



Friends of the Earth Charitable Trust Report and Accounts for the year ending 30 June 2023

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Reference and administrative details

Friends of the Earth Charitable Trust is a company limited by guarantee (registered 10 December 1980), not having a share capital, and is also a registered charity (registered 6 January 1981) governed by its memorandum and articles of association.

Company Registration Number: 01533942
Registered Charity Number: 281681
Registered office: The Printworks
1st Floor, 139 Clapham Road
London, SW9 0HP
Country of incorporation: England and Wales

Trustees

The Trustees, who are the Directors of the charity for the purposes of the Companies Act, and held office during the period were:

Frances Butler (Λ) (resigned 31 October 2023)
Beverley Downes (appointed 1 June 2023)
Nicholas Eldred (appointed 1 June 2023)
Gillian Fawcett (Interim Chair to June 2023)
Sian Ferguson (Chair; appointed 1 June 2023)
Sandy Hore Ruthven (appointed 1 June 2023, resigned 22 November 2023)
Louisa K Hand
Melanie Oley

(Λ) Director of Friends of the Earth Limited

Co-Executive Directors: Hugh Knowles and Miriam Turner

Company Secretary: Helen Ashley Taylor

The day-to-day management is delegated to the Co-Executive Directors, the Senior Leadership Team (made up of employees selected for their expertise in the various activities of the organisation) and the Trust's other staff. The charity has its own Trust Director who serves as company secretary to the Board of Trustees, supporting with meetings and charity governance matters affecting the Trust. The Trust Director reports to the Chair and the Trustees and has no other role in the charity or any of its grantees.

Auditor

Crowe U.K. LLP
55 Ludgate Hill
London
EC4M 7JW

Bankers

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

Solicitors

Bates Wells & Braithwaite
10 Queen Street Place
London
EC4R 1AG

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, Friends of the Earth has 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 fund campaigns, 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, Friends of the Earth has 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 and ensure legal protection from pesticides for bees, we continue the fight against climate change.

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, moving mountains.

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.

Chair's statement

This is my first statement as Chair, having joined the Board in June 2023, and it has been a joy to learn more about the hard work and dedication of everyone across the organisation and the wider Friends of the Earth network.

Over the year, the Charitable Trust has made grants to fund activities to bring about the changes we need to see. Activities such as engaging young and marginalised campaigners, supporting communities to challenge new, dangerous and unnecessary fossil fuel projects, and bringing people together in powerful coalitions for warm homes that don't cost the earth.

This year we welcomed four new Trustees to the Board: myself, Nicholas Eldred, Sandy Hore-Ruthven and Beverley Downes. We are privileged to join such a dedicated Board and look forward to working together as part of the wider Friends of the Earth family. I would like to take this opportunity to thank Gillian Fawcett for her contributions and impact whilst serving as Interim Chair, which were hugely valued by the Board.

My fellow Trustees and I would also like to acknowledge and thank our supporters who have continued to make our work and impact possible. We are incredibly grateful to our individual and major donors, to the People's Postcode Lottery and the trusts and foundations who supported us. We are delighted to have started a new partnership with the Co-operative Bank to restore nature-deprived spaces across the country and thank them for their support for this important work.

Looking ahead, we will strive to ensure that the Charitable Trust does all that it can to support a better future for us all.



Sian Ferguson
Chair and Trustee
Friends of the Earth Charitable Trust

Co-Executive Directors' statement

This has been another year of mounting evidence of the worsening environmental crisis that continues to shape our collective future. From the wildfires burning through Europe, to the news that 4,500 people died from heat-related causes in 2022, the most ever recorded in a single year, it is clearly imperative that we take action on climate now.

Yet the glaring reality is, that despite the urgency, those in power have too often fallen short of their responsibilities. 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.

Within this context, the work of Friends of the Earth Charitable Trust is more important than ever. We are incredibly grateful to our supporters, donors and partners, including the People's Postcode Lottery and its players, and everyone in the movement alongside us. Without them we cannot continue to fight and to win for the climate. The Trust fulfils its charitable purpose by funding organisations and groups that enable us to make change and protect the environment, predominately Friends of the Earth Limited.

Highlighting just some of our funded achievements this year:

- The United for Warm Homes campaign launched. 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.
- Friends of the Earth Limited won a landmark victory at the start of the year, when the High Court ruled that the Net Zero Strategy is unlawful and ordered the government to revise its strategy.
- We have supported some fantastic interventions in England, Wales and Northern Ireland. 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.

The next year we will continue to ensure that fossil fuels have no place in our future, and ensure that the decarbonisation of heat prioritises those in fuel poverty. We will work to fund projects to help communities benefit from thriving nature in their local areas, and continue to raise awareness of the climate emergency and the urgency of the need for action.



Hugh Knowles and Miriam Turner
Co-Executive Directors

Trustees' and Strategic report

The Trustees are pleased to present their Trustees' and strategic report, together with the financial statements, for the year ending 30 June 2023. The financial statements comply with current statutory requirements, the memorandum and Articles of Association and the Statement of Recommended Practice 2015 – Accounting and Reporting by Charities (FRS 102).

Our objects and activities

Our purposes and aims

Friends of the Earth Charitable Trust is dedicated to achieving the following charitable objectives:

- The conservation, protection and sustainable use for the public benefit of the Earth's natural environment, including biodiversity, atmosphere, water, land and natural resources.
- The advancement of education for the public benefit and, in particular, the advancement of education in ecology, natural history, resource conservation, sustainable development and environment studies.
- The promotion of sustainable development for the benefit of the public by
 - (i) the preservation, conservation and the protection of the environment and the prudent use of natural resources; and
 - (ii) conducting or commissioning research and publishing the results of such research

'Sustainable development' means improving the quality of life while living within the carrying capacity of supporting ecosystems and the natural environment.

We aim to achieve these objects by funding work that falls within the confines of this remit. This report sets out how these objects were achieved in the year ending 30 June 2023, the proposals for the fulfilment of the charitable objects during 2023-24 and how we plan to fulfil the charitable objects for the public benefit in future years.

In conducting its objects for the public benefit, Friends of the Earth Charitable Trust continues its long-term association with other Friends of the Earth environmental groups, both locally and internationally, in order to increase the effectiveness of its charitable work for the public benefit. This association is acknowledged within the Articles of Association that govern the charitable company.

Our grant making policy

All work funded by the Trust must fall within the charitable objects stated above and must comply with all legal and regulatory requirements for UK registered charities. We fulfil our charitable objects for the public benefit by providing grant funding to organisations with aligned purposes and aims. Trustees regularly review the most effective ways to further the charity's objects for the public benefit. Trustees agree the primary funding areas for each year and retain complete discretion to approve or reject any grant application. The Trustees aim to diversify the range of grantees to which it provides grant funding in future years.

The Trust has grant monitoring procedures in place to ensure that all charitable funds are spent solely on charitable activities to further the charitable objects in accordance with the conditions attached to the grant in the written grant agreement.

Public Benefit Statement

The Trustees recognise that the work of the charity seeks to provide long-term public benefit that will support communities, including the wider international community

Our work to date has benefited the public by commissioning research, raising awareness, and campaigning on issues of major public concern including climate change, environmental protection, biodiversity and sustainable development. The Trust welcomes people from all sections of society as supporters and its campaigning and awareness raising on environmental matters is directed to all in society. The Trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit "Charities and Public Benefit".

Our achievements in 2022-23

This year Friends of the Earth Charitable Trust was proud to fund a wide variety of activities that aimed to tackle the climate and ecological crises in a fair and just way. Without the support of our donors, funders and financial supporters, the activities and achievements we funded this year would not have been possible.

In the year, the charity made grant payments of £8.82m, including £8.8m to Friends of the Earth Limited for the costs of charitable activities.

Additionally, the charity provided full or partial grant funding across its small and micro grants programmes, to projects and initiatives which further its aims. Details of those grant programmes are set out below.

We set an annual fundraising budget, and regularly assess and monitor the progress of our grantees to ensure that our charitable objects are being achieved in line with the terms of the grants awarded.

Friends of the Earth Limited

Our largest grantee, Friends of the Earth Limited, sets clear objectives and key results as part of its annual business planning process. Its 2022-23 objectives were:

- We design, run, and win environmental justice campaigns through strong new partnerships
- As a platform for change, we are building power by bringing together and connecting citizens and communities, driving collective action that delivers environmental justice
- A powerful new narrative around how people power and collective impact delivers environmental justice is inspiring many more people to hope and action
- We are a fantastic place to work, where our culture, systems and ways of working enable all of us to make our best contribution

Some of Friends of the Earth Limited's key achievements are listed below. Further detail can be found in Friends of the Earth Limited's annual report and accounts.

- Launching the flagship United for Warm Homes campaign, leading a coalition of grassroots groups. To date there are 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.
- Working with communities in Whitehaven in Cumbria, Horse Hill in Surrey, Larne Lough in Northern Ireland, and Mozambique to campaign against regressive and dangerous new fossil fuel projects.
- Running another successful year for the My World My Home leadership development programme for college students, supporting 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 10 colleges across the UK, engaging with a total of 49 students and delivering over 200 sessions.

- Fighting to ensure the moratorium on fracking was reinstated, following its removal under the Truss government.
- Supporting 200 Local Action Groups to campaign in their local areas, with an offer of support, training, and resources, and the opportunity to apply for grant funding.
- Continuing work to develop Climate Action Plans with local councils, ensuring local authorities prioritise action on climate and deliver actions once they are agreed.
- Launching a new campaign governance structure under three core themes: climate and energy, nature and environment, and rights and justice, to ensure campaigning work is targeted and effective in contributing to Friends of the Earth's strategic goals.
- Continuing work to provide easily accessible insight into areas such as tree coverage, climate vulnerability and air pollution in local areas through the Near You digital tool, providing the data grassroots campaigners need to drive change and campaign for local council Climate Action Plans.
- Implementing phase 1 of the transformational CRM project for its Communities and Networks teams, providing opportunities for more streamlined, joined up working, and improved systems for communications with its network of activists. Phase 2, for the rest of the organisation, is due to launch in autumn/winter 2023.

Small and micro grant programmes

Local Action Group Fund

The Local Action Group fund is open to all registered Friends of the Earth groups and networks. It provides financial support that can make a real difference, either by building and developing groups or by achieving a demonstrable positive impact on nature, the climate and/or environmental justice. In 2022-2023 we awarded 30 small grants under the Local Action Group Fund (including those awarded under the Local Group Fund and the Climate Action Fund, which later merged in to one programme). These small grants were used by local groups for a wide range of activities, from funding campaigning materials, to community outreach, events with local speakers, and an exhibition.

Partnership Fund (formally BAME Fund)

The Partnership Fund is open to all registered Friends of the Earth Local Action Groups. It is intended to provide financial support to groups that demonstrate that an activity contributes to supporting and amplifying the voices of communities and groups often left out in the environment and climate movements. For example, a group may wish to pay a speaker from a working-class background to speak at an event or run a solidarity action to support a minoritised community. Applications are submitted for a total of £500 per financial year.

Grants are awarded for projects supporting the development of partnership work or participation with groups. This could include paying for consulting with a marginalised group for marketing and campaigns, supporting a solidarity event financially, supporting the planning and hosting of an event or action. In 2022-23 we awarded one Partnership Fund grant to Darlington Friends of the Earth, to fund production of a film.

Youth Action Fund

The Youth Action Fund exists to support grassroots level campaigning on climate change that is led and delivered by young people based in England, Wales and Northern Ireland. The Fund is open to: grassroots groups whose membership is age-restricted to those aged 25 and under; individuals who are aged 25 and under, and small campaigning organisations whose leadership is predominantly 25 and under and who work exclusively to support campaigning by that age group.

The fund is intended to provide financial support that can make a real difference, either by building and developing groups, providing an individual with an opportunity that they could not otherwise access, or by achieving a demonstrable positive impact on the climate.

Our plans for 2023-24

Friends of the Earth Charitable Trust's role is as a grant-making organisation, harnessing public and partner funding to support organisations with objectives that further our mission.

In June 2023 we approved a large grant application from Friends of the Earth Limited for charitable activities in 2023-24. Our funding will support this grantee to build partnerships that enable it to listen 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. These partnerships will allow it to add what it hears to the considerable expertise it has in the organisation and wider network.

Our grant will enable Friends of the Earth Limited to build tools that will help people create the change they want to see, ensuring the organisation doesn't become a bottleneck as it aims to link local organising to national influencing in a growing network. It will also help our grantee tell a powerful story about Friends of the Earth's role and ensure that thousands more want to act and support us.

Our grant to Friends of the Earth Limited will contribute to:

- Designing, building and winning environmental justice campaigns through strong new partnerships
- Supporting hundreds of thousands of citizens to stand up for their rights and the environment
- Inspiring a million more people to hope and action via a powerful new story about people power and collective impact
- Being a fantastic place to work, where our culture, systems and ways of working enable all of us to make our best contribution.

Our funding will support environmental justice campaigns that aim to:

- 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.

We will continue supporting local communities in tackling the climate and ecological emergencies through our small and micro grants programmes, which also diversifies our range of grantees. We will look to fund other activities that support our objectives as they arise throughout 2023-24.

Fundraising Review

Fundraising performance

In the year under review, the total income raised was £12.8m, a decrease of 5% on the £13.5m raised in the previous year.

Gifts and donations for the period totalled £7.7m, compared with £8.0m in the previous year; most of this reduction was in Individual Giving. Given all the adverse economic headwinds, the donations have held up reasonably under the circumstances.

Legacy income totalled £1.8m, (2021-22: £1.0m). Despite its unpredictability, our legacy income has shown an improving trend, in line with the beginnings of an expected and significant inter-generational wealth transfer in wider society. This provides a healthy Legacies pipeline of £3.7m which will be recognised as income in future years. This demonstrates the long-term relationships supporters hold with us, and their desire to continue support for our mission in their name.

We received £3m from People's Postcode Lottery (2021-22: £4.0m). The £1.1m reduction from the prior year was due to a one-off additional contribution made in 2021-22.

The value of gifts in kind received in 2022-23 decreased slightly from 2021-22 totalling £205,968.

Our forecasts for 2023-24 are based on ongoing economic uncertainty with the current context of high inflation. We expect the cost-of-living crisis to negatively impact more of our donors than were financially affected by the covid-19 pandemic. The breadth of our supporter base does provide financial resilience as we proceed with caution into the next 12 months, closely monitoring donor numbers and responding to their needs with flexibility and compassion.

We will continue to reach and engage with new audiences motivated to tackle the climate and ecological crises via financial contributions. There remains high awareness of and concern for environmental issues, with a particular desire to ensure a fair and sustainable response to the current UK energy crisis. Friends of the Earth Charitable Trust's grant giving will continue to further this vital and ever-relevant work, thanks to the ongoing generosity of our donors.

Our Fundraising Promise

We generate funds through a range of techniques, including printed communications, telephone fundraising and a variety of digital fundraising activity. We continue to work with carefully selected third-party suppliers in relation to various aspects of our fundraising activity. We establish strategic partnerships with agencies or freelancers to enhance the quality and impact of our fundraising activity. Examples of this work include creative development of fundraising communications, printing and mailing services, response handling and donor stewardship. We work with professional fundraisers at telephone agencies in order to conduct high quality and engaging conversations about the impact of their support on our work, and the variety of ways in which they can consider supporting us further. All professional fundraisers working on our behalf undergo regular

training on compliance and quality standards and are fully briefed on the work of the organisation.

We are registered with the Fundraising Regulator and continue to be a member of both the Chartered Institute of Fundraising. We have had no non-compliance with the Fundraising Regulator in 2022-23. All third-party suppliers who are in contact with our supporters have a vulnerable people policy in place and meet the same high-quality standards as our own. Partner agencies hold membership with the relevant membership body, such as the Chartered Institute of Fundraising or the Direct Marketing Association, which requires compliance with a broad range of regulations and best practice policies.

We continue to monitor and respond to developments in fundraising regulation and all other relevant regulation, including GDPR. We continue to adhere to the highest standards of practice in fundraising, data protection and communications.

We have a Supporter Promise and complaints procedure, which are clearly signposted for supporters to ensure they are aware of the high standards we hold in our supporter relations work, and how they can contact us with any questions or comments. In 2022-23 we received 8 direct complaints about fundraising activity or processes (2021-22: 10). All were resolved and no complaints were received through the Fundraising Regulator. We have a vulnerable persons policy, and our fundraising teams have completed safeguarding training and comply with our safeguarding policy throughout their work.

Financial review

Overall financial performance

Income

In the year, our income was £12.8m, decrease of £0.7m from 2021-22. This was due to the reduction in the People's Postcode Lottery of £1.1m and £0.4m lower Donations, partly offset by higher Legacies of £0.8m.

Over 90% of our income comes from three main sources. From supporters who donate to support our work who gifted £7m and from those who remembered us in their will and left bequests of £1.8m.

We also received £3m from the Postcode Earth Trust, which receives all of its funding from the People's Postcode Lottery, strengthening our relationship with this important funder. We are incredibly grateful for the support of our donors and funders and the players of the People's Postcode Lottery.

Expenditure

Expenditure was £13.5m, a small increase on previous year figure of £13.4m.

Fundraising costs are £2.7m, this means for every £1 we spent in the year we raised £4.50 in donations to the organisation.

We also made grants to Friends of the Earth’s grassroots network through our small and micro grant programmes of £16,613 (2021-22 - £11,780). This increase is due to increased activity in groups now we have moved forward from the coronavirus pandemic.

We are proud that we are able to contribute to the work of Friends of the Earth Limited and made a grant of £8.8m to Friends of the Earth Limited which enabled them to achieve the impact as noted on above.

In the year we made a deficit of £(725)k, compared to a small surplus of £19k in 2021-22.

Reserves

In 2020-21 the Trustees designated £1.5m to invest in key initiatives to a) improve organisational systems to ensure we have informed decision making and able to make efficiencies on our current processing and b) diversify our income portfolio. In 2021 we added £0.36m: £0.15m for additional CRM costs and £0.21m for Special Projects. As these initiatives have started to come onstream the Trustees have agreed to de-designate £0.76m assigned to CRM/Special Projects, In addition, £0.19m of the Income Generation Investment Fund was used during the year, The result of all these movements was to bring the total carried forward in designated funds to £0.91m.

Unrestricted reserves ended the year at £1.8m, an increase of £0.25m compared to 2021-22: the de-designation of designated funds of £0.95m, was partly offset by the deficit in the year of £0.7m. The current reserves policy is to hold between two and four months of expenditure as free reserves, using any extra to invest in strategic initiatives which move the organisation forward. This means the charity needs to keep £0.8-1.6m in reserves. Actual reserves of £1.8m are just above the range. The Board is content that this is an appropriate level of reserves for the charity to ensure future resilience.

The detail of our designated funds is as follows (£m):

Area	Rationale	B/F	C/F	Progress
Customer Relationship Management (CRM) system	Organisational CRM system investment to replace current ageing system	1.15	0.55	Phase 1 of the system went live in July 2022, and is working well for our Communities and Networks teams. The launch of Phase 2 has experienced some delays whilst we ensure the finished product suits requirements. We will go live in November 2023. This fund will offset the depreciation following system implementation.
Income Generation Investment Fund	To diversify income through targeted staffing and pilots under the new Income	0.5	0.31	With this investment funding we have recruited several new roles to add capacity in key income generation functions such as philanthropy, individual giving and strategic partnerships. We have

	generation strategy			also allocated funding to: review of our Trusts portfolio; to assist with growing our individual giving donor base; and our 'World To Grow Up In' project
Special Projects	Strategic campaign and advocacy project	0.21	0.05	Includes an investment of £55k in Postcode Gardener project, a great example of a project which will segment Friends of the Earth as a community-orientated, environmental justice organisation.
Designated Funds		1.86	0.91	

Going Concern

The review of Friends of the Earth Charitable Trust's financial position, reserves levels and future plans gives Trustees confidence that the charity remains a going concern until June 2025. There are no material uncertainties about the charity's ability to continue in operational existence.

We are operating in uncertain times, the current economic circumstances underline the need to have a resilient, agile organisation but one who acts to fulfil its charitable purposes. We budgeted prudently, as we never take donor support for granted. We are investing in an ambitious income generation strategy to ensure continuation of our activities for the future.

Investment policy

The charity has an ethical investment policy to ensure that its investments do not conflict with its aims. The primary objective of the policy is to ensure that the current value of reserves is, as a minimum, maintained. It is expected that the majority of investments will be in cash or near cash holdings. During the year, the Charitable Trust did not have any investments.

Our people

Staff and volunteers

Friends of the Earth employs around 200 staff, jointly employed by both Friends of the Earth Charitable Trust and Friends of the Earth Limited. We have offices in London, Belfast, Cardiff, Birmingham, Leeds, Manchester, Bristol and Brighton. Staff costs are detailed in Note 7 to the accounts.

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 this, 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 ensure the arrangements work their best. Feedback has been generally very positive, and we are proud to be able to provide staff with a better work/life balance to aid their wellbeing.

Friends of the Earth offers flexible working hours and options for office, hybrid and homeworking through our Hybrid Working Policy, as our staff are our most important asset and we want 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.

Employees' experiences are assessed through regular pulse surveys, which consider workloads, wellbeing, and views on issues such as management and learning and development. Each month, the Co-Executive Directors hold an all staff briefing meeting to share news and updates internally, and celebrate successes.

Remuneration

We have 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.

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 includes its key management personnel, are competitive within the sector to ensure we can attract and retain talented staff 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 decreased gender and ethnicity pay gaps.

Salary quartiles

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

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. 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.

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.

Governance

Structure, governance and management

Friends of the Earth comprises two separate legal entities operating under a regulated dual structure arrangement. Friends of the Earth Charitable Trust operates in England, Wales and Northern Ireland as a fundraising and grant-making charity. It is regulated by the Charity Commission and is registered with Companies House. During the year, it granted funds for charitable activities to Friends of the Earth Limited, a not-for-profit company with independent directors which undertakes campaigning and activism activity. The two entities share staff, certain resources and a brand, allowing both organisations to achieve their objectives in a cost-effective manner.

The charity is governed by a board of Trustees who meet to determine the strategic direction of the charity. Trustee decisions are made by majority vote at quorate meetings or unanimous decisions without a meeting. The day-to-day implementation of the strategy and running of the charity is delegated to the Co-Executive Directors via a delegated authority framework.

Trustees serve a three-year term that can be renewed twice, so that a maximum of nine years can be served. Trustees typically serve two three-year terms and are the company directors and members alongside being Trustees. Trustee recruitment is guided by the overall composition and skills mix of the Board; vacancies are advertised, and a recruitment pack sent to all prospective candidates.

All new Trustees receive a comprehensive induction and an induction pack containing all key governance documentation for the charity as well as copies of Charity Commission guidance including (not exclusively) CC3 “The Essential Trustee”, CC20 on charitable fundraising, the Charity Commission’s trustee welcome pack, guidance on public benefit, guidance on charities connected with non-charities and CC9, guidance on charities and campaigning. Trustees are also provided with an introduction to the Charity Governance Code. Further training is offered as appropriate on an ongoing basis. During the period, all Trustees received updates on relevant legal and regulatory issues.

The Board normally meets four times a year and has as its principal roles determining mission, policy and strategy and monitoring its own and grantee performance.

Risk management

The Co-Executive Directors, Trust Director and Trustees, working closely with their respective teams, have identified the risks to which the organisation may be exposed and ranked these by significance and likelihood. Material risks, together with current mitigation actions, are reviewed each quarter by Trustees. The Trustees are satisfied that systems have been developed and are in place to mitigate identified risks to an acceptable level.

The principal risks and uncertainties facing the charity moving forward are as follows:

Area	Mitigation
<p>The effects of high and long-lasting inflation, coupled with an over reliance upon existing income streams, effects our ability to fundraising effectively and fulfil our objects.</p>	<ul style="list-style-type: none"> • Our supporters are engaged with our cause. Historically we have had good retention from a diverse donor base. However, we are never complacent and continually monitor the reach and results of our fundraising campaigns. • We are conducting reviews of our fundraising approach to ensure we are maximising opportunities to diversify.
<p>Investment in significant IT and change projects do not bring expected benefits or brings liability risks to the organisation.</p>	<ul style="list-style-type: none"> • Close oversight and monitoring of investments made in transformation projects. • Co-Executive Director oversight of new CRM project. • Subject matter experts and advocates from core teams across the organisation are in place to inform design, participate in testing and support with training.
<p>Organisation faces losses or reputational damage due to fraudulent activity, including cyber-attack.</p>	<ul style="list-style-type: none"> • We mitigate against the growing risk of fraud and cyber-attack through robust IT and internal financial controls. • We increasingly manage data on a large scale and are dependent on third parties to work on our behalf. We perform due diligence reviews on those we contract to and will continue to review our practice in this area.

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 charity. We have policies in place for Risk Management, Anti-Fraud, Internal Controls, and Whistleblowing. Our Board meets with our external auditor without management present at least annually. A regular programme of health and safety reviews across our offices provides internal assurance on compliance with our statutory obligations.

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.

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 change to hybrid working comes a shift in environmental impact, with fewer hours spent commuting and less office-based energy use.

Disclosure of information to auditors

As far as each of the Trustees of the charity at the date of approval of this report is aware, there is no relevant audit information (information needed by the charity's auditor in connection with preparing the audit report) of which the charity's auditor is unaware. Each Trustee has taken all of the steps that they should have taken as a Trustee in order to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

Trustees' responsibilities

The Trustees (who are also directors of Friends of the Earth Charitable Trust for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Company law requires the Trustees to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles in the Charities SORP and FRS102.
- Make judgments and estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

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

This report was approved by the Trustees and signed on their behalf.



Sian Ferguson

Chair

Friends of the Earth Charitable Trust
07 December 2023

Independent Auditor's Report to the Members and Trustees of Friends of the Earth Charitable Trust

Opinion

We have audited the financial statements of Friends of the Earth Charitable Trust for the period ended 30 June 2023, which comprise the Statement of Comprehensive Income and Retained Earnings, the Balance Sheet, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 June 2023 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The Trustees 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 Trustees' report, which includes the director's 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 Trustees' 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 charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the Trustees' report.

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

- adequate and proper accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 25, the Trustees (who are also the directors of the charitable company for the purposes of

company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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 charitable 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 and the Charities Act 2011 together with the Charities SORP (FRS 102). 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 charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable 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 Trustees 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. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission 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 charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's Trustees. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body and the charitable company's Trustees 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: 20 December 2023

Statement of Financial Activities

		Unrestricted Funds	Restricted Funds	2023	2022
	Notes	£	£	£	£
Income					
Grants, donations and legacies	2	11,704,003	1,017,555	12,721,558	13,402,630
Other trading activities	3	27,991	-	27,991	36,084
Investments	4	17,244	-	17,244	12,134
Total Income		11,749,238	1,017,555	12,766,793	13,450,848
Expenditure					
Raising funds		2,676,635	-	2,676,635	1,659,686
Charitable activities	5,6	9,778,593	1,036,991	10,815,584	11,772,097
Total expenditure	7-10	12,455,228	1,036,991	13,492,219	13,431,783
Net movements in funds		(705,990)	(19,436)	(725,426)	19,065
Funds brought forward		3,396,602	279,182	3,675,784	3,656,719
Funds carried forward	17	2,690,612	259,746	2,950,358	3,675,784

Balance Sheet

		2023	2022
	Notes	£	£
Fixed Assets			
Intangible fixed assets	12	1,300,227	558,543
Tangible fixed assets	12	84,104	186,346
Investments	13	248,029	248,029
		1,632,360	992,918
Current Assets			
Debtors	14	596,900	1,093,593
Short term deposits and cash in hand		1,636,075	2,099,959
		2,232,975	3,193,552
Creditors		(914,977)	(510,686)
Creditors - Due within One Year	15	(914,977)	(510,686)
Net Current Assets		1,317,998	2,682,866
Net Assets		2,950,358	3,675,784
Funds			
Unrestricted general funds		1,778,687	1,536,602
Designated Funds	17	911,926	1,860,000
Restricted funds	16	259,745	279,182
Total Funds	18	2,950,358	3,675,784

The deficit for the financial year dealt with in the financial statements was £725,426.

The accounts on pages 29 to 47 were approved and authorised by the Trustees on 07 December 2023 and were signed on their behalf,



Sian Ferguson
Chair and Trustee
07 December 2023

Statement of Cash Flows

	2023	2022
Notes	£	£
Cash flows from operating activities		
<i>Net cash provided from operating activities</i>	272,604	52,864
Cash flows from investing activities		
Dividends, interest and rents from investments	17,244	12,134
Purchase of property, plant and equipment	(753,732)	(498,125)
<i>Net cash from investing activities</i>	(736,488)	(485,991)
Net (decrease) in cash and cash equivalents	(463,884)	(433,127)
Cash and cash equivalents at beginning of year	2,099,959	2,533,086
Cash and cash equivalents at end of year	1,636,075	2,099,959
Reconciliation of net income to net cash from / (used in) operating activities		
	2023	2022
	£	£
Net (deficit) / surplus for the year	(725,426)	19,065
<i>Adjustments for:</i>		
Dividends, interest and rents from investments	(17,244)	(12,134)
Depreciation charges	114,290	368,782
Decrease / (increase) in debtors	496,693	(606,965)
Increase in creditors	404,291	284,116
Net cash provided from operating activities	272,604	52,864
Analysis of cash and cash equivalents		
	2023	2022
	£	£
Cash at bank and in hand	1,636,075	2,099,959

Notes to the Accounts

1 Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

Basis of preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP 2015), applicable to charities preparing their accounts in accordance with section 1A of the Financial Reporting Standard 102 applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Friends of the Earth Charitable Trust meets the definition of a public benefit entity under FRS 102 as set out on page 8.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant account policy notes.

This charity works closely with its sister company Friends of the Earth Limited. As at the balance sheet date, the boards of the two companies are separately controlled and no consolidation takes place in reflection of this arrangement.

Preparation of accounts on a going concern basis

The review of Friends of the Earth Charitable Trust's financial position, reserves levels and future plans gives Trustees confidence that the charity remains a going concern for the foreseeable future. There are no material uncertainties about the charity's ability to continue in operational existence.

The review of our financial position, reserves levels and future plans gives Trustees confidence that the organisation remains a going concern for the foreseeable future.

As part of our going concern review, we have ensured we have a balanced budget for 2023-24 and longer term projections. Due to the current economic circumstances, we are reviewing our financials to ensure we maintain a resilient organisation.

Accounting judgements and estimates

In the application of the charity's accounting policies, Trustees 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.

Notes to the Accounts – cont.

Accounting judgements and estimates – cont.

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

- Revenue recognition where judgement is required to appropriately apply the income accounting policies explained in accounting policy note below from donors and for legacy income.
- Cost allocation methodology requires judgement as to the most appropriate bases to use to apportion overheads and governance costs between raising funds and the charitable expenditure.
- Expenditure relating to the development of the new CRM system has been capitalised as work in progress under fixed assets from the start of the project.
- The provision for costs associated with the reinstatement of leasehold properties at the end of the term of the lease.

Income recognition

All income is recognised in the statement of financial activities. Once the charity has entitlement to income, it is probable that income will be received, and the amount of income receivable can be measured reliably. Unrestricted income is available for expenditure approved by the board. Restricted income is available for expenditure in accordance with the purpose specified by the donor.

Donations and legacies

These are included in full in the statement of financial activities. When there is entitlement, probability of receipt and the amount of income receivable can be measured reliably.

Pecuniary legacies are recognised when probate has been obtained and there is no evidence of insufficient assets. Residuary legacies are recognised when probate has been obtained, estate accounts approved or an interim distribution approved by executors and there are no outstanding claims against the estate.

Gifts in kind

Gifts in kind represent assets donated for distribution or use by the charity. Assets given for distribution are recognised as income only when distributed. Assets given for use by the charity are recognised when receivable. Gifts in kind are valued at the amount actually realised from the disposal of the assets or at the price the charity would otherwise have paid for the assets.

Grants

Grants are recognised in full in the statement of financial activities. In the period in which the charity has entitlement to the income, the amount of income receivable can be measured reliably and there is probability of receipt.

Notes to the Accounts – cont.

Income from charitable activities

Income from charitable activities is recognised as earned as the related services are provided. Income from other trading activities is recognised as earned as the related goods are provided.

Investment income

Investment income is recognised on a receivable basis once the amounts can be measured reliably.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required, and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

Cost of raising funds

Includes costs incurred in seeking voluntary donations, as well as those incurred in recruiting new financial supporters. It does not include the costs of disseminating information in support of the charitable activities.

Expenditure on charitable activities

Comprises all direct costs incurred in pursuance of the Trust's objectives, as well as the costs of disseminating information in support of the charitable activities, allocated costs and support costs. Allocated costs are those of capacity building and regional networks that are directly working towards achieving our aims. Support costs comprise those services provided centrally that are identifiable in support of direct charitable purposes, including staff, IT, premises, facilities and other office costs.

Irrecoverable VAT is charged as a cost to the organisation.

Allocation of costs

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

Operating leases

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

Notes to the Accounts – cont.

Investments

Investments are a form of basic financial instruments and are initially shown in the financial statements at market value. Movements in the market values of investments are shown as unrealised gains and losses in the statement of financial activities.

Profits and losses on the realisation of investments are shown as realised gains and losses in the statement of financial activities. Realised gains and losses on investments are calculated between sales proceeds and their opening carrying values or their purchase value if acquired subsequent to the first day of the financial period. Unrealised gains and losses are calculated as the difference between the fair value at the period end and their carrying value. Realised and unrealised investment gains and losses are combined in the statement of financial activities.

Fixed assets

Fixed assets are based on the substance of the asset rather than the value and stated at deemed cost (donated valuation at estimated fair value) less accumulated depreciation and impairment losses with a de-minimis limit of £100 on the cost of the asset. Assets are depreciated in equal annual instalments over their estimated useful lives as follows:

Fixtures, fittings and leasehold improvements	Over the term of the lease
Furniture	10 years
Office equipment	4 years
Computers	3 years
Computer software	4 years

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Cash at bank and in hand

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

Financial instruments

The charity 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.

Funds

Unrestricted funds comprise accumulated surpluses and deficits on general funds. They are available for use at the discretion of the Trustees for the objects of the charity. Restricted funds are those that are to be used according to specific instructions imposed by donor or trust deed. Designated funds are unrestricted funds earmarked by the Trustees for particular purposes.

Employee benefits

Short-term benefits including holiday pay are recognised as an expense in the period in which the service is received.

Friends of the Earth operates a defined contribution pension scheme for the benefit of its employees. The assets of the scheme are held independently from those of Friends of the Earth Charitable Trust in an independently administered fund. The pensions costs charged in the financial statements represent the contributions payable during the period.

Foreign currency translation

The charity's functional and presentation currency is pound sterling. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are recognised in the statement of financial activities.

Legal status

Friends of the Earth Charitable Trust is a company limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

Notes to the Accounts – cont.

2 Income from donations and legacies

	2023	2022
	£	£
Gifts and Donations (a)	7,709,395	8,017,196
Legacies (b)	1,759,010	1,001,218
Grants - Postcode Earth Trust (c)	3,000,000	4,100,000
Donated services and goods (Gifts in Kind) (d)	205,968	258,194
Other	47,185	26,022
Total	<u>12,721,558</u>	<u>13,402,630</u>

(a) Included within Gifts and Donations are £1,017,555 of restricted grants and donations (2021/22: £881,806).

(b) As at 30 June 2023 we have £3,681,159 (2021/22: £1,739,053) of legacies in the pipeline that do not meet the criteria for income recognition as set out in the accounting policy.

(c) During the year we received a grant of £3.0m from the Postcode Earth Trust, which receives all of its funding from People's Postcode Lottery (2021/22: £4.1m).

(d) We continued to receive a gift in kind for our search engine advertising from Google Ireland.

3 Income from other trading activities

The donations received as a result of the community events organised by Friends of the Earth Limited were £27,991 (2021/22: £36,084).

Notes to the Accounts – cont.

4 Income from investments

Investment income was bank interest of £16,599 (2021/22: £11,694) and dividends of £645 (2021/22: £440).

5 Analysis of direct charitable expenditure

	2023	2022
	£	£
Grants given (a)	8,816,163	9,786,280
Support costs	1,793,453	1,727,623
Gifts in Kind	205,968	258,194
Charitable activities	10,815,584	11,772,097

(a) Grants given includes the grant of £8,800,000 given to Friends of the Earth Ltd (2021/22: £9,770,000) with the balance grants provided to other organisations.

6 Analysis of support costs

	2023	2022
	£	£
Finance	1,769,858	1,703,134
Governance	23,595	24,489
	1,793,453	1,727,623

Governance costs include:

	2023	2022
	£	£
Board meetings, training, recruitment and Trustees expenses	104	-
Audit Fee	13,550	11,300
Legal & professional costs including Indemnity Insurance	9,941	13,189
	23,595	24,489

Notes to the Accounts – cont.

7 Employee costs

	2023	2022
	£	£
Salaries	1,266,468	951,798
National Insurance	125,512	94,662
Pension	63,602	48,460
	<u>1,455,582</u>	<u>1,094,920</u>

Employees are jointly employed with Friends of the Earth Limited and employee costs above represent Friends of the Earth Charitable Trust's share of employee costs corresponding to fundraising activity undertaken for the Charitable Trust by those jointly employed members of staff. The disclosures below are in relation to the jointly employed staff across both entities.

The average number of employees during the period was 211 (2021/22: 190). Friends of the Earth operates a Group Personal Pension Plan for the benefit of its employees. This is a defined contribution scheme and is administered separately from the Charitable Trust. In 2022/23 the Charitable Trust matched contributions made by employees up to 7% of their salary (2021/22: 7%) and these costs are charged to the statement of financial activities as incurred.

All of the members of staff with emoluments in excess of £60,000 were jointly employed by Friends of the Earth Charitable Trust and Friends of the Earth Limited and their salary costs were split between them according to time spent. The table below shows the range of total emoluments received by higher paid staff. Emoluments include gross pay, taxable benefits and benefits in kind.

	2023	2022
	No.	No.
Number of employees who earned		
- between £60,000 and £69,999	6	2
- between £70,000 and £79,999	4	2

The Trustees consider that the senior management team are the key management personnel of the charity running and operating the charity on a day-to-day basis. These staff included the 2 x Joint Co-Executive Directors, Director of Finance & Operations, Director of Income Generation, Director of Policy, Advocacy and Campaigns, Director of Communities and Networks and the Director of Engagement. The total emoluments paid to the seven senior management staff under their joint contracts of employment were £589,166 (2021/22: £530,959).

Notes to the Accounts – cont.

7 Employee costs – cont.

The Trustees' policy is to benchmark all staff salaries to the median point of the range for similar roles in similar charities of similar sizes. This includes the senior management team. In addition, we are an accredited living wage employer and we promote equality, inclusion and diversity at work. For more information, see our website: <https://www.foe.co.uk/page/our-commitment-diversity>.

8 Analysis of total expenditure

	2023	2022
	£	£
The surplus for the year is after charging:		
Depreciation	114,290	368,782
Auditors - audit	13,550	11,300
Auditors - other	-	-
Irrecoverable VAT	428,197	349,000
Payments under operating leases (note 12)	574,870	551,936

9 Trustees' remuneration and expenses

Trustees are not allowed to be paid for their services nor may they be paid employees. No Trustees have any interests in the company. During 2022/23 there was reimbursement of Board related travel expenses for Trustees of £104 (2021/22: £nil).

10 Corporation tax

Friends of the Earth Charitable Trust is a registered charity and as such can claim exemption from corporation tax on its income under Part 11 of the Corporation Taxes Act 2010 and on its capital gains under section 257 of the Taxation of Chargeable Gains Act 1992.

11 Operating leases

The company leases property on short-term leases. The rents paid on these leases, and a share of others, were £1,083,351 (2021/22: £851,555) and are subject to re-negotiation at various intervals specified in the leases. The total commitments remaining, up to the break clause, are as follows:

Notes to the Accounts – cont.

11 Operating leases – cont.

Operating leases

	2023	2022
Payments due:	£	£
Not later than one year	430,137	528,008
Later than one year and not later than five years	653,214	323,547
Later than five years	-	-
Total	1,083,351	851,555

12 Fixed assets

	Leasehold Improvements	Fixtures, fittings and Office Furniture	Computer and Office Equipmen t	Compute r Software	Total Tangible Assets	Work in Progress new CRM system
Cost	£	£	£	£	£	£
Balance at 1 July 2022	995,933	185,752	54,689	129,704	1,366,078	558,543
Additions	12,048	-	-	-	12,048	741,684
Disposals	-	-	-	-	-	-
Balance at 30 June 2023	1,007,981	185,752	54,689	129,704	1,378,126	1,300,227
Depreciation						
Balance at 1 July 2022	839,413	155,926	54,689	129,704	1,179,732	-
Charge in the period	99,905	14,385	-	-	114,290	-
Disposals	-	-	-	-	-	-
Balance at 30 June 2023	939,318	170,311	54,689	129,704	1,294,022	-
Net Book Value						
At 30 June 2023	68,663	15,441	-	-	84,104	1,300,227
At 30 June 2022	156,520	29,826	-	-	186,346	558,543

Notes to the Accounts – cont.

12 Fixed assets – cont.

The Trust also owns approximately one acre of woodland, near Bathampton, which lies within an area of special scientific interest and is managed by Bath and Somerset Wildlife Trust. The land was assessed as having a fair value of nil when it was donated.

CRM system work in progress represents costs toward the development of a new CRM system replacing the current system Care, which is expected to be completed by late 2023.

13 Investments

We hold a shareholding of 1,200 in the Triodos Renewables fund, given to us as part of a legacy, held at £1.80 per share. In 2013/14, we invested in 5,869 shares from Spirit of Lanarkshire Energy Co-op at £1 per share, offered to the public to fund development of a wind farm. In 2015/16 we invested £200,000 in an Ecobond, from Ecotricity for building new sources of green energy, receiving 6% annual interest. In 2017/18, we invested in shares worth £40,000 (21.6% share) in Friends of the Earth (Birmingham) Limited. These are held at cost as there is no active market.

14 Debtors

	2023	2022
	£	£
Trade debtors	4,337	8,073
Income tax recoverable (Gift Aid on donations received)	258,110	77,806
Prepayments and accrued income	321,400	281,613
Other debtors	13,053	726,101
	596,900	1,093,593

15 Creditors - due within one year

	2023	2022
	£	£
Trade creditors	344,434	67,154
Accruals	536,175	391,235
Other creditors	34,368	52,297
	914,977	510,686

Notes to the Accounts – cont.

16 Restricted funds

Restricted funds (2022/23)

	Balance			Balance
	1 July	Income	Expenditure	30 June
	2022			2023
	£	£	£	£
Nature/Environment (inc Big Give Green)	-	217,861	217,861	-
Climate - Big Give	-	155,768	155,768	-
Climate - Net Zero/Warm Homes	114,423	145,655	245,799	14,279
-Divest UK – The Climate Change Collaboration	75,750	89,551	80,423	84,878
Esmee Fairbairn - My World My Home	44,445	86,667	73,334	57,778
Near You - John Bell donation re 1year FTC	-	50,000	23,439	26,561
Phil Michaels' Legal Intern Fund	34,732	49,515	46,199	38,048
Climate - Whitehaven (not ECF)	-	46,584	46,584	-
Oak Foundation - NI sewage work	-	37,000	8,087	28,913
Climate - General/CAPS	-	35,000	35,000	-
ECF -Fossil Free Work	-	34,162	42,625	(8,463)
Climate - Fracking/Fossil Free (inc Coasts appeal)	-	26,617	26,617	-
Oak Foundation - NI other work	-	18,750	1,000	17,750
Deregulation	-	12,565	12,565	-
Environment Bill	-	8,000	8,000	-
Legal	-	3,860	3,860	-
Julia Davies - Plastics (inc Gift Aid)	2,673	-	2,672	1
Richard Sandbrook - CYS Mentoring	7,159	-	7,159	-
Total	279,182	1,017,555	1,036,992	259,745

Restricted funds are received to fund specific pieces of work – most commonly a specific campaigning strand. In the year the largest of these received related to the My World My Home project supporting and educating young people funded by the National Lottery Community Fund.

Notes to the Accounts – cont.

16 Restricted funds – cont.

Restricted funds (2021/22)

	Balance			Balance
	1 July	Income	Expenditure	30 June
	2021			2022
	£	£	£	£
Climate - General/Fossil Free	-	246,279	246,279	-
Climate - Net Zero	-	189,658	75,235	114,423
Divest UK – the Climate Change Collaboration	52,003	100,691	76,944	75,750
COP 26	31,539	78,375	109,914	-
ECF - Whitehaven	-	75,000	75,000	-
Esmee Fairbairn - My World My Home	-	66,667	22,222	44,445
Phil Michaels' Legal Intern Fund	38,237	37,286	40,791	34,732
Richard Sandbrook - CYS Mentoring	-	31,300	24,141	7,159
Legal	-	24,738	24,738	-
Trade	-	5,000	5,000	-
Greener Streets	433	790	1,223	-
Julia Davies - Plastics	35,358	-	32,685	2,673
Cumbria - non ECF	6,886	-	6,886	-
Total	164,456	855,784	741,058	279,182

The other restricted income included grants broadly restricted to our programmes. The restricted funds were received for the following charitable activities:

	2023	2022
Charitable Activities	£	£
Climate	541,337	690,003
Nature	391,528	67,458
Other	84,690	98,324
	1,017,555	855,784

Notes to the Accounts – cont.

17 Designated funds

	2023	2022
	£	£
New Customer Relationship Management (CRM) system	550,000	1,150,000
Fundraising Investment Fund	306,926	500,000
Strategic projects including 10x Greener	55,000	210,000
	911,926	1,860,000

As outlined in the reserves policy section above, the Trustees have agreed to designate funds for specific purposes:

(a) £550k has been designated for capital costs of the new CRM system, which will come into use in late 2023.

(b) The Fundraising Investment Fund of £307k is being used to develop an income generation strategy to provide investments in pilots and resourcing new initiatives.

(c) We have designated £55k to fund strategic pilots and projects including 10x Greener.

18 Analysis of net assets between funds

Analysis of net assets between funds (2022/23)

	Unrestricted funds	Restricted funds	Total Funds
	£	£	£
Fixed Assets	1,632,360	-	1,632,360
Net current assets	1,058,253	259,745	1,317,998
	2,690,613	259,745	2,950,358

Notes to the Accounts – cont.

18 Analysis of net assets between funds – cont.

Analysis of net assets between funds (2021/22)

	Unrestricted funds £	Restricted funds £	Total Funds £
Fixed Assets	992,918	-	992,918
Net current assets	2,403,684	279,182	2,682,866
	3,396,602	279,182	3,675,784

19 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 30 June 2023 the number of members was 8 (2021/22: 4).

20 Related Party Transactions

There were no related party transactions in the period.

Notes to the Accounts – cont.

21 Comparative Statement of Financial Activities 2021/22

	Unrestricted Funds	Restricted Funds	2022
	£	£	£
Income			
Grants, donations and legacies	12,546,846	855,784	13,402,630
Other trading activities	36,084	-	36,084
Investments	12,134	-	12,134
Total Income	12,595,064	855,784	13,450,848
Expenditure			
Raising funds	1,659,686	-	1,659,686
Charitable activities	11,031,039	741,058	11,772,097
Total expenditure	12,690,725	741,058	13,431,783
Net movements in funds	(95,661)	114,726	19,065
Funds brought forward	3,492,263	164,456	3,656,719
Funds carried forward	3,396,602	279,182	3,675,784