



**Friends of  
the Earth**

**FRIENDS OF THE EARTH LIMITED**

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

**REPORT AND ACCOUNTS**

for the year ended 31 May 2010

Company Number 1012357



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**FRIENDS OF THE EARTH LIMITED**  
**REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MAY 2010**

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## FRIENDS OF THE EARTH LIMITED

### LEGAL AND ADMINISTRATIVE INFORMATION

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

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

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

J. Birch (appointed October 2009)	Dr M. Hughes (appointed October 2009)
D. Coleman	B Jackson (appointed July 2009)
S. Counsell (Chair)	U Luhde (resigned September 2009)
S. Edwards (resigned September 2009)	A Mc Murray (resigned September 2009)
J. Gold (appointed October 2009)	C Parsons
H. Griffiths	F Pennycook (resigned September 2009)
M. Hammond	A Rae
J. Halladay	M Redcliff (resigned July 2009)
D Horsman (appointed October 2009)	P. Whitney

The Board restructured its committees in 2009, it now has 3 sub-committees: an Organisational Excellence Committee which ensure good governance across the organisation, the Board and other committees, a Campaigns Committee, and a Supporter Engagement Committee. They meet quarterly prior to the board meeting and scrutinise the various elements of the organisation's work.

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

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

#### Principal Advisors

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

## FRIENDS OF THE EARTH LIMITED

### DIRECTORS' REPORT

The Directors present their report and accounts for the year ended 31 May 2010.

#### OBJECTIVES OF FRIENDS OF THE EARTH LIMITED

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

#### REVIEW OF ACTIVITIES

Friends of the Earth Limited worked closely with Friends of the Earth Trust by providing support to its climate change campaign, the Get Serious about CO<sub>2</sub>, through motivating our Local Groups and activists to lobby their councils to adopt a target of 40% per capita reduction in emissions by 2020. We also supported the Food Chain Campaign to make one of the most polluting industries, meat & dairy, more planet-friendly.

Friends of the Earth Limited undertakes campaigning work that it would not be appropriate for the charity to do and, as such, concentrates on three fronts – building on our collaboration with overseas organisations, supporting and encouraging local, regional and national groups in their work, and coordinating national activism by developing an effective network. At the heart of our successes have been these networks, comprising experts, activists and dedicated supporters who have helped us capture the imagination of thousands of people and gain their trust.

#### CLIMATE CHANGE

##### International

In the period we gave strong support to the Friends of the Earth International climate justice and energy programme, including funding 2 programme coordinator posts. This enabled the development of a comprehensive strategy for coordinating the input of 51 countries during the summit in Copenhagen. This involved agreeing common objectives, working groups, coordination mechanisms, online and physical actions of 250 people. We also played a leading role and financially supported the creation of the '*Flood for Climate Justice*' – Friends of the Earth International's biggest activist action during the talks, involving 5,000 from more than 20 countries flooding the centre of Copenhagen, dressed in blue ponchos. Since Copenhagen we have continued to develop strategies and held a meeting for campaigners from over 30 countries in Amsterdam in March.

##### Activism

Get Serious is probably one of the most complex campaigns we've run and as it cannot be coordinated from a national perspective, instead our network developers work with local groups, who can talk to people about climate change in their communities and make their campaign really relevant. Friends of the Earth Limited is providing the support needed for success including a range of publicity materials and resources as well as training, advice and guidance. Local groups have developed a range of unique ways to take a common message to their communities.

We have run 2 major new approaches to activism: The '*Copenhagen Action Alerts*' swarm, and the Election 2010 campaign run in conjunction with Blue State Digital, both proved successful and have resulted in the creation of an Individual Activism Strategy that will guide our work over the next year.

## **FRIENDS OF THE EARTH LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **Regions and Nations**

The Welsh Assembly Government has become a world leader in the development of ambitious environmental policies – providing us with an opportunity for us to take forward our own ambitions. In the build up to the Copenhagen Climate Summit, Friends of the Earth Cymru was able to maintain a media and lobbying presence, building both political and public momentum. The Welsh Assembly Government agreed to adopt a target of 40% cut in emissions by 2020 in November as a result of lobbying by NGO's including Friends of the Earth

Because climate change is a devolved issue, Northern Ireland has yet to have its own Climate Change Act (and therefore carbon dioxide emission reduction targets), we are campaigning strongly for one to be brought in and have had some recent encouragement with a No Day Named Motion being put towards the Assembly. We have sought to focus attention on the potential missed financial opportunities if Northern Ireland fails to adopt a low-carbon economy and, together with Stop Climate Chaos NI have launched a campaign called '*Get in the Game*', using a sporting theme and celebrities to mobilise public opinion and make the Stormont Assembly get involved in tackling climate change rather than watching from the sidelines

In the English regions a great deal of effort has been put into the support of the Get Serious campaign, with the result that 14 councils, representing 11% of the population have now pledged to cut emissions by at least 40% by 2020

#### **BIODIVERSITY / FOOD CHAIN / BIOFUELS**

##### **International**

During the year we have continued to work through our international networks to help local people fight the spread of palm oil plantations for biofuels and to combat intensive soy monoculture to feed the EU meat and dairy industry.

What are we hoping to achieve overall?

- Empowerment of communities in expansion areas so that they can effectively resist palm oil / soy expansion and protect their livelihoods and ways of life
- Development of replicable model of training and empowerment which can be rolled out across the wider region
- Movement building through solidarity exchanges and exchanges on best practice
- Evidence of halt of palm oil / soy expansion in areas in which we work and decrease in rate of deforestation
- Increased implementation of existing regulation so that communities can protect themselves from agro-toxics
- Increased national and international awareness of the issues
- Effective government action against companies

##### **Activism**

In 2009 we enabled 120 of our local groups to run events to highlight the impacts of soya plantations through the provision of well designed and accessible campaigning resources, from videos, action guides, briefings to online forums. This led to a '*Summer of Action*' around the Food Chain that was able to engage effectively with local people and raise the general awareness of the issues. There has been success locally opposing plans for palm oil fired power stations.

## **FRIENDS OF THE EARTH LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **Regions and Nations**

Friends of the Earth Cymru produced a detailed, 530 page letter, of complaint for submission to the European Commission about breaches of the Habitats, Integrated Pollution Prevention Control and Water Framework Directives in the Pembrokeshire Marine Special Area of Conservation with a particular focus on the construction of a 2,000MWatt LNG-fired power station at Pembroke. This is a powerful challenge to the weak application by DECC of EU environmental laws, which we believe will compel the UK Government to apply these laws more rigorously in the future. We also successfully influenced the Welsh Assembly to set a target to generate all of Wales' electricity from renewable sources by 2025.

#### **Individual Champions**

We currently have 2,300 champions making a massive difference through taking their own personal actions. Throughout the year, we provided action guides with details of how they can make a difference to our campaigns – and let them get on with it. So far they have supported Demand Climate Change, Fix the Food Chain and Getting Serious about CO2. We are also starting to build more engaging and innovative ways that people can take action through the internet in ways that suits their individual needs.

#### **FUTURE DEVELOPMENTS**

In the lead up to the UN Conference on Climate Change in Cancun, Mexico in 2010, and looking to influence politicians for the next decade, Friends of the Earth continues to demand environmental justice. We will be supporting the international campaign by mobilising our local activists and by further collaboration with our partners.

Through Get Serious about CO2, people and communities are demanding that carbon emissions need to be cut by 40 per cent across developed nations by 2020. This is a tough target to meet, especially without resorting to carbon offsetting, which only allows rich countries to continue with producing emissions.

By developing our own low carbon economies, we will be helping to reduce our dependence on fossil fuel imports and create extra jobs. Globally, the result could be a reduced risk of climate change, fewer conflicts over scarce resources, and a healthier economy for all.

Our greatest strength for this campaign is our network of local and national organisations stretching across the globe. With 77 member groups, Friends of the Earth International is well placed to target the G8 countries and lobby many others, including key regional players such as the EU. With the majority of our member groups in developing countries, we bring a unique and valuable perspective to all debates and negotiations, one based upon a deep understanding of the politics within developing countries and the aspirations of their people. Our reach, combined with our ability to drive through ground-breaking policy solutions, makes us ideally placed to make this campaign a success.

## **FRIENDS OF THE EARTH LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **FINANCIAL REVIEW**

The decrease of £0.6 million in total incoming resources to £2.4 million for the year ended 31 May 2010 is due to the fact that we now encourage new supporters to join Friends of the Earth Trust, a registered charity, so they can make their gift to us go further by taking advantage of Gift Aid.

Donations from individual supporters make up 96% of our total income, of which committed giving income (standing orders and direct debits) accounts for 94%. This regular, reliable source decreased by £0.5 million as new supporters joined Friends of the Earth Trust instead - donations from individual supporters of Trust increased by 11% this year (by over £0.6 million). This regular income enables us to plan our future campaigns with confidence.

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

We were disappointed that Legacy income decreased this year by £45,000. This source of income is very unpredictable and fluctuates from year to year. Tax advantages make it beneficial to leave legacies to Friends of the Earth Trust which is a charity. We thank all those who remember us in their will.

We decreased expenditure overall by £0.6 million. This included making a grant to Friends of the Earth Trust of £300,000 (2008/09 £837,000).

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

#### **RESERVES**

Overall there was a deficit of expenditure over income from ordinary activities in the year of £54,023. This has reduced our reserves slightly to £1,609,786, but still represents almost 35 weeks' worth of normal operating expenditure.

The Directors now use a risk-based approach to determine the appropriate level of reserves and plan to hold around £1.9 million by May 2015. However we currently plan to use some of our built up reserves for campaigning and to support Friends of the Earth Trust Limited, despite the drop in current levels of income, due to the urgency of our work.

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

## **FRIENDS OF THE EARTH LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **DIRECTORS' RESPONSIBILITIES**

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

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

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

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

#### **RISK MANAGEMENT**

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

#### **RELATED PARTY**

The work of Friends of the Earth Limited complements that of Friends of the Earth Trust Limited The latter is a registered charity and it exists to protect and improve the environment, through campaigning, undertaking research, education and publishing and it provides an information service on environmental problems and their solutions. In 2010, Friends of the Earth Limited made an unrestricted grant of £300,000 to Friends of the Earth Trust.

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

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



**FRIENDS OF THE EARTH LIMITED**

**DIRECTORS' REPORT (continued)**

**AUDITORS**

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

Approved by the Directors on 23 October 2010 and signed on behalf of the board,

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

S COUNSELL    Chair

## **FRIENDS OF THE EARTH LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FRIENDS OF THE EARTH LIMITED**

We have audited the financial statements of Friends of the Earth Limited for the year ended 31 May 2010 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Section 495 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work for this report, or for the opinions we have formed

#### **Respective Responsibilities of Directors and Auditors**

As described in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards of Accounting (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

#### **Opinion on financial statements**

In our opinion the financial statements:

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

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

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


**FRIENDS OF THE EARTH LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FRIENDS OF THE EARTH LIMITED**  
**(continued)**

**Matters on which we are required to report by exception**

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

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



Bernie Watson  
Senior statutory auditor  
for and on behalf of haysmacintyre, Statutory Auditor

Fairfax House  
15 Fulwood Place  
London  
WC1V 6AY

Date: 23 October 2010.

**FRIENDS OF THE EARTH LIMITED**

**INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MAY 2010**

	Notes	2010 £	2009 £
<b>INCOME</b>			
Supporters' contributions	2	2,267,878	2,904,460
Gross profit on trading	3	7,238	6,295
Other	4	88,134	67,260
<b>TOTAL INCOME</b>		<u>2,363,250</u>	<u>2,978,015</u>
<b>EXPENDITURE</b>			
Campaigning & information provision		2,049,843	2,686,910
Supporter recruitment		51,575	75,415
Fundraising		154,724	226,241
Management & administration		57,602	51,052
Restructuring costs		103,529	-
<b>TOTAL EXPENDITURE</b>	5	<u>2,417,273</u>	<u>3,039,618</u>
<b>NET DEFICIT FOR THE FINANCIAL YEAR</b>		(54,023)	(61,603)
<b>ACCUMULATED SURPLUS AT THE BEGINNING OF THE YEAR</b>		1,663,809	1,725,412
<b>ACCUMULATED SURPLUS</b>		<u>1,609,786</u>	<u>1,663,809</u>

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

All transactions during the year are derived from continuing activities.

**FRIENDS OF THE EARTH LIMITED**  
**BALANCE SHEET AS AT 31 MAY 2010**

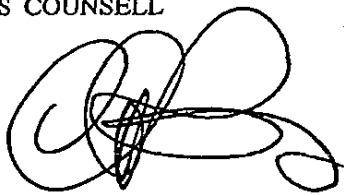
	Notes	2010 £	2009 £
<b>TANGIBLE FIXED ASSETS</b>	9	<u>163,415</u>	<u>214,962</u>
<b>CURRENT ASSETS</b>			
Debtors	10	1,239,577	1,035,779
Cash at bank		661,013	958,701
		<u>1,900,590</u>	<u>1,994,480</u>
<b>CREDITORS - DUE WITHIN ONE YEAR</b>	11	<u>(454,219)</u>	<u>(545,633)</u>
<b>NET CURRENT ASSETS</b>		<u>1,446,371</u>	<u>1,448,847</u>
<b>NET ASSETS</b>		<u>1,609,786</u>	<u>1,663,809</u>
<b>RESERVES</b>			
Accumulated Surplus		<u>1,609,786</u>	<u>1,663,809</u>

The accounts on pages 10 to 18 were approved by the Directors on 23 October 2010 and were signed on their behalf by.



S. COUNSELL

Chair of the Board



C. PARSONS

Director

**FRIENDS OF THE EARTH LIMITED**

**CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MAY 2010**

	Notes	2010 £	2009 £
Net outgoing resources for the year		(54,023)	(61,603)
Adjusted by:			
Interest receivable		-	(15,210)
Depreciation charges	9	94,070	130,099
(Increase)/Decrease in debtors		(203,798)	84,200
(Decrease) in creditors		(91,415)	(267,630)
<b>NET CASH OUTFLOW FROM ACTIVITIES</b>		<u>(255,166)</u>	<u>(130,144)</u>
 <b>Returns on investments and servicing of finance</b>			
Interest received		-	15,210
<b>NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		<u>-</u>	<u>15,210</u>
 <b>Capital Expenditure</b>			
Payments to acquire tangible fixed assets	9	(42,522)	(143,571)
<b>NET CASH OUTFLOW FROM CAPITAL EXPENDITURE</b>		<u>(42,522)</u>	<u>(143,571)</u>
 <b>DECREASE IN CASH</b>		<u>(297,688)</u>	<u>(258,505)</u>
 <b>ANALYSIS OF CHANGES IN NET FUNDS</b>			
Balance as at 1 June 2009		958,701	1,217,206
Net cash outflow		(297,688)	(258,505)
<b>Balance as at 31 May 2010</b>		<u>661,013</u>	<u>958,701</u>

## **FRIENDS OF THE EARTH LIMITED**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MAY 2010**

#### **1. ACCOUNTING POLICIES**

##### **Basis of Preparation**

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

##### **Income**

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

Trading turnover consists of both sales from our Local Group mail order catalogue and of commission from the Natural Collection catalogue. Turnover represents amounts invoiced, excluding VAT.

Other income is accounted for on the accruals basis.

##### **Fixed Assets**

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

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

##### **Operating Leases**

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

##### **Reserves**

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

##### **Investments**

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

##### **Foreign Currencies**

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

# **FRIENDS OF THE EARTH LIMITED**

## **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MAY 2010**

### **2. SUPPORTERS' CONTRIBUTIONS**

	2010 £	2009 £
Committed giving (standing orders and direct debits) including magazine subscriptions	2,219,560	2,755,768
Legacies	18,027	63,525
Other supporters' contributions	30,291	85,167
	<u>2,267,878</u>	<u>2,904,460</u>

### **3. TRADING**

	2010 £	2009 £
Trading turnover	11,324	12,641
Cost of sales	<u>(4,086)</u>	<u>(6,346)</u>
	<u>7,238</u>	<u>6,295</u>

### **4. OTHER INCOME**

	2010 £	2009 £
Bank Interest	-	15,210
Advertising in supporter magazine	6,918	6,895
Miscellaneous (**)	81,216	45,155
	<u>88,134</u>	<u>67,260</u>

Miscellaneous income includes Local Group licences, Conference Fees and a depreciation recharge to Friends of the Earth Trust Limited for its use of assets

### **5. EXPENDITURE**

	2010 £	2009 £
The deficit for the year is after charging	£	£
Staff costs (see note 6)	1,178,862	1,180,302
Restructuring Costs (see note 16)	103,529	-
Depreciation of fixed assets	94,070	130,099
Auditors - statutory audit	7,750	7,750
Auditors - other	500	2,000
Hire of equipment under operating leases (see note 8)	13,835	13,579
Building leases rentals (see note 8)	113,530	86,695
	<u></u>	<u></u>



# **FRIENDS OF THE EARTH LIMITED**

## **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MAY 2010**

### **6 EMPLOYEES AND STAFF COSTS**

	2010	2009
	£	£
Salaries	1,050,723	1,044,651
National Insurance	93,550	101,736
Pension	34,589	33,915
	<u>1,178,862</u>	<u>1,180,302</u>

The average number of persons (full-time equivalent) employed by the company during the year was 30 (2008/9 32)

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

	2010	2009
Number of employees who earn between £60,000 and £69,999	1	1
Number of employees who earn between £70,000 and £79,999	1	1

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

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

### **7. DIRECTORS' REMUNERATION**

No directors have any interests in the company. S. Counsell, the Chair, received an honorarium of £10,000 (2009 £10,000) to recompense him for time spent on the company's business, in accordance with arrangements agreed on his appointment. No other director received any remuneration for his or her services as a director during the year.

### **8. OPERATING LEASES**

The company leases buildings and equipment on short term leases and these are subject to re-negotiation at various intervals specified in the leases. The annual rental paid on leases in operation during the year was £127,365 (2009 £100,274). As at 31 May 2010, the minimum annual commitments under the leases are as follows:

	2010	2009
	£	£
Building operating leases renewed annually	6,182	8,462
Building operating leases which expire within 5 years	29,977	35,631
Equipment operating leases	56,000	58,603
	<u>92,159</u>	<u>102,696</u>

**FRIENDS OF THE EARTH LIMITED**

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MAY 2010**

**9. FIXED ASSETS**

	Office Furniture £	Computers and Office Equipment £	Computer Software £	Totals £
<b>COST</b>				
Balance at 1 June 2009	291,274	760,525	511,044	1,562,843
Additions	1,835	39,187	1,500	42,522
Disposals	0	0	0	0
<b>Balance at 31 May 2010</b>	<u>293,109</u>	<u>799,712</u>	<u>512,544</u>	<u>1,605,365</u>
<b>DEPRECIATION</b>				
Balance at 1 June 2009	261,503	685,765	400,613	1,347,881
Charge for the year	9,712	44,753	39,605	94,070
Disposals	0	0	0	0
<b>Balance at 31 May 2010</b>	<u>271,215</u>	<u>730,518</u>	<u>440,218</u>	<u>1,441,951</u>
<b>NET BOOK VALUE</b>				
<b>At 31 May 2010</b>	<u>21,894</u>	<u>69,195</u>	<u>72,326</u>	<u>163,415</u>
<b>At 31 May 2009</b>	<u>29,771</u>	<u>74,760</u>	<u>110,431</u>	<u>214,962</u>

**10. DEBTORS**

	2010 £	2009 £
Trade debtors	19,577	7,658
Prepayments and accrued income	177,005	166,009
Amount due from Friends of the Earth Trust Ltd	1,002,092	790,782
Other debtors	40,903	71,330
	<u>1,239,577</u>	<u>1,035,779</u>

**11. CREDITORS - DUE WITHIN ONE YEAR**

	2010 £	2009 £
Trade creditors	147,459	212,438
Other taxes and social security	127,639	146,666
Accruals and deferred income	72,058	73,433
Interest-free loans	5,000	5,000
Other creditors	102,063	108,096
	<u>454,219</u>	<u>545,633</u>

## **FRIENDS OF THE EARTH LIMITED**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MAY 2010**

#### **12. LIABILITY OF MEMBERS**

In the event of a winding up, each member of the company is liable to contribute an amount not exceeding £1. At 31 May 2010 the number of members was 12 (2009: 12).

#### **13. RECONCILIATION OF MOVEMENTS IN RETAINED FUNDS**

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

#### **14. RELATED PARTY TRANSACTIONS**

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

	2010 £	2009 £
Shared office services (*)	1,580,970	1,695,571
Salaries incurred by Friends of the Earth Trust	4,003,820	4,325,658
Total expenditure incurred by Friends of the Earth Trust	5,584,790	6,021,229
Less rent charged to Friends of the Earth Limited	(49,211)	(46,424)
Cash transfers to Friends of the Earth Trust	(5,324,270)	(6,082,041)
Net transactions in the year	211,309	(107,237)
Amount owed by Friends of the Earth Trust at year end	1,002,092	790,782

Shared office services include the costs of finance, personnel, IT and office facilities support functions which the Directors consider is a cost effective means of acquiring these services.

During the year ended 31 May 2010, Friends of the Earth Limited made a grant to Friends of the Earth Trust of £300,000 (2008/09: £837,000).

#### **15. CORPORATION TAX AND VAT**

The majority of the company's income is not taxable. Tax is only payable on any taxable profit from trading activities. For the year ended 31 May 2010 the liability is Nil (2009: nil).

In common with many other voluntary organisations, Friends of the Earth Limited is unable to reclaim all of its input VAT. In the year ended 31 May 2010 this amounted to £20,316 (2009: £40,327), which is 1.1% of total expenditure.

## **FRIENDS OF THE EARTH LIMITED**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MAY 2010**

#### **16. RESTRUCTURING COSTS**

During the spring/summer of 2009 the organisation undertook a review of its structure in light of the economic climate and an expected reduction of its income in 2009/10 and beyond. The Directors approved the final restructure plan in July 2009 following consultation with employees, and the restructure took effect over the next few months. The costs of the restructure allocated to Friends of the Earth Limited were

	<b>£</b>
Redundancy and Termination costs	<b>60,012</b>
Other costs	<b>43,517</b>
	<b><u>103,529</u></b>