

Environmental Defense Fund Europe

Annual Report and Financial Statements

Year ended 30 September 2018

Charity number 1164661

Company number: 09217493

## Table of Contents

Reference and Administrative Information .....	3
Report of the trustees for the year ended 30 September 2018 .....	4
Objectives and activities .....	4
Achievements and Performance.....	6
Financial Review .....	8
Reserves Policy.....	9
Looking to the future.....	9
Fundraising .....	10
Structure Governance and Management.....	10
<i>Governing Document</i> .....	10
<i>Appointment of trustees</i> .....	11
<i>Trustee induction and training</i> .....	11
<i>Organisation</i> .....	11
Risk Management .....	11
Trustees' responsibilities in relation to the financial statements .....	12
INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF ENVIRONMENTAL DEFENSE FUND EUROPE.....	14
Statement of financial activities .....	18
Balance sheet.....	19
Statement of cash flows .....	20
Notes to the financial statements.....	21

## Reference and Administrative Information

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<b>Other Names</b>	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
<b>Directors</b>	Katherine Lorenz Carl Ferenbach Nicholas Ferguson (resigned 01/03/2018) Kathryn Murdoch (resigned 25/04/2019) Jens Dag Ulltveit-Moe Lord Brian Griffiths (appointed 20/09/2018) Lord Barker (resigned 01/04/2018) Christopher Cole Lance West (appointed 02/04/2019)
<b>Registered Office</b>	Bank Chambers 6-10 Borough High Street London SE1 9QQ
<b>Company Registration Number</b>	09217493
<b>Charity Registration Number</b>	1164661
<b>Accountants</b>	Haysmacintyre 26 Red Lion Square London WC1R 4AG
<b>Auditors</b>	BDO LLP 55 Baker Street London W1U 7EU
<b>Bankers</b>	Wells Fargo 90 Long Acre London WC2E 9RA

## Report of the trustees for the year ended 30 September 2018

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 2018 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 results are captured in our European Strategic Plan: Forging Solutions in Europe, which shares our vision for the coming years and sets out our strategies and approaches. In working towards 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*".

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.

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.

***Forging Solutions in Europe***

Europe has a strong track record of environmental leadership, yet many problems – from climate pollution to poor air quality to overfishing in our seas – still require urgent action. Our steadily expanding presence in Europe is establishing us as an organisation committed to tackling pressing challenges with practical, evidence-based solutions. In a relatively short time we have been able to make a difference in the shipping, energy, fisheries and road transport sectors, as well as taking steps to improve air pollution that affects both human and climate health. As we grow our ability to catalyse change in Europe, we look to apply our trademark combination of science, economics, law and unusual partnerships to secure lasting solutions to global environmental problems. And whatever the issue we work on, we look to add value to the existing landscape, whether through working on topics that are less well resourced, such as shipping, where we can see the potential for transformative change to occur; or seeking to bring new insights through the application of new data gathering tools, as in our London air quality work.

## 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).

#### Clean Energy

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 European Union Emissions Trading Scheme (EU-ETS) and through ICAO and IMO for international aviation and shipping.

#### Oil and Gas Methane

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 addressing climate change impacts on fisheries.

## Achievements and Performance

**Advancing hyperlocal air pollution monitoring:** Sponsored by C40 Cities and supported by the Mayor of London, we have formed a partnership with air quality experts in monitoring and modelling, to conduct a year-long 'hyperlocal' air quality monitoring project that helps inform and assess air quality policies and spur citizen engagement. With 100 new state-of-the-art static sensors and Google StreetView cars measuring pollution every 10 metres, we are piloting the world's most sophisticated AQ monitoring network. This will help citizens and policymakers better understand the sources of air pollution, as well as which policies are having a positive impact and ultimately protect the population from the harmful pollution that poses a major threat to human health. At the conclusion of this project we will be making recommendations for translating this type of low cost sensor network in other cities in Europe and globally.

**Boosting adoption of clean vehicles:** We worked with a wide range of stakeholders to engage with UK Government and influence the final form of the Automated and Electric Vehicles (AEV) Act. The Act was narrowly drawn but we made numerous evidence-based interventions to make the case for stronger policy interventions. The main focus was the introduction of new Government powers to boost the adoption of clean vehicles by providing a

nationwide network of charging and refuelling points, for both battery and hydrogen electric vehicles. We won amendments to the Bill that ensure charge points are required to be kept in good condition, extended powers given to mayors to facilitate the installation of charging infrastructure and added a reporting requirement to guarantee action from the Government. This work, and the alliances we have built in the process, have put us in a strong position to ensure that future regulations and legislation – such as a new Environment Bill – tackle both greenhouse gases and air pollution from road transport.

**Supporting higher climate ambition and slashing climate pollution from international shipping:** We commissioned new research from data-driven think tank Sandbag, showing that Europe’s newly agreed package of energy policies means it is now on track to comfortably reduce its emissions by 55% by 2030 (while the Paris target is only ‘at least 40%’). The published report containing the findings was widely distributed ahead of the Conference of Parties in Poland in December 2018.

Internationally we worked with country and industry delegations to the International Maritime Organisation (IMO), which adopted a legally binding target in April 2018 to at least halve the sector’s greenhouse gas emissions by mid-century. The IMO is now beginning the serious work of putting in place the necessary policies to ensure that the goal is achieved. We are working with delegations to ensure that the policies submitted drive the necessary investments to get zero emissions vessels in use on the water as quickly as possible. EDF Europe has already changed the conversation in the IMO, with a published legal analysis that shows an entirely new treaty would not be needed to bring in new climate policies (along with the many years required for adoption), as it is legally possible to amend existing treaties that will lead to quicker implementation. In October we were pleased that the IMO agreed that it will start to consider policies such as carbon pricing to boost investment, alongside other shorter term policies to increase efficiency. One of our key priorities for 2019 is to work with developing countries to understand the investment benefits that could be driven into their economies from providing alternative fuels from renewable energy for shipping.

**Targeting the largest sources of methane emissions:** We worked with Brussels based NGO, the European Environmental Bureau, to win an amendment to European law requiring the production of a comprehensive methane strategy and engaged frequently with officials in the European Commission’s Directorate Generals for Energy and Climate. We conducted two scientific assessments of methane leakage from the oil and gas supply chain in The Netherlands (the largest producer of gas in the EU) and the South North Sea. We worked with leading companies on pledges to reduce methane emissions from gas infrastructure including Europe-based BP and Shell.

**Increasing awareness of the benefits of clean energy:** In the UK, working with National Grid and WWF, we created publicly available software that can forecast the carbon intensity of electricity generation up to two days ahead, to highlight how far we’ve come in cleaning our power production and aid consumers in making climate-smart energy choices. The tool is now being used by companies within the energy sector – including heat storage and electric vehicle

solution providers – helping to maximise the use of low carbon power. This work shows what we refer to as the Fourth Wave of Environmental Innovation in action.

**Helping secure strong mandates to end overfishing:** Following sweeping reforms in 2014 to the EU Parliament fisheries policies that EDF Europe contributed to, we turned to proving that it could work on the water. Sweden is now a flagship for northern Europe, launching new sustainable management in 2017 for four of its most important fisheries with close involvement from EDF Europe. Though serious problems persist in Southern Europe, we have made progress in Spain, with sustainable fishing pilots in process in several small-scale fishing communities. Portugal is now looking to replicate our model and others may follow. Now, we are looking ahead at how best to shape our engagements in Europe in light of our global strategy. We will look at opportunities to build on our work with ICES, the main scientific advisor on fisheries to the European Commission, to address the urgent climate threats already creating conflicts over marine resources. And we may find opportunities for outsized influence by focusing on levers for change such as financing and Europe's ability to use its import rules to motivate other countries towards sustainability, to help us reach our goal of thriving global oceans that support more fish, more food and more prosperity.

**Development and Operations:** On fundraising, we remain extremely grateful for the generous early stage support from a number of individuals and foundations. It has helped us build a platform from which we have been raising more funds for increasing European projects and extending our programmatic staffing in Norway, Germany, Spain and The Netherlands, as well as bringing on board our first full time Director of Development, in London.

Operationally we have also set up a new legal entity in the Netherlands this year, to ensure we can continue to have a full presence within the European Union, and we have launched our own dedicated website: [Europe.edf.org](http://Europe.edf.org).

## Financial Review

### *Expenditure*

EDF Europe's direct expenditures were £1,945k and £512k for the years ended 30 September 2018 and 2017, respectively. £911k (2017: £208k) was used to cover staff costs and £578k (2017: £78k) covered professional service fees.

The FY2018 accounts include attributable expenses for EDF Europe's Executive Office, which was established to support the delivery of EDF Europe's charitable objectives in Europe. Other expenditures include travel, meetings & events, and support services received from EDF Europe.



### ***Income***

EDF Europe received income of £2,894k (2017: £752k) for the year ended 30 September 2018. A number of individual donors made generous gifts toward our European office, which were transferred to EDF Europe as part of grants from EDF Inc.

EDF Europe 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 non-partisanship, and allows EDF Europe to make its work freely available to ensure its widest possible adoption.

EDF Europe ended FY2018 with a £949k surplus compared to a £240k a year earlier.

Starting in FY2019, EDF Europe will report on financial information native to Europe as part of the audited financial statements. EDF Europe will show financial information of work benefitting Europe in a supplementary section. FY2018 will also show similar for comparative purposes. This will reflect the Europe region-focused growing fundraising capabilities.

### ***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 which is £720,000.

The total funds at 30 September 2018 amounted to £1,175,317 (2017: £226,377). This includes restricted funds of £683,333 (2017: nil) that are not available for general purposes at the year-end, leaving the level of free reserves at the year-end of £491,984 (2017: £226,377).

## **Looking to the future...**

We look to 2019 with numerous promising opportunities ahead of us, for which we are ideally positioned to have a big influence. On climate, Europe and the UK are currently considering setting a net zero target for 2050 and Europe is looking increasingly likely to increase its emissions reduction offer to the Paris Agreement, triggering what we hope will be a race to the top in terms of making up the gap between the pledges made and the reductions needed to meet the goals. On shipping, countries are being asked to come forward with concrete policy solutions to meet the greenhouse gas reduction target ahead of the next IMO meeting in April. On methane, Europe is now committed to producing a methane strategy after years of neglecting the issue, and we will continue to carry out science studies and to pressure the oil and gas industry to address the issue.

On air quality, our data gathering pilot project will be helping establish a blueprint for cities around the world, and in the UK a comprehensive new piece of legislation will be published next year, updating clean air rules dating back to 1995. This gives a once-in-a-generation opportunity

to design a regulatory and policy framework that can transform our environment and will demonstrate our unique ability to use Fourth Wave environmentalism to turn data into political action. On the oceans, scarcely a day goes by without some new report highlighting the interactions between our marine world and our changing atmosphere.

## **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 Inc. 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.

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 organisational 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.

EDF Inc. 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.

### ***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 organisational orientation. The orientation includes meetings with the board chair, EDF Europe Executive Director, EDF Europe President and other members of the organisation's senior leadership team including but not limited to the Chief Administrative Officer and programme teams. The goal of the orientation is to give new trustees the opportunity to ask questions and gain a deeper understanding of the organisation's mission, vision and operations.

### ***Organisation***

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.

## **Risk Management**

The Trustees of EDF Europe receive regularly updated risk assessments which cover the principal risks and uncertainties that the charity face, including financial, operational and reputational, presented in the form of a risk register that also summarises implementation of

policies, processes or procedures to minimise or manage the potential impact on the charity should those risks materialise.

The trustees review the risk register at each board meeting and consider any further steps which may be necessary to manage new as well as previously identified risks. The trustees consider the most serious risks to which the charity is exposed at present to be:

- Long term viability of fundraising: our fundraising strategy to achieve the strategic plan is kept under review in light of experience and income generation.
- Ability to work at a European level undermined as a result of the UK leaving the European Union: we have established a Dutch office in order to maintain a presence in the Europe.
- Reputational risk: We carry out media monitoring in the US and at the programme levels; we propose to carry a baseline brand awareness/ reputation study for EDF Europe.

## **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

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

Carl Ferenbach (Chair)  
24 June 2019

## **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 2018, 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 2018 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: Report of the Trustees. 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 Report of the Trustees, 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 Report of the Trustees, 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 Report of the Trustees.

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 the Companies Act 2006 and report in accordance with the Act 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 taken together, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements.

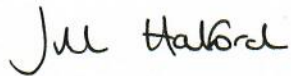
A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at:



<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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



**Jill Halford (Senior Statutory Auditor)**  
For and on behalf of BDO LLP, statutory auditor  
London  
United Kingdom

Date: 27 June 2019

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 2018

	Note	Unrestricted £	Restricted £	2018 Total £	2017 Total £
<b>Income from:</b>					
Donations and grants	2	2,143,282	750,375	2,893,657	751,850
<b>Total income</b>		<u>2,143,282</u>	<u>750,375</u>	<u>2,893,657</u>	<u>751,850</u>
<b>Expenditure on:</b>					
Charitable activities:					
Supporting the EU	3	1,877,675	67,042	1,944,717	512,270
<b>Total expenditure</b>		<u>1,877,675</u>	<u>67,042</u>	<u>1,944,717</u>	<u>512,270</u>
<b>Net income for the year</b>	4	<u>265,607</u>	<u>683,333</u>	<u>948,940</u>	<u>239,580</u>
<b>Net movement in funds</b>		265,607	683,333	948,940	239,580
<b>Reconciliation of funds:</b>					
Total funds brought forward	11	<u>226,377</u>	-	<u>226,377</u>	(13,203)
<b>Total funds carried forward</b>	11	<u><u>491,984</u></u>	<u><u>683,333</u></u>	<u><u>1,175,317</u></u>	<u><u>226,377</u></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 on pages 21 to 31 form part of these financial statements.

# Environmental Defense Fund Europe Ltd

## Balance sheet

As at 30 September 2018

Company Registration No. 09217493

	Note	2018 £	2018 £	2017 £	2017 £
<b>Fixed Assets:</b>					
Intangible Assets	7		41,196		23,127
<b>Current assets:</b>					
Debtors	8	1,260,882		81,277	
Cash at bank and in hand	13	53,779		228,394	
		<u>1,314,661</u>		<u>309,671</u>	
<b>Liabilities:</b>					
Creditors: amounts falling due within one year	9	<u>(180,540)</u>		<u>(106,421)</u>	
<b>Net current assets / (liabilities)</b>			<u>1,134,121</u>		<u>203,250</u>
<b>Total net assets / (liabilities)</b>			<u>1,175,317</u>		<u>226,377</u>
<b>Funds</b>					
Restricted funds	11		683,333		-
Unrestricted funds:					
General funds	11	491,984		226,377	
Total unrestricted funds			<u>491,984</u>		<u>226,377</u>
<b>Total funds</b>	11		<u>1,175,317</u>		<u>226,377</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 24 June 2019 and signed on their behalf by:



Name: Carl Ferenbach  
Trustee

The attached notes on pages 21 to 31 form part of the financial statements.

## Environmental Defense Fund Europe Ltd

### Statement of cash flows

For the year ended 30 September 2018

	Note	2018 £	2017 £
Net cash provided by operating activities	12	(153,800)	(273,756)
Cash provided by / (used in) investing activities	12	<u>(20,815)</u>	<u>(23,127)</u>
Change in cash and cash equivalents in the year		(174,615)	(296,883)
Cash and cash equivalents at the beginning of the year		228,394	525,277
Cash and cash equivalents at the end of the year	13	<u>53,779</u>	<u>228,394</u>

The attached notes on pages 21 to 31 form part of the financial statements.

# Environmental Defense Fund Europe Ltd

## Notes to the financial statements

For the year ended 30 September 2018

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### 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. These financial statements have been prepared in accordance with provisions applicable to companies subject to the small companies' regime.

#### 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. In addition, it benefits from a Support Agreement with EDF Inc.

#### 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.

### **Judgements in applying accounting policies and key sources of estimation uncertainty**

In preparing these financial statements, the trustees have made the following judgements: Determine whether conditions included in income from grants have been met. Otherwise, the trustees do not consider there are any further critical judgements or key sources of estimation uncertainty requiring disclosure other than those already described within note 1.

## 2 Income from activities

	2018 Unrestricted £	2018 Restricted £	2018 Total £	2017 Total £
EDF Inc	1,750,089	-	<b>1,750,089</b>	680,850
Owl Trust	100,000	-	<b>100,000</b>	-
Frederick Mulder foundation	50,000	-	<b>50,000</b>	25,000
The Fishmongers company	3,500	-	<b>3,500</b>	-
Forbes Herbert Elworthy	-	-	-	10,000
Funding Fish	-	-	-	36,000
SEM Charitable Trust	20,000	-	<b>20,000</b>	-
Climate and Health Research Network	37,719	-	<b>37,719</b>	-
Oceano Azul Foundation	122,114	-	<b>122,114</b>	-
C40	-	750,375	<b>750,375</b>	-
Government grants	59,860	-	<b>59,860</b>	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total income from charitable activities</b>	<b>2,143,282</b>	<b>750,375</b>	<b>2,893,657</b>	751,850
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Income from charitable activities in 2017 related solely to unrestricted funds.

### 3 Analysis of expenditure

	<u>Charitable activities</u>			2018 Total £	2017 Total £
	Programmes £	Support costs £	Governance costs £		
Staff costs	911,547	-	-	911,547	208,063
Professional fees	578,762	-	-	578,762	78,090
Staff travel	74,227	-	-	74,227	3,226
Rent	-	128,510	-	128,510	165,668
Office costs	-	36,019	-	36,019	15,557
Meetings	-	53,462	-	53,462	12,644
Subscriptions	-	14,716	-	14,716	506
Other costs	-	127,374	-	127,374	5,686
Audit fee	-	-	20,100	20,100	22,830
	<u>1,564,536</u>	<u>360,081</u>	<u>20,100</u>	<u>1,944,717</u>	<u>512,270</u>
Support costs	360,081	(360,081)	-	-	-
Governance costs	20,100	-	(20,100)	-	-
	<u>1,944,717</u>	<u>-</u>	<u>-</u>	<u>1,944,717</u>	<u>512,270</u>
Total expenditure 2017	512,270	-	-	512,270	512,270

Of the total expenditure, £1,877,675 was unrestricted (2017: £512,270) and £67,042 was restricted (2017: £nil).



#### 4 Net income/(expenditure) for the year

This is stated after charging:

Operating lease rentals:

Property Auditor's remuneration:

Audit fees

2018  
£

127,921

20,100

2017  
£

165,668

25,330

#### 5 Staff Costs

Staff costs were as follows:

Salaries and wages

Social security costs

Employer's contribution to defined contribution pension schemes

Other staff costs

2018

£

438,502

47,595

36,405

389,045

911,547

2017

£

179,613

20,430

7,704

316

208,063

Other staff costs comprised US employee staff costs recharged to the UK in respect of various EDF Europe programme costs, which includes the Oceans project.

Redundancy and termination costs relating to a number of employees were £15,709 (2017: £nil). These costs have been fully provided for in the 2018 financial statements.

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

	2018 No.	2017 No.
£110,000 - £119,999	-	1
£140,000 - £149,999	1	-

There were no salaries during the year within the salary bandings of £60,000 to £109,999 and between £120,000 to £139,000.

The total employee benefits including pension contributions and national insurance contributions of the key management personnel were £177,618 (2017: £191,858).

The charity trustees were not paid or received any other benefits from employment with the Trust or its subsidiary in the year (2017: £nil) neither were they reimbursed expenses during the year (2017: £nil). No charity trustee received payment for professional or other services supplied to the charity (2017: £nil).

### Staff numbers

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

	<b>2018</b>	2017
	<b>No.</b>	No.
Charitable activities	<u><b>11</b></u>	<u>4</u>

### 6 Taxation

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

### 7 Intangible fixed assets

	Intangible Assets £	Total £
<b>Cost</b>		
At the start of the year	23,127	<b>23,127</b>
Additions in year	<u>20,815</u>	<u><b>20,815</b></u>
At the end of the year	<u>43,942</u>	<u><b>43,942</b></u>
<b>Amortisation</b>		
At the start of the year	-	-
Charge for the year	<u>2,746</u>	<u><b>2,746</b></u>
At the end of the year	<u>2,746</u>	<u><b>2,746</b></u>
<b>Net book value</b>		
<b>At the end of the year</b>	<u><u>41,196</u></u>	<u><u><b>41,196</b></u></u>
At the start of the year	<u>23,127</u>	<u>23,127</u>

All of the above assets are used for charitable purposes.

**8 Debtors**

	2018	2017
	£	£
Other Debtors	313,306	-
Amounts due from Parent Company	662,846	-
Prepayments	<u>284,730</u>	<u>81,277</u>
	<u><b>1,260,882</b></u>	<u><b>81,277</b></u>

**9 Creditors: amounts falling due within one year**

	2018	2017
	£	£
Other Creditors	3,785	75,170
Trade Creditors	25,079	-
Accruals	133,108	25,330
Taxes and Social Security	<u>18,568</u>	<u>5,921</u>
	<u><b>180,540</b></u>	<u><b>106,421</b></u>

**10 Analysis of net assets between funds - current year**

	Unrestricted	Restricted	Total funds
	£	£	£
Net current assets	<u>491,984</u>	<u>683,333</u>	<u>1,175,317</u>
<b>Net assets at the end of the year</b>	<u><b>491,984</b></u>	<u><b>683,333</b></u>	<u><b>1,175,317</b></u>

**Analysis of net assets between funds - previous 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><b>226,377</b></u>	<u><b>-</b></u>	<u><b>226,377</b></u>

11 Movements in funds - current year	At 01 October 2017 £	Income £	Expenditure £	Transfers £	At 30 September 2018 £
<b>Restricted funds:</b>					
C40 Group	-	750,375	67,042	-	<b>683,333</b>
<b>Total restricted funds</b>	<b>-</b>	<b>750,375</b>	<b>67,042</b>	<b>-</b>	<b>683,333</b>
<b>Unrestricted funds:</b>					
General funds	226,377	2,143,282	1,877,675	-	<b>491,984</b>
<b>Total unrestricted funds</b>	<b>226,377</b>	<b>2,143,282</b>	<b>1,877,675</b>	<b>-</b>	<b>491,984</b>
<b>Total funds</b>	<b>226,377</b>	<b>2,893,657</b>	<b>1,944,717</b>	<b>-</b>	<b>1,175,317</b>

#### Purposes of restricted funds

The C40 income was a grant awarded to support the understanding of London's air quality in an unprecedented level of detail.

**Movements in funds - previous 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)	-	<b>226,377</b>
Total unrestricted funds	<u>(13,203)</u>	<u>751,850</u>	<u>(512,270)</u>	<u>-</u>	<u><b>226,377</b></u>
Total funds	<u><b>(13,203)</b></u>	<u><b>751,850</b></u>	<u><b>(512,270)</b></u>	<u><b>-</b></u>	<u><b>226,377</b></u>

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

	2018	2017
	£	£
<b>Net income/(expenditure) for the reporting period (as per the statement of financial activities)</b>	<b>948,940</b>	<b>239,580</b>
Amortisation charge	2,746	-
(Increase) in debtors	(1,179,605)	(47,833)
Increase/(Decrease) in creditors	74,119	(465,503)
<b>Net cash provided by operating activities</b>	<b>(153,800)</b>	<b>(273,756)</b>
Purchase of Intangible Fixed Assets	(20,815)	(23,127)
<b>Net cash provided by investing activities</b>	<b>(20,815)</b>	<b>(23,127)</b>

13 Analysis of cash and cash equivalents

	At 1 October 2017	Cash flows	Other changes	At 30 September 2018
	£	£	£	£
Cash at bank and in hand	228,394	(174,615)	-	53,779
<b>Total cash and cash equivalents</b>	<b>228,394</b>	<b>(174,615)</b>	<b>-</b>	<b>53,779</b>

#### 14 Operating lease commitments

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

	2018	2017
	£	£
Less than 1 year	133,775	133,775
2 - 5 years	<u>167,219</u>	<u>300,994</u>
	<u><u>300,994</u></u>	<u><u>434,769</u></u>

#### 15 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.

#### 16 Related party transactions

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 organisation received a grant of £1,750,089 (2017: £680,850) from EDF, Inc. and included within debtors falling due within one year is an amount owed by EDF, Inc. of £662,846 (2017: £65,341 owed to EDF, Inc.).

EDF Europe controls, through the ability to appoint the majority of trustees, a registered company based in the Netherlands, called Stichting Environmental Defense Fund Europe (EDF Netherlands). It was incorporated on 17 September 2018. This is a separate legal entity used as a conduit between EDF Netherlands and EDF Europe in the UK. The entity was dormant during the year and therefore does not form part of consolidated accounts for material purposes.