

Environmental Defense Fund Europe

Annual Report and Financial Statements

Year ended 30 September 2019

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 Kathryn Murdoch (resigned 25/04/2019) Jens Dag Ulltveit-Moe Lord Brian Griffiths Christopher Cole Lance West
Registered Office	3 rd Floor 41 Eastcheap London EC3M 1DT
Company Registration Number	09217493
Charity Registration Number	1164661
Accountants	Haysmacintyre 10 Queen Street Place London EC4R 1AG
Auditors	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 2019

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 2019 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 2019).

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; and
 - 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; and
- 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

Improving Air Quality in London: Around the world, nine out of ten people breathe unhealthy air. As enormous momentum grows within cities to tackle the global air pollution crisis, EDF Europe is driving targeted clean air action by shining a light on air quality at a scale and scope never seen before. In 2019, EDF Europe, along with the Mayor of London and leading health and science experts publicly launched Breathe London, an ambitious project to develop one of the world's most comprehensive networks of its kind. The project combines fixed and mobile sensors — through over 100 stationary monitors and Google Street View cars — with new data analytics to measure and map air pollution across the capital. This data will provide insights into the impacts of Mayor Khan's major policy initiative, the Ultra-Low Emission Zone, which imposes a fee on high-polluting vehicles. We aim to use Breathe London data to build public pressure for more ambitious clean air policies at the city and national level. We will also use lessons learned from London to help other cities looking to improve air quality. EDF Europe is also using new sensor technology to derive insights into pollution and inform tailored solutions that improve air quality in the U.S. and China.

EDF Europe drafts a UK air pollution bill: Air pollution is the most significant environmental threat to health in the UK, and many parts of the UK continue to exceed legal limits for safe air quality. Yet many pollution sources — including boilers, stoves, restaurants and vehicles — can be controlled. To help clean the air and protect people’s health, EDF Europe is working to advance legislation that calls for a more ambitious and targeted approach to lowering air pollution.

Strong legislation should include a transparent registry of pollutants; clear, binding targets that go toward significantly reducing harmful emissions by 2030; and government accountability to report on and ensure progress towards reducing harmful pollutants. We also aim to advance robust air quality monitoring, particularly in areas where there are vulnerable populations such as schools and hospitals. The government also introduced its own broad environment bill in October 2019. EDF Europe will focus on building support among policymakers and key stakeholders to strengthen air quality protections as needed.

Electrifying transport: Transportation accounts for 26% of the UK’s greenhouse gas emissions and is a primary source of pollution in cities. New, climate-friendly electric vehicles are increasingly available; however, many barriers stand in the way of broader adoption of these vehicles. EDF Europe issued a report that focuses on obstacles that prevent people with lower incomes from purchasing electric vehicles. The report found that existing market conditions and financing options are slowing electric vehicle sales and preventing low- and middle-income people from entering the market. EDF Europe analysis found that targeted government action could help make electric vehicles more accessible, potentially saving low- to middle-income households nearly £350 million in total annual fuel and maintenance costs. EDF Europe has and will continue to use this report with policymakers to call for policies that reduce the upfront costs of electric vehicles and establishes better financing options.

Greening the shipping industry: Global shipping currently accounts for nearly 3% of global climate pollution, but these emissions are projected to increase by as much as 250% by 2050. The International Maritime Organization (IMO), the UN agency that oversees international shipping policy, is taking critical steps to reduce emissions. Solutions such as sustainable fuels can help the IMO meet its emissions reductions goals. EDF Europe is helping shape the conversation around sustainable fuels, which could help shippers reduce emissions, while also opening the market to more fuel suppliers. In 2019, we released a report, *Sailing on Solar*, which illustrates how an industry shift to greener alternative fuels can drive much-needed investment in untapped renewable energy in developing countries. Through targeted outreach to delegates and industry leaders, in a variety of forums, we have used our *Sailing on Solar* report to highlight the environmental and economic benefits of sustainable shipping, helping to shift the conversation on clean shipping fuels.

The campaign against methane pollution: In December 2019, the European Commission recognised that action on energy-related methane emissions is among its key priorities for the delivery of the European Green Deal. This milestone was the result of EDF Europe’s work to raise awareness among key stakeholders about the critical role that methane plays in our planet’s

warming. EDF Europe's goal is to reduce global oil and gas methane emissions 45% by 2025, which will deliver the same 20-year climate benefit as closing one-third of the world's coal plants. We have built a network of stakeholders in European Commission departments, the European Parliament's political group advisers, and think tanks to educate incoming EU decision makers on the importance of addressing methane. Our network helped secure the European Parliament's agreement on climate priorities for the next five years, which includes methane. We are also focusing on Germany and Italy, the two largest importers of internationally traded gas in the EU. In September 2019, we hosted a meeting with the German parliament that resulted in support from the major parties to pressure the German government to address methane once Germany assumes the EU presidency in 2020 and sets the EU's agenda.

Measuring methane emissions: EDF Europe's groundbreaking scientific efforts to measure methane emissions across the natural gas supply chain helped lead to strong regulations to curb pollution and make methane a priority in the U.S. Today, we are undertaking a similar effort worldwide, working with the 13 companies in the Oil and Gas Climate Initiative (OGCI) and the UN's Climate and Clean Air Coalition to quantify the magnitude of global emissions from oil and gas supply chains and identify opportunities to reduce them. In 2019, 14 research teams from the Netherlands, UK, Denmark, Germany, Romania, U.S., Switzerland, Poland and Sweden used drones, vehicle-based monitors and towers to measure emissions in Romania, which according to the UN is the biggest emitter of oil and gas methane emissions in the EU. We expect to complete the analysis of our findings and submit manuscripts to peer-reviewed journals at the end of 2020. We will use our findings to help develop strong emission mitigation strategies.

Creating more resilient oceans: Climate change is warming the world's oceans at an alarming rate, leading fish to migrate to cooler waters. The effects of this migration will impact communities around the globe, especially those that depend on fish for food and livelihoods. EDF Europe's work in the U.S. has demonstrated that science-based approaches to fisheries management can allow species to rebound. Yet these approaches must adapt to ensure fisheries, ecosystems and the communities that depend on them are resilient in the face of climate change. Building on our decades of success, we are defining pathways to prepare the world's fisheries to thrive in the future. We will advance climate-resilient fisheries management by building momentum for international action among influential global leaders. This includes the UN's Food and Agriculture Organization (FAO) Committee on Fisheries in July 2020, which will bring together fishing nations across the globe to discuss collective action and solutions. And we will develop tools and resources for governments, communities and others to lead the way in their fisheries.

Development and Operations: Our development work continues to attract a range of donors from long-standing supporters to newly established UK-based foundations and individuals. Our support includes repeat funding as well as new funding and we are constantly seeking new sources to engage. Of the new individual funders, many are being driven by a particular concern for climate change. The profile of individuals is also changing to reflect the modern age we live in, with funding coming from eSports players and YouTubers. We are also seeing smaller donations from employee giving programmes starting to add up.

On the operations side, we have had a number of staffing changes. Our Executive Director, Baroness Worthington resigned with a new permanent Managing Director joining in November. Our search for a new Executive Director has concluded successfully with the appointment of Jill Duggan to the role in June 2020. She has worked on climate, environment and energy policy for the last two decades from a number of different perspectives: as a UK civil servant, for a think tank in the US, for the European Commission, for the energy industry and leading business groups concerned about climate change. She has been a non-executive board member of a number of organisations and business groups over the years and is passionate about looking after our planet. Jill is a Fellow of the Energy Institute and an Associate Fellow of Chatham House, The Royal Institute of International Affairs.

We have moved into new offices and have ended our lease at Bank Chambers.

Financial review

Expenditure

EDF Europe's direct expenditures were £2,815k and £1,945k for the years ended 30 September 2019 and 2018, respectively. £1,232k (2018: £912k) was used to cover staff costs and £998k (2018: £579k) covered professional service fees.

The FY2019 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.

Stiching EDF Europe's direct expenditures were £112k (2018: Nil) The expenditure covered operational and administrative costs as well as staff costs.

Income

EDF Europe received income of £2,262k (2018: £2,894k) for the year ended 30 September 2019. 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 some of its funding from private individuals and foundations. The remainder is funded through a grant from EDF Inc. 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 FY2019 with a £554k deficit compared to a £949k surplus a year earlier.

Stiching EDF Europe's received income of £126k (2018: Nil) for the year ended 30 September 2019.

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 £336,661 (2018: £720,000). The reserves level has been reviewed in light of the Covid-19 pandemic and the Trustees assess that the required level of reserves remains appropriate despite this external event. The total funds at 30 September 2019 amounted to £621,796 (2018: £1,175,317). This includes restricted funds of £173,203 (2018: £683,333) that are not available for general purposes at the year-end, leaving the level of free reserves at the year-end of £448,593 (2018: £491,984).

In addition, EDF Europe and Stichting EDF Europe benefit from an annual Support Agreement with EDF Inc. (Parent Company).

Going concern

In assessing the impact of COVID-19 on EDF Europe, the Trustees have considered all the matters described in the Trustees' Report, including the group's operations, the impact on donations and grant funding. With this in mind, the Trustees can confirm there are enough funds to support the programmatic operations of EDF Europe. Despite the global pandemic, Environmental Defense Fund Europe is in a good position and maintaining its current programmatic strategy and expansion plans. We have a signed letter of support from our parent charity Environmental Defense Fund Inc. (covering up to the end of December 2021) to cover any shortfalls incurred by EDF Europe and support our operations now and into the future. We are developing and will shortly publish an updated strategic plan that will carry us through the next five years. This plan includes updated goals and objectives for the programmes who operate currently in Europe as well as adding new projects and work. We are actively planning to recruit for new positions to support the strategic plan and have budgeted for the new staff we plan to hire. To support our expansion plans, we are actively pursuing new funding sources to diversify our support. Our move to Eastcheap from Bank Chambers is complete and we look forward to actively using our new premises for staff, external meetings and trustee meetings. As at the date of signing these financial statements, the Trustees' forecasts indicate that the charitable company will be able to maintain liquidity for a period of at least one year following the date of signing these financial statements and will therefore be able to continue to operate as a going concern.

Looking to the future

We look to the future 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 2006 and incorporated in England and Wales. Environmental Defense Fund, Incorporated, a New York not-for-profit organisation ("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. 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 maximise opportunities for transformative environmental impact.

Stichting Environmental Defense Fund Europe is a wholly-owned subsidiary of EDF Europe. The mission of the Stichting EDF Europe follows that of its parent organisation EDF Europe and its ultimate parent organisation, EDF Inc. Stichting EDF Europe is home to the work of two programmes. They are the Office of Chief Scientist (OCS) and the Office of Chief Economist (OCE). Within OCS is the International Methane Science Team which works on projects focused in the European Union along with other regions around the world. OCE focuses on supporting the International Climate team's work on Europe with a specific focus on Shipping and Aviation. The costs incurred to date have been in relation to formation, operation admin and staff costs.

The workforce remuneration and key management personnel (KMP) salaries are reviewed against market pay data. We are also in the process of devising a remuneration policy to ensure workforce pay is within the appropriate market benchmark, parameters and criteria against the UK charity and not for profit sector.

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.

In assessing the impact of COVID-19 on EDF Europe, please refer to the going concern statement referred to above (see page 10).

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; and
- 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.

In preparing this Trustees' Report advantage has been taken of the small companies' exemption, including the option not to produce a strategic report.

By order of the board of trustees

Carl Ferenbach (Chair)
29 September 2020

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 2019, which comprise the consolidated statement of financial activities (incorporating an income and expenditure account), the consolidated balance sheet, the parent charity balance sheet, the consolidated 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 2019 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 section 144 of the Charities Act 2011 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:

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

Environmental Defense Fund Europe Ltd

Consolidated statement of financial activities

(incorporating an income and expenditure account)

For the year ended 30 September 2019

Company Registration No. 09217493

	Note	Unrestricted £	Restricted £	2019 Total £	2018 Total £
Income from:					
Donations and grants	2	2,143,873	117,500	2,261,373	2,893,657
Interest received		415	-	415	-
Total income		<u>2,144,288</u>	<u>117,500</u>	<u>2,261,788</u>	<u>2,893,657</u>
Expenditure on:					
Charitable activities:					
Supporting the EU	3	2,187,679	627,630	2,815,309	1,944,717
Total expenditure		<u>2,187,679</u>	<u>627,630</u>	<u>2,815,309</u>	<u>1,944,717</u>
Net (Expenditure)/ Income for the year	4	<u>(43,391)</u>	<u>(510,130)</u>	<u>(553,521)</u>	<u>948,940</u>
Net movement in funds		(43,391)	(510,130)	(553,521)	948,940
Reconciliation of funds:					
Total funds brought forward	13	<u>491,984</u>	<u>683,333</u>	<u>1,175,317</u>	<u>226,377</u>
Total funds carried forward	13	<u>448,593</u>	<u>173,203</u>	<u>621,796</u>	<u>1,175,317</u>

All of the above results are derived from continuing activities.

Expenditure in supporting the EU relates to three programmes at the core of the charitable activities; Air Quality, Climate and Energy. There were no other recognised gains or losses other than those stated above.

The attached notes on pages 23 - 42 form part of these financial statements.

Environmental Defense Fund Europe Ltd
Consolidated balance sheet
As at 30 September 2019

Company Registration No. 09217493

	Note	2019 £	2019 £	2018 £	2018 £
Fixed Assets:					
Intangible Assets	7	-	30,210	-	41,196
Tangible Assets	8	-	7,908	-	-
Current assets:					
Debtors	10	824,758	-	1,260,882	-
Cash at bank and in hand	15	<u>62,346</u>	-	<u>53,779</u>	-
		887,104	-	1,314,661	-
Liabilities:					
Creditors: amounts falling due within one year	11	<u>(303,426)</u>	-	<u>(180,540)</u>	-
Net current assets		-	<u>583,678</u>	-	<u>1,134,121</u>
Total net assets		-	<u><u>621,796</u></u>	-	<u><u>1,175,317</u></u>
Funds					
Restricted funds	13	-	173,203	-	683,333
Unrestricted funds:					
General funds	13	<u>448,593</u>	-	<u>491,984</u>	-
Total unrestricted funds		-	<u>448,593</u>	-	<u>491,984</u>
Total funds	13	-	<u><u>621,796</u></u>	-	<u><u>1,175,317</u></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 29 September 2020 and signed on their behalf by:

Name
Trustee

The notes on pages 23 – 42 form part of the financial statements.

Environmental Defense Fund Europe Ltd
Parent charity balance sheet
As at 30 September 2019

Company Registration No. 09217493

	Note	2019 £	2019 £	2018 £	2018 £
Fixed Assets:					
Intangible Assets	7	-	30,210	-	41,196
Tangible Assets	8	-	7,907	-	-
Investments	8	-	1	-	-
Current assets:					
Debtors	10	809,694	-	1,260,882	-
Cash at bank and in hand	15	62,346	-	53,779	-
		<u>872,040</u>	-	<u>1,314,661</u>	-
Liabilities:					
Creditors: amounts falling due within one year	11	(302,747)	-	(180,540)	-
Net current assets		-	<u>569,293</u>	-	<u>1,134,121</u>
Total net assets		-	<u>607,411</u>	-	<u>1,175,317</u>
Funds					
Restricted funds	13	-	173,203	-	683,333
Unrestricted funds:					
General funds	13	434,208	-	491,984	-
Total unrestricted funds		-	<u>434,208</u>	-	<u>491,984</u>
Total funds	13	-	<u>607,411</u>	-	<u>1,175,317</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 29 September 2020 and signed on their behalf by:

Name
Trustee

The notes on pages 23 - 42 form part of the financial statements.

The parent charity had net expenditure of £567,905, of which £173,203 related to restricted expenditure.

Consolidated statement of cash flows
For the year ended 30 September 2019

	Note	2019 £	2018 £
Net cash provided by / (used in) operating activities	13	17,750	(153,800)
Cash used in investing activities	13	<u>(9,183)</u>	<u>(20,815)</u>
Change in cash and cash equivalents in the year		8,567	(174,615)
Cash and cash equivalents at the beginning of the year		53,779	228,394
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year	14	<u><u>62,346</u></u>	<u><u>53,779</u></u>

The attached notes on pages 23 - 42 form part of the financial statements.

Environmental Defense Fund Europe Ltd

Notes to the financial statements

For the year ended 30 September 2019

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 2019) - (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.

1.1 Basis of consolidation

These financial statements consolidate the results of the charity and its wholly owned subsidiary undertaking Stichting Environmental Defense Fund Europe. A separate Statement of Financial Activities and Income and Expenditure account for the charity has not been presented because it has taken advantage of the exemption afforded by the Charities SORP.

1.2 Going concern

In assessing the impact of COVID-19 on EDF Europe, the Trustees have considered all the matters described in the Trustees' Report, including the group's operations, the impact on donations and grant funding. With this in mind, the Trustees can confirm there are enough funds to support the programmatic operations of EDF Europe. Despite the global pandemic, Environmental Defense Fund Europe is in a good position and maintaining its current programmatic strategy and expansion plans. The trustees also deem the future risk to income streams to be negligible as a result of the signed letter of support from Environmental Defense Fund Inc. This letter demonstrates that the parent company has a legal obligation to cover the shortfalls up to December 2021. The trustees have made suitable inquiries and considered the charity's forecasts, including cash flow, updated in the context of the COVID-19 pandemic and covering a period of at least 12 months from the date of approval of these financial statements. The forecasts demonstrate with confidence that there will be sufficient resources to meet the charities liabilities as they come due. As a result the accounts have been prepared on a going concern basis.

1.3 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.

1.4 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.

1.5 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.

1.6 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.

1.7 Operating leases

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

1.8 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.

1.9 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.

Provisions for dilapidations totalling £5,000 are the best estimate of costs for the repairs and redecoration of office premises to return to good order before vacating in April 2020, as stipulated by the lease agreement.

1.10 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.

1.11 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.

1.12 Tangible fixed assets and depreciation

Individual fixed assets costing more than £500 are capitalised at cost. Fixed assets are written off on a straight-line basis over their estimated useful lives by depreciation through the Statement of Financial Activities on the following basis:

Office equipment – 20% straight line basis

1.13 Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions are recorded at the rate ruling at the date of the transaction. All differences are taken to the Statement of Financial Activities.

1.14 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 Donations and Grants

	2019 Unrestricted £	2019 Restricted £	2019 Total £	2018 Total £
EDF Inc	2,089,873	-	2,089,873	1,750,089
Owl Trust	-	-	-	100,000
Frederick Mulder foundation	25,000	-	25,000	50,000
The Fishmongers company	-	-	-	3,500
Veronique De Giorgi	5,000	-	5,000	-
Anonymous Major Gift UK	24,000	-	24,000	-
Alta Advisers	-	50,000	50,000	-
SEM Charitable Trust	-	45,000	45,000	20,000
Climate and Health Research Network	-	-	-	37,719
Oceano Azul Foundation	-	22,500	22,500	122,114
C40	-	-	-	750,375
Government grants	-	-	-	59,860
	<hr/>	<hr/>	<hr/>	<hr/>
Total income from charitable activities	2,143,873	117,500	2,261,373	2,893,657
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Of the total income from charitable activities in 2018, £750,000 was restricted in nature.

3 Analysis of expenditure

	Programmes £	Support costs £	Governance costs £	2019 Total £	2018 Total £
Staff costs	1,231,564	-	-	1,231,564	911,547
Professional fees	998,163	-	-	998,163	578,762
Staff travel	206,906	-	-	206,906	74,227
Rent	-	135,315	-	135,315	128,510
Office costs	-	101,637	-	101,637	36,019
Meetings	-	65,055	-	65,055	53,462
Subscriptions	-	43,749	-	43,749	14,716
General administration	-	9,855	-	9,855	127,374
Audit fee	-	-	23,065	23,065	20,100
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	2,436,633	355,611	23,065	2,815,309	1,944,717
Support costs	355,611	(355,611)	-	-	-
Governance costs	23,065	-	(23,065)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditure 2019	2,815,309	-	-	2,815,309	1,944,717
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Total expenditure 2018	1,944,717	-	-	1,944,717	
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	

Of the total expenditure, £2,187,679 was unrestricted (2018: £1,877,675) and £627,630 was restricted (2018: £67,042).

Professional fees relate to third party services utilised in order to meet charitable objectives, as well as services required to maintain the operational aspects of the Charity, such as HR and accountancy.

4 Net (expenditure)/income for the year

This is stated after charging:	2019	2018
	£	£
Operating lease rentals:		
Property	135,315	127,921
Depreciation and Amortisation:		
Depreciation	1,275	-
Amortisation	10,986	2,746
Auditor's remuneration:		
Audit fees	23,065	20,100
	135,315	127,921

5 Staff Costs

Staff costs were as follows:	2019	2018
	£	£
Salaries and wages	654,682	438,502
Social security costs	74,389	47,595
Employer's contribution to defined contribution pension schemes	46,634	36,405
Other staff costs	455,859	389,045
	1,231,564	911,547

Other staff costs comprised US employee staff costs recharged to the UK in respect of various EDF Europe programme costs, which includes the work on the Energy, Office of the Chief Scientist (OCS), Climate and Oceans programmes in Europe.

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

	2019	2018
	No.	No.
£100,000 - £109,999	1	-
£130,000 - £139,999	1	-
£140,000 - £149,999	-	1
£150,000 - £159,999	1	-

There were no salaries during the year within the salary bandings of £60,000 to £99,999 and between £110,000 to £129,999.

The total employee benefits including pension contributions and national insurance contributions of the key management personnel were £378,901 (2018: £177,618). Key management personnel were determined to be the interim Managing Director (MD), Executive Director (ED) and Director of Development in 2019, whereas the ED was the sole key management personnel in 2018.

Staff costs relating to Stichting Environmental Defense Fund Europe totalled £65,637 (2018: Nil) and are included within other staff costs.

Redundancy and termination costs relating to employees were £16,131 (2018: £15,709). These costs have been fully provided for in the 2019 financial statements. In addition, redundancy payments have been made in the financial year ending 30 September 2020, as referenced in Note 19 'subsequent events' on page 41.

The charity trustees were not paid or received any other benefits from employment with the Trust or its subsidiary in the year (2018: £nil) neither were they reimbursed expenses during the year (2018: £nil). No charity trustee received payment for professional or other services supplied to the charity (2018: £nil).

Staff numbers

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

	2019	2018
	No.	No.
Charitable activities	<u>14</u>	<u>11</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 £
Cost		
At the start of the year	43,942	43,942
Additions in year	<u>-</u>	<u>-</u>
At the end of the year	<u>43,942</u>	<u>43,942</u>
Amortisation		
At the start of the year	2,746	2,746
Charge for the year	<u>10,986</u>	<u>10,986</u>
At the end of the year	<u>13,732</u>	<u>13,732</u>
Net book value		
At the end of the year	<u>30,210</u>	<u>30,210</u>
At the start of the year	<u>41,196</u>	<u>41,196</u>

All of the above assets are used for charitable purposes.

8 Tangible fixed assets

	Office Equipment £	Investment in subsidiary £	Total £
Cost			
At the start of the year	-	-	-
Additions in year	<u>9,182</u>	<u>1</u>	<u>9,183</u>
At the end of the year	<u>9,182</u>	<u>1</u>	<u>9,183</u>
Amortisation			
At the start of the year	-	-	-
Charge for the year	<u>1,275</u>	<u>-</u>	<u>1,275</u>
At the end of the year	<u>1,275</u>	<u>-</u>	<u>1,275</u>
Net book value			
At the end of the year	<u>7,907</u>	<u>1</u>	<u>7,908</u>
At the start of the year	<u>-</u>	<u>1</u>	<u>-</u>

All of the above assets are used for charitable purposes.

9 Stichting Environmental Defense Fund Europe

Stichting EDF Europe is an independent registered charity under the laws of The Netherlands (Chamber of Commerce Registration number 72607440) and a company limited by guarantee, incorporated in The Netherlands (Fiscal identity company number 859171814), located at Reguliersgracht 79, 1017 LN Amsterdam, The Netherlands.

Stichting Environmental Defense Fund Europe

Statement of financial activities

(incorporating an income and expenditure account)

For the year ended 30 September 2019 Company Registration No. 859171814

	Unrestricted £	Restricted £	2019 Total £	2018 Total £
Income from:				
Donations and grants	126,050	-	126,050	-
Total income	<u>126,050</u>	<u>-</u>	<u>126,050</u>	<u>-</u>
Expenditure on:				
Charitable activities:				
Programmatic costs	111,665	-	111,665	-
Total expenditure	<u>111,665</u>	<u>-</u>	<u>111,665</u>	<u>-</u>
Net (Expenditure)/ Income for the year	<u>14,385</u>	<u>-</u>	<u>14,385</u>	<u>-</u>
Net movement in funds	14,385	-	14,385	-
Reconciliation of funds:				
Total funds brought forward	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total funds carried forward	<u><u>14,385</u></u>	<u><u>-</u></u>	<u><u>14,385</u></u>	<u><u>-</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.

Stichting Environmental Defense Fund Europe**Balance sheet****As at 30 September 2019****Company Registration No. 859171814**

	2019	2019	2018	2018
	£	£	£	£
Current assets:				
Prepayments	1,492	-	-	-
Amounts owed from parent undertaking	<u>13,573</u>	-	-	-
	15,065	-	-	-
Liabilities:				
Creditors: amounts falling due within one year				
Aged payables	<u>(680)</u>			
Net current assets	-	<u>14,385</u>	-	-
Total net assets	-	<u><u>14,385</u></u>	-	-
Funds				
Restricted funds	-	-	-	-
Unrestricted funds:				
General funds	<u>14,385</u>	-	-	-
Total unrestricted funds	-	<u>14,385</u>	-	-
Total funds	-	<u><u>14,385</u></u>	-	-

10 Debtors

	Group 2019 £	Group 2018 £	Charity 2019 £	Charity 2018 £
Amounts due within year:				
Other debtors	210,518	313,306	210,518	313,306
Amounts owed by group undertakings	562,414	662,846	548,842	662,846
Other debtors and prepayments	51,826	284,730	50,334	284,730
	<u>824,758</u>	<u>1,260,882</u>	<u>809,694</u>	<u>1,260,882</u>

11 Creditors: amounts falling due within one year

	Group 2019 £	Group 2018 £	Charity 2019 £	Charity 2018 £
Trade creditors	58,713	25,079	58,034	25,079
Other creditors	35,500	3,785	35,500	3,785
Accruals	62,899	133,108	62,899	133,108
Taxes and Social Security	146,314	18,568	146,314	18,568
	<u>303,426</u>	<u>180,540</u>	<u>302,747</u>	<u>180,540</u>

Taxes and Social Security costs have increased in FY 19 largely as a result of additional payroll taxes relating to US employees working in the UK where tax was not withheld (£121,000).

Within accruals is a £5,000 provision for dilapidations in respect of the office premises vacated in 2020.

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

Group	Unrestricted £	Restricted £	Total funds £
Fixed assets	38,118	-	38,118
Net current assets	410,475	173,203	583,678
Net assets at the end of the year	<u>448,593</u>	<u>173,203</u>	<u>621,796</u>

Analysis of net assets between funds - previous year

Group	Unrestricted £	Restricted £	Total funds £
Fixed assets	41,196	-	41,196
Net current assets	450,788	683,333	1,134,121
Net assets at the end of the year	<u>491,984</u>	<u>683,333</u>	<u>1,175,317</u>

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

	Unrestricted	Restricted	Total funds
Charity	£	£	£
Fixed assets	38,118	-	38,118
Net current assets	396,090	173,203	569,293
Net assets at the end of the year	<u>434,208</u>	<u>173,203</u>	<u>607,411</u>

Analysis of net assets between funds - previous year

	Unrestricted	Restricted	Total funds
Charity	£	£	£
Fixed assets	41,196	-	41,196
Net current assets	<u>450,788</u>	<u>683,333</u>	<u>1,134,121</u>
Net assets at the end of the year	<u>491,984</u>	<u>683,333</u>	<u>1,175,317</u>

13 Movements in funds - current year	At 01 October 2018 £	Income £	Expenditure £	Transfers £	At 30 September 2019 £
Group					
Restricted funds:					
Alta Advisers	-	50,000	-	-	50,000
SEM Charitable Trust	-	45,000	(45,000)	-	-
Oceano Azul Foundation	-	22,500	(22,500)	-	-
C40 Group	683,333	-	(560,130)	-	123,203
Total restricted funds	<u>683,333</u>	<u>117,500</u>	<u>(627,630)</u>	<u>-</u>	<u>173,203</u>
Unrestricted funds:					
General funds	491,984	2,144,288	(2,187,679)	-	448,593
Total unrestricted funds	<u>491,984</u>	<u>2,144,288</u>	<u>(2,187,679)</u>	<u>-</u>	<u>448,593</u>
Total funds	<u>1,175,317</u>	<u>2,261,788</u>	<u>(2,815,309)</u>	<u>-</u>	<u>621,796</u>

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.

13 Movements in funds - current year	At 01 October 2018 £	Income £	Expenditure £	Transfers £	At 30 September 2019 £
Charity					
Restricted funds:					
Alta Advisers	-	50,000	-	-	50,000
SEM Charitable Trust	-	45,000	(45,000)	-	-
Oceano Azul Foundation	-	22,500	(22,500)	-	-
C40 Group	683,333	-	(560,130)	-	123,203
Total restricted funds	<u>683,333</u>	<u>117,500</u>	<u>(627,630)</u>	<u>-</u>	<u>173,203</u>
Unrestricted funds:					
General funds	491,984	2,018,238	(2,076,014)	-	434,208
Total unrestricted funds	<u>491,984</u>	<u>2,018,238</u>	<u>(2,076,014)</u>	<u>-</u>	<u>434,208</u>
Total funds	<u>1,175,317</u>	<u>2,135,738</u>	<u>(2,703,644)</u>	<u>-</u>	<u>607,411</u>

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.

13 Movements in funds - previous year – continued

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

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

	2019	2018
	£	£
Net (expenditure)/income for the reporting period (as per the statement of financial activities)	(553,521)	948,940
Amortisation charge	10,986	2,746
Depreciation charge	1,275	-
Increase/(Decrease) in debtors	436,124	(1,179,605)
Increase in creditors	122,886	74,119
Net cash provided by/(used in) operating activities	17,750	(153,800)
Purchase of Intangible Fixed Assets	-	(20,815)
Purchase of Tangible Fixed Assets	(9,183)	-
Net cash provided by/(used in) investing activities	(9,183)	(20,815)

15 Changes in net debt

	At 1 October 2018	Cash flows	Non-cash changes	At 30 September 2019
	£	£	£	£
Cash at bank and in hand	53,779	8,567	-	62,346
Net cash	53,779	8,567	-	62,346

16 Operating lease commitments

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

	2019	2018
	£	£
Less than 1 year	235,680	133,775
2 - 5 years	1,083,958	167,219
Greater than 5 years	<u>94,967</u>	<u>-</u>
	<u>1,414,605</u>	<u>300,994</u>

17 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.

18 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 £2,089,873 (2018: £1,750,089) from EDF, Inc. and included within debtors falling due within one year is an amount owed by EDF, Inc. of £562,414 (2018: £662,846 owed by EDF, Inc.).

19 Subsequent events

Change of office address

The charity entered into a new lease agreement on 5 February 2020 for premises located on the Third Floor, 41 Eastcheap, London, EC3M 1DT. The lease has a contractual term of 5 years from the date of the lease agreement. The financial commitment of the lease is £270,804 per annum in respect of annual rental and service charges.

Termination payments

In December 2019 The Charity incurred costs in respect of the termination of contract for a key management personnel. The cost of the termination was £65,000 (2018: £15,709) which included redundancy payments, national insurance and pension contributions.

Covid-19

The worldwide outbreak of the COVID-19 virus represents a significant event since the end of the financial period. In light of the impact of the virus the Charity has reviewed its cash flow forecasts and

considered the impact on going concern, concluding that the going concern basis remains an appropriate basis of preparation for these financial statements given the likely cash flow impact of operations 12 months from the date of signing this report. Please refer to note 1.2 for further detail on the Group's going concern basis of preparation. COVID-19 is considered to be a non-adjusting post balance sheet event and therefore has not been taken into account in preparing the statement of financial position as at 30 September 2019.