3% in favour of men.

Ethnicity

For the second time, we're also reporting on our ethnicity pay gap. Our median ethnicity pay gap for all staff was 1.55% in favour of staff who identify as white, substantially down from 7.8% last year; for full time staff the gap was 7.64% in favour of non-white staff (a significant switch compared to 10.6% in favour of white staff last year) and for part-time colleagues it was 0.78% in favour of white staff, very slightly down from last year.

Using the mean hourly rate for comparison, the overall ethnicity pay gap at FOE is 3.41% in favour of white staff, compared to 9.96% last year. In terms of actual pay received, the ethnicity pay gap fell from 6.91% to 2.24%.

External comparisons are difficult in terms of ethnicity pay gap reporting as it is as yet voluntary. Statistics show significant differences between different ethnicities and sectors – research by Charity Finance in 2022 found that of those charities reporting

ethnicity pay gaps, the average was 21.9% in favour of white staff. Equally though, the most recent analysis by the ONS in 2019 indicated a national ethnicity pay gap of just 2.4%.

We are continuing to work to improve diversity of recruitment in 2023-24 as well as looking to support development of staff; this autumn we are partnering with the Aziz Foundation to recruit an intern drawn from a Muslim background.

Our salary structure is due for review in 2023, and we hope that this process will result in further decreased gender and ethnicity pay gaps.

Salary quartiles 2022-23

Quartile	Female	Male	White	POC
Lower Quartile	76.92%	23.07%	76.92%	23.08%
Lower Middle Quartile	55.76%	44.23%	88.68%	11.32%
Upper Middle Quartile	67.31%	33%	84.62%	15.38%
Upper Quartile	59.69%	44.25%	90.38%	9.62%
Total	64.1	35.9	84.7	15.3

Activists

We couldn't achieve what we do without the incredible dedication of our community group members and other activists across England, Wales and Northern Ireland. The Directors sincerely thank and pay tribute to the vital contribution they make; their time, passion and commitment is essential to achieving Friends of the Earth's mission and that of the wider movement.

Equality, diversity & inclusion

Friends of the Earth is fully committed to championing equality, diversity and inclusion (EDI) and to continuously learning how to increase the diversity of our people and network, including our Board, staff and volunteers, community activists and supporters. We have a number of EDI representatives among the staff body, including for people of colour, LGBTQI+ staff, women and non-binary staff, disabled staff and neurodiverse staff, as well as a specific EDI representative for the Union. Our Co-Executive Director meets regularly with our staff EDI representatives. We are working towards the Mindful Employer Charter and are committed to the Disability Confident standard in our recruitment processes.

We've completed development of a comprehensive EDI Action Plan in consultation with colleagues from across the organisation. Though this work did not progress as quickly as we'd hoped, we are pleased to have created and ratified a plan in collaboration with our wider staff body. We've continued working with our staff and networks on anti-racism and are seeking to build partnerships with groups currently underrepresented in the movement, and have recruited to a new role of Strategic Partnerships Manager. We've submitted our data to the Race Report, which we will use to track our progress, and our EDI Manager has developed and delivered a variety of training and educational resources.

Crucially, we have embedded EDI across the activities in our business plan. Our Content and Creative team have conducted an accessibility audit, informing improvements to make our public-facing content such as our website and marketing materials accessible for all.

Our Board held an EDI focussed away day in January 2023 together with specialists Full Colour, to gain a greater understanding of how EDI and anti-racism relates to the governance role and to consider how to apply an EDI and anti-racism lens to the Board's work. The Board has an EDI Lead to ensure it is championed at governance level.

Plans for 2023-2024 include:

- Rolling out our EDI Action Plan, ensuring we are accountable through tangible actions.
- Launching a quarterly EDI Forum, a space for all staff to come together and share learning, updates and experiences.
- Expanding our culture and learning offer, linking training and organisational awareness events to a cultural calendar
- Create an empowering and open community of allies and advocates
- Ensuring we have supporting policies and procedures to embed EDI practice
- Ensuring we have a supportive recruitment and retention practices to attract a wide range of diversity into the organisation.
- Launching anti-racism training for our network of activists.

Structure, governance and risks

Our structure and governance framework

Friends of the Earth comprises two separate legal entities operating under a regulated dual structure arrangement. Friends of the Earth Limited, a not-for-profit company limited by guarantee, undertakes all campaigning and activism. During the year, Friends of the Earth Limited applied for and received grants for its charitable activities from Friends of the Earth Charitable Trust, a registered charity with independent trustees. Friends of the Earth Charitable Trust raises charitable funds and provides grants to organisations for charitable activities that further its objectives, including Friends of the Earth Limited. The two entities share staff, certain resources and the brand, allowing both organisations to achieve their objectives in a cost-effective manner.

The Directors (Board members) are privileged to serve a company that is part of a local to global environmental movement and in particular value the historic and ongoing importance of our Local Action Groups. The Board normally meets four to five times a year and has as its principal roles determining mission, values and strategy and scrutinising organisational performance, finances and assessment of risk. The Chair or Co-Chairs of the Board are responsible for line managing the Co-Executive Directors. A scheme of delegation is in place to clarify and define the delegation of day to day responsibility for running the company to the Co-Executive Directors and other managers and to outline the matters reserved for the Board.

Directors typically serve two three-year terms and during their tenure are also company members. Board recruitment is undertaken in accordance with the Articles of Association and the Board's Recruitment Policy. The Board's Code of Responsibility, Accountability and Conduct recognises the Board's accountability to our staff, groups, supporters, activists and all other stakeholders of the company. The Board also engages with our Local Action Groups through events and the Chair's email account.

The Board seeks to ensure that the composition of the Board reflects the necessary skills and experience, national and regional residence and our commitment to increasing diversity at all levels of Friends of the Earth.

The Board has an established Finance Committee, which meets quarterly before each Board meeting to maintain and overview of financial performance, and undertake detailed reviews of management accounts, budgets and performance, and financial controls.

Following the external governance review conducted in 2021, the Board put together an action plan to address the recommendations arising, and have progressed this work through 2022-23.

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 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. Directors consider risks and mitigating actions on a quarterly basis and consider the risk appetite statement annually.

Risk appetite statement

As a campaigning organisation aiming to maximise our impact and take bold action on environmental justice, much of our work has inherent risks. The Board has a high risk appetite for campaigning and activism that furthers Friends of the Earth's mission, subject to ensuring high levels of due diligence with legal and regulatory requirements and internal policies. We work in a rapidly changing landscape where income streams can be uncertain, and changes in policy can have a profound impact on our work. We mitigate this by having a low risk appetite for anything that affects financial viability, and for anything that affects the wellbeing of our staff and their ability to deliver impact.

Principal risks and uncertainties

Our key risks and uncertainties as at the end of 2022-23 are shown in the table below, along with our mitigation measures:

Risk Area	Mitigation
Uncertain and volatile economic conditions and high inflation affect income generation streams and increase our cost bases.	• Ensuring our campaigns package incorporates clear roles for supporters in achieving change, though fundable work with tangible outcomes. • Diversification of income streams, making investment into building growth. • Close review of our cost bases and ensuring value for money in our operations.
Investment in significant IT and change projects do not bring expected benefits or brings liability risks to the organisation.	• Co-Executive Director oversight and sponsorship of major CRM transformation project. • Subject matter experts and advocates from core teams across the organisation to inform design, participate in testing and support with training, to ensure a successful launch.
We are currently in correspondence with HMRC regarding the VAT status of the grants from FOECT. Directors are confident the chances of any material impact are remote..	• Independent and specialist third party tax and legal advice forms the basis of the Directors' confidence that the risk of material impact is remote. • Our arrangements comply with applicable regulations and align with other campaigning organisations.

Our policies

Internal controls

The Board recognises its responsibility for ensuring we have a robust system of internal controls in place, as appropriate to the organisation. We have policies in place for Risk Management, Anti-Fraud, Internal Controls, and Whistleblowing, which are reviewed by the Board on a regular basis. Our Board meets with our external auditor without management present at least annually. Any weaknesses in internal financial controls identified by our external auditors or others, and actions to remedy them, are reviewed by our Finance Committee. During the year there was one incident of fraud of material value relating to payment of a fraudulent invoice. This matter has been investigated to ascertain any control improvements required and these improvements have now been implemented.

A regular programme of health and safety reviews across our offices provides internal assurance on compliance with our statutory obligations. A framework of regular reporting including KPIs on financials, operations, income generation and supporters is taken to the Board to ensure that any issues are identified and addressed as required.

Safeguarding

Friends of the Earth recognises its responsibility to ensure we protect adults and children we work with from harm. All staff and Board members are bound by the Friends of the Earth Safeguarding Policy, which is regularly reviewed. We have robust procedures in place to safeguard and protect both children and adults who come into contact with Friends of the Earth, including risk assessment and incident reporting procedures.

A staff Safeguarding Committee meets quarterly to share learning and best practice, and a network of designated safeguarding leads (DSLs) is in place across the organisation to respond to any queries or concerns. Both the Board and the Senior Leadership Team have a designated member for safeguarding. All staff and Board members are required to complete mandatory training on safeguarding adults and young people.

We have recently recruited to a new post of Safeguarding and Wellbeing Coordinator to add capacity in these important areas.

Environmental

Friends of the Earth is committed to practising what we preach. Alongside our Cycle to Work scheme, our Climate Perks policy provides staff with up to two days of paid annual leave per year if they opt for more carbon friendly travel options when on holiday. Other environmental policies include our Travel Policy, which encourages active travel and prohibits short haul flights unless the carbon emissions are demonstrably lower than other modes of transport, and our policy that our offices use 100% renewable energy. We have signed up to a salary sacrifice scheme, so that staff members can get taxation benefits on electric vehicles.

We have an Environmental Working Group made up of colleagues from across business functions, looking at best practice, metrics and new initiatives. We have reduced printing across our office operations and use only recycled and recyclable paper products. In our marketing, we operate specific policies around the sourcing of materials and our choice of supply chains. We source environmentally friendly cleaning products and use materials that are as sustainable as possible in any office refurbishments, and only use licensed and appropriate organisations to dispose of waste.

With the shift to hybrid working comes a change in our environmental impact, with fewer hours spent commuting and less office-based energy use. This year we have undertaken a staff survey to gather a baseline of emissions from homeworking and commuting. We will build on this reporting in future years to gain a greater understanding of our own carbon impacts as a staff body, and analyse trends over time. We anticipate environmental benefits from our move to a four day working week, through reduced employee travel.

Environmental impact 2022-23

Office energy consumption and waste – full year

		London office	Regional offices*
Electricity	kWh	113,559	101,215
	Per person per day - kWh	2.80	5.5
Recycling	kg	9,938	673
Landfill waste	kg	544	Unknown
Recycling rate	%	95	Unknown

*Leeds, Birmingham and Cardiff not included, data not available.

This being the first year of collecting data in this method, comparative figures are not available.

Carbon footprint - commuting and homeworking* - full year

Commuting	All staff (kg CO ₂ e)	6365.5
	Average per person** (kg CO ₂ e)	31.83
Homeworking**	All staff (kg CO ₂ e)	40056.9
	Average per person per year** (kg CO ₂ e)	190.75

* Calculated using <https://www.ghginsight.com/employee-commuting/> looking at working patterns and travel modes. Approximate figure based on 41% response rate to staff survey.

** It is expected that the true homeworking emissions figures are lower as the survey did not account for renewable energy suppliers.

Disclosure of information to the auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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 ensuring that adequate accounting records are kept 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.

This report was approved by the Board and signed on its behalf.



Eva Neitzert
Director and Chair
23 November 2023

Independent Auditor's Report to the Members of Friends of the Earth Limited

Opinion

We have audited the financial statements of Friends of the Earth Limited for the year ended 30 June 2023, which comprise the Statement of Income and Retained Earnings, the Balance Sheet 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 Friends of the Earth Limited's affairs as at 30 June 2023 and of 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 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 directors' 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 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 directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 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 directors' report, which includes the directors' report [and the strategic report] prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and their environment obtained in the course of the audit, we have not identified material misstatements in the directors' 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 and proper accounting records have not been kept; 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 24, the directors 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 directors 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 directors are responsible for assessing the 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 directors either intend to liquidate the 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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud, and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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 identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be

fundamental to the company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the company for fraud. The laws and regulations we considered in this context for the UK operations were: General Data Protection Regulation (GDPR), Anti-fraud, bribery and corruption legislation, Taxation legislation, Employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management including estimates and judgements. Our audit procedures to respond to these risks included enquiries of management and the directors about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

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.



Tim Redwood
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London
Date: 5 December 2023

Statement of Comprehensive Income and Retained Earnings

		2023	2022
Income	Notes	£	£
Supporters' Contribution	2	1,149,481	1,262,475
Grants Received	3	8,800,000	10,508,274
Other	4	193,710	173,079
Total Income		10,143,191	11,943,828
Expenditure			
Campaigning and activism		9,871,242	9,874,538
Administration and other		1,239,544	1,648,174
Total expenditure	5	11,110,786	11,522,712
Net (deficit) / surplus for the year before tax		(967,595)	421,116
Taxation charges	13	-	-
Net (deficit) / surplus for the year after tax		(967,595)	421,116
Accumulated surplus at beginning of year		4,002,922	3,581,806
Accumulated surplus at end of year		3,035,327	4,002,922

Balance Sheet

		2023	2022
	Notes	£	£
Tangible Fixed Assets			
Fixed Assets	9	53,954	69,400
		53,954	69,400
Current Assets			
Debtors	10	515,092	347,252
Cash		3,302,251	5,510,472
		3,817,343	5,857,724
Creditors - due within one year	11	(835,970)	(1,924,202)
Net Current Assets		2,981,373	3,933,522
Total Net Assets		3,035,327	4,002,922
Reserves			
Accumulated reserves		3,035,327	4,002,922

Approved and authorised for issue by the Directors on 23 November 2023 and signed on behalf of the Board,

Eva Neitzert

E Neitzert
Director and Chair

Statement of Cash Flows

		2023	2022
	Notes	£	£
Cash (outflow) / inflow from operating activities		(2,187,617)	1,537,438
Cash (outflow) from investing activities			
Purchase of property, plant and equipment	9	(20,604)	(44,470)
Change in cash and cash equivalents		(2,208,221)	1,492,968
Cash and cash equivalents at beginning of the year		5,510,472	4,017,504
Cash and cash equivalents at end of the year		3,302,251	5,510,472

Note A: Reconciliation of net income / (expenditure) to net cash flow from operating activities

	2023	2022
	£	£
Net (expenditure) / income for the year	(967,595)	421,116
<i>Adjustments for:</i>		
Depreciation charges	36,050	128,372
Loss on disposal of fixed assets	-	27,565
(Increase) / decrease in debtors	(167,840)	138,855
(Decrease) / increase in creditors	(1,088,232)	821,530
Net cash (expended) / generated from operations	(2,187,617)	1,537,438

Statement of Cash Flows – cont.

Note B: Analysis of changes in net debt

	As at 1 July 2022	Cash flows	New lease and loans	Other non- cash change s	As at 30 June 2023
	£	£	£	£	£
Cash and cash equivalents					
Cash	5,510,472	(2,208,221)	-	-	3,302,251
	5,510,472	(2,208,221)	-	-	3,302,251
Borrowings					
Loans due within a year	(5,000)	-	-	-	(5,000)
	(5,000)	-	-	-	(5,000)
Total	5,505,472	(2,208,221)	-		3,297,251

Notes to the Accounts

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 the Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Critical accounting judgements and estimates

In the application of the company's accounting policies, Directors are required to make judgements, estimates and assumptions that affect the carrying value of assets, liabilities that are not readily apparent from other sources. The estimates and the assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The items in the accounts that are considered to involve critical judgements and sources of uncertainty through estimation, when applying FOEL accounting policies include:

- Revenue recognition where judgement is required to appropriately apply the income accounting policies explained in accounting policy note below in relation to income from supporters and lottery income.
- The decision as to whether a liability should be provided for or a contingent liability disclosed in relation to VAT or otherwise.

Going concern

The Directors consider there are no material uncertainties about the company's ability to continue as a going concern. The review of our financial position, reserves levels and future plans gives Directors confidence that the company remains a going concern for the foreseeable future.

As part of our going concern review, we have ensured we will maintain reserves for 2023-24 and 2024-25 within the limits of our agreed reserves policy. We have reviewed and will continue to monitor longer term financials, in light of increasing external economic pressures to ensure the resilience of our organisation.

Income

Income arising from supporters' contributions and donations is accounted for as and when received. The applicable Legacy policy states 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 Action Group licences. Turnover represents amounts invoiced, excluding VAT.

Grants

Grants are recognised in full in the Statement of Comprehensive Income and Retained Earnings. In the period in which the company has entitlement to the income, the amount of income receivable can be measured reliably and there is probability of receipt.

Allocation of costs

Staff costs are allocated between direct expenditure and support costs based on the time spent on these activities. Other costs are allocated directly to the relevant heading.

Notes to the Accounts – cont.

1. Accounting policies – cont.

Supporting community activism

In order to improve our local impact, Friends of the Earth Limited provides small amounts of funding to support our grassroots network and work with young people.

Fixed assets

Fixed assets are based on the substance of the asset rather than the value and stated at cost with a de-minimis limit of £100. They are depreciated in equal annual instalments over their estimated useful lives as follows:

Office furniture	10 years
Computer equipment	3 years
Office equipment	4 to 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.

Notes to the Accounts – cont.

1. Accounting policies – cont.

Investments

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

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.

Notes to the Accounts – cont.

2. Supporters' contributions

	2023	2022
	£	£
Committed giving	864,394	912,148
Legacies	-	50,000
Other supporter contributions	285,087	300,327
	<u>1,149,481</u>	<u>1,262,475</u>

Other supporters' contributions include donations from businesses received in accordance with the organisation's corporate donations policy.

3. Grants received

	2023	2022
	£	£
General grant from Friends of the Earth Charitable Trust	7,782,445	9,643,436
Restricted awards from Friends of the Earth Charitable Trust	1,017,555	855,784
Furlough grant income	-	9,054
	<u>8,800,000</u>	<u>10,508,274</u>

Notes to the Accounts – cont.

4. Other income

	2023	2022
	£	£
Advertising in supporter magazine	6,615	37,284
Miscellaneous	187,095	135,795
	193,710	173,079

Miscellaneous income includes income from Friends of the Earth International under a staff hosting arrangement.

5. Operating expenditure

	2023	2022
	£	£
The surplus for the year is after charging:		
Depreciation of fixed assets	36,049	128,371
Auditors - statutory audit	12,100	6,930
Hire of equipment under operating leases (note 8)	7,216	5,909
Building lease rentals (note 8)	3,840	8,435

6. Employee and staff costs

	2023	2022
	£	£
Salaries	8,313,693	6,882,518
National Insurance	827,428	653,210
Pension	453,670	369,056
	9,594,791	7,904,784

Notes to the Accounts – cont.

6. Employee and staff costs – cont.

The average number of employees during the period was 211 (2021/22: 190). Employees are jointly employed with Friends of the Earth Charitable Trust. Friends of the Earth Charitable Trust reimburses Friends of the Earth Limited for the salary costs of those individuals undertaking fundraising activities for the Charitable Trust. The disclosures below are in relation to the jointly employed staff across both entities.

The average number of employees engaged in the company's work during the period, analysed by function was:

	2023	2022
	No's	No's
Programmes	124	113
Fundraising and supporter recruitment	38	40
Support, management and administration	49	37
	211	190

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 and these costs are charged to the income & expenditure account as incurred.

The total emoluments paid to the 7 (2021/22: 9) senior management staff were £589,166 (2021/22: £530,959). These staff included the 2 x Joint Co-Executive Directors, Director of Finance and Operations, Director of Income Generation, Director of Policy, Advocacy and Campaigns, Director of Communities and networks, and the Director of Engagement.

7. Directors' remuneration

Friends of the Earth Limited paid £11,337 (2021/22: £11,039) to Frances Butler and Eva Neitzert for their services during the year chairing the Board and line managing the Co-Executive Directors.

8. Operating leases

At the end of the year, Friends of the Earth Limited was committed to making future minimum operating lease payments, which fall due as follows:

Notes to the Accounts – cont.

8. Operating leases – cont.

	2023	2022
	£	£
Payments due:		
Within 1 year	1,468	10,407
Within 2 to 5 years	331	1,808
Total	<u>1,799</u>	<u>12,215</u>

9. Fixed assets

	Office Furniture	Computer and Office Equipment	Computer Software	Total
Cost	£	£	£	£
Balance at 1 July 2022	118,420	562,242	957,920	1,638,582
Additions	-	20,604	-	20,604
Disposals	-	-	-	-
Balance at 30 June 2023	<u>118,420</u>	<u>582,846</u>	<u>957,920</u>	<u>1,659,186</u>
Depreciation				
Balance at 1 July 2022	110,771	509,226	949,185	1,569,182
Charge in the period	1,361	26,422	8,267	36,050
Disposals	-	-	-	-
Balance at 30 June 2023	<u>112,132</u>	<u>535,648</u>	<u>957,452</u>	<u>1,605,232</u>
Net Book Value				
At 30 June 2023	<u>6,288</u>	<u>47,198</u>	<u>468</u>	<u>53,954</u>
At 30 June 2022	<u>7,649</u>	<u>53,016</u>	<u>8,735</u>	<u>69,400</u>

Notes to the Accounts – cont.

10. Debtors

	2023	2022
	£	£
Trade debtors	45,962	29,891
Prepayments and accrued income	226,181	285,606
Other debtors	242,949	31,755
	515,092	347,252

11. Creditors - amounts falling due within one year

	2023	2022
	£	£
Trade creditors	52,437	916,348
Other taxes and social security	231,725	202,139
Accruals and deferred income	303,062	576,375
Finance lease obligations	-	2,376
Interest free loans	5,000	5,000
Other creditors	243,746	216,964
Corporation tax payable	-	5,000
	835,970	1,924,202

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 the end of the financial year, the number of members was 7 (2021/22: 7).

13. Corporation tax

Tax is not payable on grants and donations and therefore a substantial amount of the company income is not taxable. In the year ending 30 June 2023 a trading profit of £29,154 (2021/22 - £13,251) was made on which no corporation tax was payable after deductions available to the company. These deductions included payments to Friends of the Earth Scotland due under a memorandum of understanding.