

Environmental Defense Fund Europe

Report and Financial Statements

Year ended 30 September 2017

Charity number 1164661

Company number: 09217493

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Reference and Administrative Information

Other Names	Environmental Defense Fund, Environmental Defense Fund Ltd (former name), Environmental Defence Fund Europe/UK (former name), EDF Europe/UK, EDF Europe, EDF UK, Environmental Defence Fund	
Directors	Katherine Lorenz Carl Ferenbach Nicholas Ferguson Kathryn Murdoch Jens Dag Ulltveit-Moe Lord Barker of Battle PC Christopher Cole John Antony Hood	Appointed 19 October 2016 Resigned 1 January 2017
Registered Office	Bank Chambers 6-10 Borough High Street London SE1 9QQ	
Company Registration Number	09217493	
Charity Registration Number	1164661	
Accountants	Haysmacintyre 26 Red Lion Square London WC1R 4AG BDO LLP 55 Baker Street London W1U 7EU	
Bankers	Wells Fargo 90 Long Acre London WC2E 9RA	

Report of the trustees for the year ended 30 September 2017

The trustees are pleased to present their annual directors' report together with the financial statements of the charitable company for the year ended 30 September 2017 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

No single entity can do all that is needed to address today's urgent environmental problems—not the United States, not Europe, not the global business community, certainly not Environmental Defense Fund alone. Nevertheless, by working in partnership with many others, we can make a difference.

As we expand our platform in Europe, we have assessed what needs to be done to meet the most pressing challenges that cross national boundaries. We looked at how we are best positioned to help; based on the strengths we bring to the table and the good work others are doing. The result is first European Strategic Plan: Forging Solutions in Europe, which shares our vision for the coming years and sets out our strategies and approaches. In working toward these goals, we will remain alert and flexible, responding to new scientific discoveries, technological innovations and social trends and pursuing important opportunities as they arise.

Objectives and activities

The objects of the Charity are for the public benefit to promote:

- the advancement of the conservation, protection and improvement of the physical and natural environment;
- the advancement of the education of the public with particular reference to the conservation, protection and improvement of the physical and natural environment;
- the promotion of sustainable development by:
 - the preservation, conservation, and the protection of the environment and the prudent use of resources;
 - the promotion of sustainable means of achieving economic growth and regeneration;
 - sustainable development means "*development which meets the needs of the present without compromising the ability of future generations to meet their own needs*".

Environmental Defense Fund Europe

The charity Trustees consider that they have complied with their duty in section 17 of the Charities Act 2011 to have due regard to Public Benefit guidance published by the Charity Commission and that the benefits that the charity provides are not unreasonably restricted.

European civil society has a proud history of winning environmental protections and where many progressive companies are investing in solutions and advocating positive change. By expanding Environmental Defense Fund's work in Europe, we will contribute to this common effort, bringing our experience in forging solutions that align the interests of people and nature so that both can thrive.

Europe so often leads the world in safeguarding the environment and human health, from its major advances on climate to its protections for species and habitat, and its ambitious standards for clean air, clean water, safer chemicals and greener products. Yet we still face many challenges. Tackling global climate change requires unprecedented action, our seas are still under great pressure, our land does not sustain the protective web of biodiversity and habitats it once did, and human health is still too often impaired due to poor environmental conditions.

To help deliver solutions on the scale of these problems, Environmental Defense Fund Europe will reach out to new audiences, unlock additional resources, and deploy both tried and tested tools and innovative approaches, adding further diversity to the European environmental movement.

Hallmarks of Environmental Defense Fund Europe's approach include:

- Working across the political spectrum
- Presenting a positive vision
- Investing in science and data analysis
- Using legal and economics expertise to design solutions
- Working with strategic partners across all sectors.

The importance of Europe

Europe may be a fluid concept, but the countries that make up the European Union (EU) and its neighbours such as Norway and Switzerland have been unambiguous leaders on climate change both at home and internationally. They have introduced comprehensive innovative policies and set legally enforceable goals. Emissions have been falling in many sectors as the economy grows, indicating a decoupling is now underway.

The EU is also the world's largest common market with massive influence over patterns of consumption and trade. Early action in Europe helped bring about steep cost reductions in clean energy technologies, and European diplomatic efforts helped secure the UNFCCC's Paris Agreement in 2015. Being a leader can, however, have its disadvantages: the perception that the EU is going it alone, while other major economies take a less ambitious approach, persists. There are fears about economic competitiveness, and some claim that action on climate change

is having a regressive impact on poorer countries and poorer households. Removing emissions from our entire energy system remains a huge challenge.

Goals

Climate & Energy

Europe has increased its commitment under the Paris Agreement, pledging to cut emissions more than the originally promised 40% by 2030 (from a 1990 baseline).

Energy Sector Transitions

Accelerated adoption of clean energy in all sectors has reduced carbon emissions (against a 2017 baseline) and contributed to improvements in air quality, while allowing for strong growth in the economy.

Carbon Pricing

Carbon pricing is effective in reducing emissions across all sectors, including through the EU-ETS and through ICAO and IMO for international aviation and shipping.

Near Term Warming

European countries and companies have made strong commitments to reduce methane emissions, consistent with achieving a 45% global reduction by 2025.

Oceans

Establish Europe as a world leader in climate adaptive fishery management, which by 2030 will help transform the global seafood system and boost fish in the sea by 50%.

Achievements and Performance

EDF Europe remains nimble and alert to opportunities and challenges arising from shifting politics, including Brexit—even as we advance our efforts to protect oceans and drive down greenhouse gas emissions. We studied the most pressing challenges in Europe that cross international boundaries, assessed how we are best positioned to help, and developed a new strategy to guide our efforts. We made important progress over the past year, what follows are some highlights.

OCEANS

Demonstrating success in Sweden and Spain, and spreading results to new regions: In 2017, Sweden adopted new rights-based management programs for four of its most important fisheries after more than three years of work by EDF and our fishermen partners. The country is now a model for maintaining vibrant and profitable fisheries while meeting the strict conservation standards of the CFP. EDF continues in its advisory role; we met with the government agency in October to provide additional guidance.

Spain may soon lead the way for southern Europe's small-scale fleet: Sustainable fishing pilots developed by EDF, WWF, and local partners are underway for six communities in the Atlantic and Mediterranean and will form the foundation for a WWF initiative aimed at expanding science-based co-management to a far larger number of sites. Based on our success in Spain, a major new foundation in Portugal, Oceano Azul, has partnered with EDF to begin work on a Portuguese pilot study aimed at making similar reforms there, in the country with the highest per capita fish consumption in Europe.

Establishing Europe as a leader in climate-adaptive fisheries management: The news that anchovy and Bluefin tuna have shifted north into the North Sea makes it clearer than ever that a changing climate is affecting fish populations. The EU has a dated and inflexible system for allocating fish catches among member states; it is poorly equipped to meet the challenges of shifting fish stocks, which are generating conflicts and making it more difficult to comply with the conservation mandates of the CFP. In August, we teamed with the International Council for the Exploration of the Seas (ICES), the body that provides stock assessment and scientific advice to the European Commission, to bring together two dozen scientists, academics, policy officials, and governance experts to explore these challenges. The group identified institutional and management shortcomings, and began to delve into potential new tools and approaches for addressing them. Next steps include publishing a report and discussing the initial findings with key actors in the European Commission and the fishing industry, who will play roles in setting policy direction over the coming months and years.

Ensuring the CFP fulfills its promise: Legislation pending in the European Parliament aims to complete one element of unfinished business from the 2013 CFP reforms, namely to place the responsibility for decisions about day to day fishing at the regional level, phasing out the centralized "one size fits all" requirements that emanate from Brussels. This will help advance sustainability by giving regional managers and the fishing industry flexibility to adapt to changing conditions, as long as they continue to meet strict conservation requirements. Our proposals for this additional flexibility, received support from the Commission and key committee members, and the Chairman included them in proposed amendments.

CLIMATE

On clean energy, we collaborated with the National Grid and WWF on a tool that makes public how clean power is in the UK in real time and up to 48 hours in advance. The UK has been decarbonizing fastest among OECD countries and it is important that there is greater awareness of the impact of our efforts. Making this information available helps to build the sense of momentum and enables software developers the chance to produce applications that can be used by electricity consumers to influence their electricity usage. Shifting demand to times when power is plentiful, green and cheap helps to improve the efficiency of grid management and paves the way for the integration of electrified vehicles and industrial and commercial demand.

Environmental Defense Fund Europe

Energy Efficiency Investor Confidence Project: We established a new partnership with Green Business Certification, Inc. (GBCI), a leading provider of certifications and credentials for the building sector in 160 countries, which is helping to build a global platform capable of unleashing billions of investment in energy efficiency opportunities. GBCI is now administering the ICP system, while we continue to work with partners to help guide governance, drive policy advocacy, engage investors, and develop the project pipeline.

Ensuring Europe meets and exceeds its climate commitments: The negotiations over reforms to the European emissions trading system were concluded in 2017. Some key improvements have been agreed: increasing the rate of reduction of the cap; removing some surplus allowances from the market; keeping the pressure on the aviation industry as the international framework is further refined and introduced; Additional targets for the remaining sectors of the economy were also negotiated and are expected to be agreed early in 2018.

As the dust settles on the new EU policy package, our goal is to work in key Member States to ensure that effective use of carbon budgeting and pricing policy gives political leaders the confidence to increase Europe's emissions-reduction commitments under the Paris Agreement.

Reducing emissions from the shipping sector: Although emissions from the shipping industry are not covered by the Paris agreement, the industry plans to develop an initial greenhouse gas strategy in 2018 with a view to having comprehensive policies in play by 2023. The dominant association in the industry, the International Maritime Organization (IMO), is headquartered in London, and in 2017 we began a programme of work to influence the final shape of the strategy.

A key element of our work has been engaging with the International Chamber of Shipping (ICS) to discuss climate strategies and policy. ICS is one of the most influential trade associations for the industry. It is formulating its own ideas about policy to ensure shipping contributes its fair share in addressing greenhouse gas emissions, and we have been sharing ideas and experiences.

We also provided a grant to the Organization for Economic Cooperation and Development (OECD) to study existing policies at a port level introduced to address traditional air pollutants and greenhouse gas emissions. The study will help inform our policy design decisions at an international level via the International Maritime Organization.

Driving down methane emissions: We continued to engage with a host of influential European companies at the cutting edge of driving methane reductions globally participating in key initiatives to spread best practice in the sector. European producers representing an estimated 16 percent of oil and gas market share are now measuring and reporting methane emissions and many are taking action to reduce their impact.

As gas use increases, however, methane emissions can still rise. New technologies make it possible for civil society to increase understanding of the scale of the problem and last year, we saw the results of our first methane measurement campaign outside of the U.S. in Groningen,

Environmental Defense Fund Europe

The Netherlands—The Europe Union's largest natural gas field The campaign was the first of a number that are now scheduled to take place in 2018 measuring methane emissions from the oil and gas sector both upstream during production and midstream and downstream, as gas is transported, stored and distributed for use. Fiscal year 2017 saw the successful launch of the European Tropomi satellite, which can measure methane and other air pollutants and our scientists, provided input to the project.

On the policy front, we supported moves by the European parliament to require the European Commission to prioritise the drawing up of a methane strategy with a particular focus on emissions from the energy sector. We also began to establish connections in Romania where methane emissions are reported to be the highest per capita in Europe and continue to engage with leadership in the main companies responsible for the oil and gas production operations.

Financial Review

Expenditure

EDF Europe's direct expenditures were £533k and £435k for the years ended 30 September 2017 and 2016, respectively. £207k, or 39%, was used to cover staff costs, £71k, or 13%, covered professional service fees. Office rental costs, which include accommodation for staff not yet, transferred to EDF Europe accounted for 31%, or £166k, or direct expenditure.

The FY2017 accounts include attributable expenses for EDF Europe's Executive Office, which was established to support the delivery of EDF charitable objectives in Europe. Other expenditures include travel, meetings & events, and support services received from EDF.

Income

EDF Europe received income of £752k (2016: £449k) of which £681k (2016: £435k) was a grant from EDF Inc. for the year ended 30 September 2017. A number of individual donors made generous gifts toward our European office, which were transferred to EDF Europe as part of that grant from EDF Inc.

EDF receives the majority of its funding from private individuals and Foundations. We maintain a restrictive government and corporate donations policy that ensures our objectivity, aligns with our commitment to nonpartisanship, and allows EDF to make its work freely available to ensure its widest possible adoption.

EDF Europe ended FY2017 with a £219k surplus compared to a £15k a year earlier.

Reserves Policy

Reserves are typically required to bridge the gap between spending and receiving income, and/or to cover. The Trustees believe the ideal level of Reserves is three months of budgeted Operating Expense. EDF Europe is currently sitting in a net asset position of £205,624 (2016: net liability of £13,203). In addition, it benefits from a Support Agreement with EDF Inc. As at

Environmental Defense Fund Europe

FYE September 30, 2017, EDF Inc. maintained a Reserve of (3.3mos) of Consolidated FY2017 Operating Expense.

Plans for Future Periods

Our strategic plan for Europe was published in 2017. A new website will be launched early in 2018 providing dedicated communication channel for EDF Europe.

We will continue to work towards the programmatic goals outlined above and to remain agile in responding to new opportunities to advance our global goals through our work in Europe.

We are developing and investing in our operational capabilities, including HR and fundraising, and communications to enable us to fulfil an ambitious set of strategic objectives,

Fundraising

We seek to raise funds from individuals, foundations and relevant Government grant making programmes. EDF Europe receives donations raised by EDF Inc. for our work in Europe and direct support received from European sources. Fundraising activities in Europe are closely coordinated between EDF and EDF Europe.

We carry out our fundraising in house, do not currently employ professional fundraising service providers, and do not manage small-scale donations from individuals. EDF Europe does not hold or manage a list of contact details for donors' residents in Europe, donating to EDF Europe. We have received no complaints. Our fundraising activity is currently not operating at a level where we consider it necessary to agree to any voluntary standards. Should it increase we will ensure we adopt leading practices and sign up to and meet the appropriate standards.

We have received no complaints in relation to fundraising activities. Our terms of employment require staff to behave reasonably at all times; it is not currently necessary to design specific procedures to monitor such activities. When fundraising from individuals in Europe is facilitated in Europe via a dedicated communications channel such as the new website, we will establish the necessary procedures and guidelines to manage that activity.

Structure Governance and Management

Governing Document

Environmental Defense Fund Europe (EDF Europe) is a company limited by guarantee under the Companies Act of 2006 and incorporated in England and Wales. Environmental Defense Fund, Incorporated, a New York not-for-profit organization ("EDF Inc."), is the sole member of the Charity. The liability of the Member is limited to £1, being the amount that the Member undertakes to contribute to the assets of EDF Europe in the event of its being wound up while it is the Member or within one year after it ceases to be the Member.

Environmental Defense Fund Europe

Decisions of EDF Europe are made by the Charity's trustees, who act independently from EDF Inc. EDF Inc. may suggest areas of work for consideration by the EDF Europe's trustees; however, work in these suggested areas will be undertaken only if the trustees of the Charity decide that it will further the Charity's objects and that it will be effective in the UK and/or wider European context. Program and geographic leaders work collaboratively to identify and maximize opportunities for transformative environmental impact.

Appointment of trustees

The Memorandum and Articles of Association of EDF Europe require that the Charity have at least four trustees, two of whom must be independent trustees. EDF Inc., as the sole member, appoints trustees for such term as the sole member specifies.

Trustees of EDF Europe have been, and prospective trustees will continue to be, chosen with their knowledge of the European region in mind. In due course, as the Charity gains experience and develops its own organizational capacity, it is anticipated that the Charity's staff and trustees will increasingly propose areas of focus and activities to be carried out by EDF Europe and will liaise with EDF Inc. to ensure such activities coordinate with EDF Inc.'s work.

As sole Member, EDF Inc. may appoint one of the Trustees to be the Chair of the Trustees for such term of office as they determine and may at any time remove him or her from that office.

EDF and EDF Europe work together towards the achievement of common goals and currently share a common Board Chair, which helps to provide co-ordination and consistency.

We are seeking to expand Board membership to include representatives from a wider spectrum of European countries. We are also exploring establishing additional legal entities in European jurisdictions in order to support the meeting of our strategic objectives.

Trustee induction and training

New EDF Europe trustees are voted on by a majority vote of the board. Upon their approval new trustees are provided a trustee handbook and organizational orientation. The orientation includes meetings with the board chair, EDF Europe Executive Director, EDF President and other members of the organization's senior leadership team including but not limited to the Chief Administrative Officer and program teams. The goal of the orientation is to give new trustees the opportunity to ask questions and gain a deeper understanding of the organizations mission, vision and operations..

Organization

An Executive Director is appointed by the trustees to manage the day-to-day operations of EDF Europe by implementing the policy and strategy adopted by and within a budget approved by the Trustees. The Trustees provide the manager with a description of his or her role and the extent of his or her authority; and any manager must report regularly to the Trustees on the activities undertaken in managing EDF Europe and provide them regularly with management accounts, which are sufficient to explain the financial position of the Charity.

Charity Governance Code

The governance arrangements of EDF Europe is currently under review and recommendations will be put into place to ensure that EDF Europe will meet and exceed expectations of the Charity Commission Code of Good Governance.

Risk Management

The Trustees of EDF Europe are committed to developing a risk management policy and process, which comprises:

- A review of the principal risks and uncertainties that the charity face, including financial, operational and reputational, and the creation of a risk register;
- The development of initiatives that mitigate the risks identified in the review; and
- The implementation of policies, processes or procedures to minimize or manage the potential impact on the charity should those risks materialize.

It is the intent of the management of EDF Europe to incorporate all of the above, and ensuring that this is closely monitored on a continual basis.

Trustees' responsibilities in relation to the financial statements

The charity trustees are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the charity trustees to prepare financial statements for each year, which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing the 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;
- make judgements 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 charity 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 charity and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and the group and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

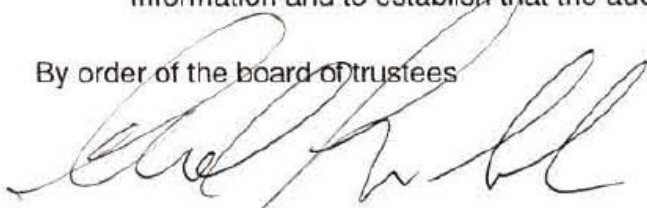
The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to disclosure to our auditors

In so far as, the trustees are aware at the time of approving our trustees' annual report:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the group's auditor is unaware, and
- the trustees, having made enquiries of fellow directors and the group's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

By order of the board of trustees



Carl Ferenbach (Chair)

Date: 14 June 2018

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF ENVIRONMENTAL DEFENSE FUND EUROPE

Opinion

We have audited the financial statements of Environmental Defense Fund Europe ("the Charitable Company") for the year ended 30 September 2017, which comprise the statement of financial activities, the balance sheet, the 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 September 2017 of its incoming resources and application of resources 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 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 related to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you were:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- The Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Charitable Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The other information comprises Trustees' Report. The Trustees are responsible for the other information.

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.

In connection with our audit of the financial statements, 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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 the audit:

- the information given in the Trustees' Report, which includes the Directors' 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 Directors' Report, which are included in the Trustees' Report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report or the Trustee's report.

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

- adequate 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime; or
- we are not entitled to take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities in relation to the financial statement, 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 determines 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 section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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. 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. Fully permitted by law, we do not accept or assume responsibility to anyone other than the Charitable Company and the Charitable

Environmental Defense Fund Europe
Independent Auditor's Report for the Year Ended 30 September 2017

Company's members as a body, for our audit work, for this report, or for the opinions, we have formed.

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 taken together, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at:
<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



Don Bawtree (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date: 21 June 2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Environmental Defense Fund Europe Ltd
Statement of financial activities
(incorporating an income and expenditure account)
For the year ended 30 September 2017

	Note	Unrestricted £	Restricted £	2017 Total £	2016 Total £
Income from:					
Donations and grants		751,850	-	751,850	449,400
Total income		<u>751,850</u>	<u>-</u>	<u>751,850</u>	<u>449,400</u>
Expenditure on:					
Charitable activities:					
Supporting the EU	2	512,270	-	512,270	434,615
Total expenditure		<u>512,270</u>	<u>-</u>	<u>512,270</u>	<u>434,615</u>
Net income for the year	3	239,580	-	239,580	14,785
Net movement in funds		<u>239,580</u>	<u>-</u>	<u>239,580</u>	<u>14,785</u>
Reconciliation of funds:					
Total funds brought forward	10	(13,203)	-	(13,203)	(27,988)
Total funds carried forward	10	<u>226,377</u>	<u>-</u>	<u>226,377</u>	<u>(13,203)</u>

All of the above results are derived from continuing activities.
There were no other recognised gains or losses other than those stated above.
The attached notes form part of these financial statements.

Environmental Defense Fund Europe Ltd

Balance sheet

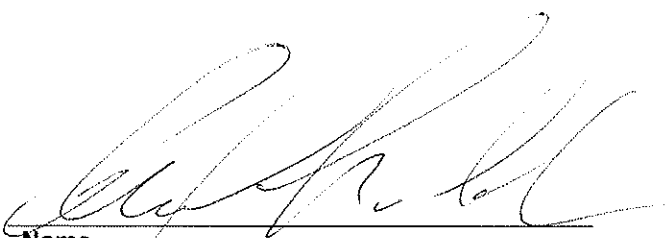
Company registration no. 09217493

As at 30 September 2017

	Note	2017 £	2017 £	2016 £	2016 £
Current assets:					
Fixed Assets:					
Intangible Assets	6	23,127		-	
Debtors	7	81,277		33,444	
Cash at bank and in hand	12	228,394		525,277	
		<u>332,798</u>		<u>558,721</u>	
Liabilities:					
Creditors: amounts falling due within one year	8	<u>(106,421)</u>		<u>(571,924)</u>	
Net current assets / (liabilities)			<u>226,377</u>		<u>(13,203)</u>
Total net assets / (liabilities)			<u>226,377</u>		<u>(13,203)</u>
Funds					
	10				
Restricted funds			-		-
Unrestricted funds:					
General funds		<u>226,377</u>		<u>(13,203)</u>	
Total unrestricted funds			<u>226,377</u>		<u>(13,203)</u>
Total funds			<u>226,377</u>		<u>(13,203)</u>

The financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Approved by the trustees on 14 June 2018 and signed on their behalf by:


Name
Trustee

The attached notes form part of the financial statements.

Environmental Defense Fund Europe
Notes to the Financial Statements (continued)

Environmental Defense Fund Europe Ltd
Statement of cash flows
For the year ended 30 September 2017

	Note	2017 £	2016 £
Net cash provided by operating activities	11	(273,756)	520,277
Cash provided by / (used in) investing activities	6	<u>(23,127)</u>	<u>-</u>
Change in cash and cash equivalents in the year		(296,883)	520,277
Cash and cash equivalents at the beginning of the year		525,277	5,000
Cash and cash equivalents at the end of the year	12	<u><u>228,394</u></u>	<u><u>525,277</u></u>

The attached notes form part of the financial statements.

Environmental Defense Fund Europe Ltd
Notes to the financial statements
For the year ended 30 September 2017

1 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102 - effective 1 January 2015) - (Charities SORP FRS 102) and the Companies Act 2006.

The charitable company meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

Going concern

The trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern. The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred. Income received in advance for the provision of specified service is deferred until the criteria for income recognition are met.

Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of charity. Designated funds are unrestricted funds of the charity, which the trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations, which the donor has specified, are to be solely used for particular areas of the charity's work or for specific projects being undertaken by the charity.

Expenditure and irrecoverable VAT

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:

- Costs of raising funds comprise of trading costs and the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose.
- Expenditure on charitable activities includes the costs of delivering services, exhibitions and other educational activities undertaken to further the purposes of the charity and their associated support costs.
- Other expenditure represents those items not falling into any other heading.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Allocation of support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include office costs, finance, personnel, payroll and governance costs which support the charity's environmental programmes and activities. Support costs have been allocated to expenditure on charitable activities.

Operating leases

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

Cash at bank and in hand

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

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.

Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans, which are subsequently measured at amortised cost using the effective interest method.

Intangible Assets

Intangible assets relate to website development costs. Where the charitable companies' websites are expected to generate future revenues in excess of the costs of developing those websites and all other capitalisation criteria are met, expenditure on the functionality of the website is capitalised and treated as an intangible fixed asset. The capitalised website development costs are subsequently amortised to 'administrative' expenses on a straight line basis over 4 years, except for those that are 'assets under construction', where no amortisation charge is incurred until the asset is complete.

Environmental Defense Fund Europe Ltd
Notes to the financial statements
For the year ended 30 September 2017

2 Analysis of expenditure

	<u>Charitable activities</u>			2017 Total £	2016 Total £
	Programmes £	Support costs £	Governance costs £		
Staff costs	206,063			206,063	127,323
Professional fees	78,090			78,090	108,458
Staff travel	3,226			3,226	2,991
Rent		165,668		165,668	108,643
Office costs		15,557		15,557	15,749
Meetings		12,644		12,644	42,080
Subscriptions		506		506	9,546
Other costs		5,686		5,686	5,825
Audit fee			22,830	22,830	14,000
	<u>289,379</u>	<u>200,061</u>	<u>22,830</u>	<u>512,270</u>	<u>434,615</u>
Support costs	200,061	(200,061)		-	-
Governance costs	22,830		(22,830)	-	-
Total expenditure 2017	<u>512,270</u>	-	-	<u>512,270</u>	434,615
Total expenditure 2016	<u>434,615</u>	-	-	<u>434,615</u>	

Of the total expenditure, £533,023 was unrestricted (2016: £420,215) and zero was restricted (2016: £14,400).

Environmental Defense Fund Europe Ltd
Notes to the financial statements
For the year ended 30 September 2017

3 Net income/(expenditure) for the year

This is stated after charging:	2017	2016
	£	£
Operating lease rentals:		
Property	165,668	108,643
Auditor's remuneration:		
Audit fees	25,330	21,600
	<u> </u>	<u> </u>

4 Staff Costs

Staff costs were as follows:	2017	2016
	£	£
Salaries and wages	179,613	113,125
Social security costs	20,430	14,198
Employer's contribution to defined contribution pension schemes	7,704	-
Other staff costs	316	-
	<u>208,063</u>	<u>127,323</u>

The following number of employees received employee benefits (excluding employer pension) greater than £60,000 during the year as follows:

	2017	2016
	No.	No.
£100,000 - £109,999	-	1
£110,000 - £119,999	1	-
	<u> </u>	<u> </u>

The total employee benefits including pension contributions and national insurance contributions of the key management personnel were £191,858 (2016: £105,000).

Environmental Defense Fund Europe
Notes to the Financial Statements (continued)

The charity trustees were not paid or received any other benefits from employment with the Trust or its subsidiary in the year (2016: £nil) neither were they reimbursed expenses during the year (2016: £nil). No charity trustee received payment for professional or other services supplied to the charity (2016: £nil).

Staff numbers

The average number of employees (head count based on number of staff employed) during the year was as follows:

	2017 No.	2016 No.
Charitable activities	<u>4</u>	<u>2</u>
	<u>4</u>	<u>2</u>

5 Taxation

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

6 Intangible fixed assets

	Assets Under Construction £	Total £
Cost		
At the start of the year	-	-
Additions in year	<u>23,127</u>	<u>23,127</u>
At the end of the year	<u>23,127</u>	<u>23,127</u>
Depreciation		
At the start of the year	-	-
Charge for the year	<u>-</u>	<u>-</u>
At the end of the year	<u>-</u>	<u>-</u>
Net book value		
At the end of the year	<u>23,127</u>	<u>23,127</u>
At the start of the year	<u>-</u>	<u>-</u>

All of the above assets are used for charitable purposes. Assets under construction are costs incurred on new website which will not be launched until FY2018.

Environmental Defense Fund Europe
Notes to the Financial Statements (continued)

7 Debtors

	2017	2016
	£	£
Prepayments	<u>81,277</u>	<u>33,444</u>
	<u>81,277</u>	<u>33,444</u>

8 Creditors: amounts falling due within one year

	2017	2016
	£	£
Other creditors	75,170	492,042
Accruals	25,330	33,882
Taxes and Social Security	5,921	-
Deferred income	<u>-</u>	<u>46,000</u>
	<u>106,421</u>	<u>571,924</u>

Deferred income

	2017	2016
	£	£
Balance at the beginning of the year	46,000	-
Amount released to income in the year	(46,000)	-
Amount deferred in the year	<u>-</u>	<u>46,000</u>
Balance at the end of the year	<u>-</u>	<u>46,000</u>

Environmental Defense Fund Europe
Notes to the Financial Statements (continued)

9 Analysis of net assets between funds - current year

	Unrestricted £	Restricted £	Total funds £
Net current assets	<u>226,377</u>	<u>-</u>	<u>226,377</u>
Net assets at the end of the year	<u>226,377</u>	<u>-</u>	<u>226,377</u>

Analysis of net assets between funds - previous year

	Unrestricted £	Restricted £	Total funds £
Net current assets	<u>(13,203)</u>	<u>-</u>	<u>(13,203)</u>
Net assets at the end of the year	<u>(13,203)</u>	<u>-</u>	<u>(13,203)</u>

10 Movements in funds - current year

	At 01 October 2016 £	Income £	Expenditure £	Transfers £	At 30 September 2017 £
Restricted funds:					
	-	-	-	-	-
Total restricted funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unrestricted funds:					
General funds	(13,203)	751,850	512,270	-	226,377
Total unrestricted funds	<u>(13,203)</u>	<u>751,850</u>	<u>512,270</u>	<u>-</u>	<u>226,377</u>
Total funds	<u>(13,203)</u>	<u>751,850</u>	<u>512,270</u>	<u>-</u>	<u>226,377</u>

Environmental Defense Fund Europe
Notes to the Financial Statements (continued)

Movements in funds - previous year

	At 01 October 2015 £	Income £	Expenditure £	Transfers £	At 30 September 2016 £
Restricted funds:					
Robertson	-	14,400	14,400	-	-
Total restricted funds	<u>-</u>	<u>14,400</u>	<u>14,400</u>	<u>-</u>	<u>-</u>
Unrestricted funds:					
General funds	(27,988)	435,000	420,215	-	(13,203)
Total unrestricted funds	<u>(27,988)</u>	<u>435,000</u>	<u>420,215</u>	<u>-</u>	<u>(13,203)</u>
Total funds	<u>(27,988)</u>	<u>449,400</u>	<u>434,615</u>	<u>-</u>	<u>(13,203)</u>

Purposes of restricted funds

Robertson funding was a grant awarded to finance the support of the Oxford grant for the Office of Economic Policy and Administration ("OEPA").

Environmental Defense Fund Europe
Notes to the Financial Statements (continued)

11 Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2017	2016
	£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	239,580	14,785
Increase in debtors (Decrease)/Increase in creditors	(47,833)	(33,444)
Net cash provided by operating activities	(273,756)	538,936
Purchase of Fixed Assets	(23,127)	-
Net cash provided by investing activities	(23,127)	-

12 Analysis of cash and cash equivalents

	At 1 October 2016	Cash flows	Other changes	At 30 September 2017
	£	£	£	£
Cash at bank and in hand	525,277	(296,883)	-	228,394
Total cash and cash equivalents	525,277	(296,883)	-	228,394

Environmental Defense Fund Europe
Notes to the Financial Statements (continued)

13 Operating lease commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2017	2016
	£	£
Less than 1 year	133,775	133,775
2 - 5 years	<u>300,994</u>	<u>434,769</u>
	<u>434,769</u>	<u>568,544</u>

14 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. Each member is liable to contribute a sum not exceeding £1 in the event of the charity being wound up.

15 Related party transactions

There are no related party transactions to disclose for 2017 (2016: none).

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.

During the year the organization received a grant of £680,850 (2016: £435,000) from EDF, Inc. and included within creditors falling due within one year is an amount due to EDF, Inc. of £65,341 (2016: £492,042).