

Company registration number: 03897720

Charity registration number: 1078994

# Sustainability *first*

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 December 2020

Community Accounting Plus  
Units 1 & 2, North West  
Talbot Street  
Nottingham  
NG1 5GL

# **Sustainability First**

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## **Sustainability First**

### **Reference and Administrative Details**

#### **Patrons**

E Cantle

Lord Larry Whitty

Baroness Anne McIntosh

Lord Robin Teverson

#### **Trustees**

P Barton, Chair

Professor G Mackerron, Vice Chair

X Yu, Treasurer

F Osborn

D Sigsworth

D Lickorish

R Adams

S Deasley

T Cotterill

J Perkins

#### **Secretary**

C Williams

#### **Senior Management Team**

S Darcy

#### **Principal Office**

85 Great Portland Street

First Floor

London

W1W 7LT

#### **Company Registration Number**

03897720

#### **Charity Registration Number**

1078994

#### **Independent Examiner**

John O'Brien, employee of

Community Accounting Plus

Units 1 & 2, North West

Talbot Street

Nottingham

NG1 5GL

## **Sustainability First**

### **Trustees' Report**

The trustees, who are directors for the purposes of company law, present the annual report together with the financial statements of the charitable company for the year ended 31 December 2020.

#### **Trustees**

P Barton, Chair

Professor G Mackerron, Vice Chair

X Yu, Treasurer

F Osborn

D Sigsworth

D Lickorish

R Adams

S Deasley

T Cotterill

J Perkins (appointed 23 September 2020)

D Leiper (resigned 23 September 2020)

#### **Structure, governance and management**

##### ***Nature of governing document***

The charity is a company limited by guarantee and registered charity. It is operated under the rules of its memorandum and articles of association dated 21st December 1999 and recently amended 30th June 2016. It has no share capital and the liability of each member in the event of winding-up is limited to £1.

##### ***Recruitment and appointment of trustees***

Overall management of the charity is the responsibility of the trustees who are elected and co-opted under the terms of the memorandum and articles of association. New trustees are sought by recommendation or through advertisement and interviewed, selected candidates are appointed with the agreement of the Board. Day to day project activity is managed and carried out by employees, paid associates and unpaid trustees.

##### ***Objects and aims***

The principal objects of the charity are:

- To advance the knowledge and understanding of the environmental, economic and social dimensions of sustainability;
- To undertake and procure research and study, publishing any useful results;
- To promote ideas, actions and changes to further the integration of the quality of life with environmental protection. This includes the combating of climate change and global warming, at a community, regional, national and international level.

# **Sustainability First**

## **Trustees' Report**

### ***Public benefit***

The main activities undertaken to benefit the public are to procure research on sustainability, promote wider education on sustainability and public interest issues, particularly in water and energy, and publish useful results. These activities benefit the public by advancing the knowledge and understanding of the environmental, economic and social dimensions of sustainability. This is achieved by engaging in research and analysis, publishing the results freely and using research for discussion for key players in the fields of sustainable energy and water. The beneficiaries are the users and future users of energy and water supplies in the UK and the environment in which they live.

The trustees confirm that they have complied with the requirements of section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales.

### **Achievements and performance**

Summary of the main achievements during the period:

In 2020, Sustainability First continued to promote practical solutions to improve environmental, social and economic well-being within public utilities.

We convened senior policy, regulatory, corporate and civil society stakeholders in workshops and roundtables to test and disseminate our thinking and proposals and to educate and build understanding about sustainability. Due to Covid-19 these were moved to an online format.

During the year, we published more than 15 project papers and briefings and ten consultation responses, all of which can be accessed on our website. We have shared our work by speaking at online conferences and events and through blogs, media articles and via our social media channels, Twitter and Instagram. We also produced two newsletters which were sent to our supporters.

In November, we carried out our second annual impact assessment to gather feedback from key stakeholders. Over 90% of our stakeholder reported that their working relationship with Sustainability First is either very good or fairly good, with the majority of these - over 70% - very good. Stakeholders replied that the following aspects of their relationship with us were the most productive: the exchange of information/ideas, networking, new thinking, the value of challenge.

Our stakeholders also reported our biggest areas of impact as: new ideas and innovation, networking, shaping policy and regulation. Specific examples of impact provided by our stakeholders included: the development of new policy based on information sharing from a Sustainability First event, influencing regulation of the water market, shaping public interest in energy and water sectors, and framing discussion on how regulators need to work together and the strategic outcomes and threats they face.

### ***Governance and staffing***

At the September meeting we were extremely pleased to welcome and formally appoint our new Trustee, Joe Perkins. Don Leiper retired as a trustee and we thank him for his service to Sustainability First. We moved our registered office, details of the new office are shown on page 1.

We were sorry to see the departure of our Research Officer but were pleased to appoint three new members of staff to support the work of Sustainability First on research, project delivery, communications and education and outreach. We welcome the new staff.

# Sustainability First

## Trustees' Report

### *Fair for the Future Project*

Our major three-year Fair for the Future project which is working with regulated utility sectors to help them better address the politics of fairness and the environment continued into its third and final year. The project has two workstreams: developing and testing a 'Sustainable Licence to Operate' for companies; and building understanding of political uncertainty and regulatory risk to better deliver social and environmental outcomes.

In September, we published several key outputs for the project, including: our 'How to Guide' on a purposeful business approach; our discussion paper on sustainability metrics in public utilities; and a Viewpoint on the role of the Company Secretary in putting a company's purpose into action. On risk, in April we produced a briefing paper to support strategic thinking in the pandemic and in October we published a board pack on policy and regulatory risk that brought together analysis of the risk backdrop to the public purpose debate and provided guidance to executives on resilience.

As part of the project we secured pro bono support from the international law firm, Slaughter and May, who carried out a piece of extensive analysis for us on sustainability, law and regulation in energy, water and telecoms. Building on this work, we held a webinar in January 2021 that examined how much flexibility there is within current legal and regulatory frameworks and asked whether further legislation on sustainability and net-zero was needed.

In November we held two brainstorms on adaptive approaches to regulation and the role of consumer engagement in regulation, which will help to develop our thinking ahead of our final project paper and conference in March 2021. The final conference and paper will focus on the implications of public purpose for policy and regulation.

During the year we have disseminated our Fair for the Future Project work extensively, including through a 'show and tell' to Ofgem's Chair and 80 Ofgem staff, to key members of Ofwat's leadership team, some of the energy team at BEIS and to Citizens Advice. We have also held bilateral meetings with, amongst others, Thames Water, the Energy Ombudsman CEO, the GIIA CEO and National Grid.

### *Public Interest Advisory Group for Smart Meter Energy Data*

Convened with the Centre for Sustainable Energy, since 2017 the Public Interest Advisory Group (PIAG) on smart meter energy data has brought together a broad range of public interest stakeholders to consider how smart meter data can be put to best use to further public policy goals and aid in the energy transition. Phase 2 of the PIAG project began in late 2019 and focuses on building an evidence base for our Phase 1 recommendations. During the year we held three high-level workshops that explored the potential benefits of smart-meter data for regulatory assessments and systems efficiency, and devolved governments and local authorities. The penultimate workshop, which was held in November engaged a range of new actors who had not previously engaged with the PIAG work. We also submitted a response to Ofgem's Market-wide Half Hourly Settlement consultation, which addressed points around data access that have been explored by the PIAG project.

We are now preparing for the final PIAG report and workshop, which will be held in the Spring of 2021.

### *Sustainable Futures Project*

Our latest programme, Sustainable Futures, aims to reconcile the focus on GDP with the need to secure economic, social, and environmental wellbeing within public utilities. The project brings together knowledge from these sectors and from within the arts, to encourage dialogue, change behaviours, educate and inspire people for a more sustainable future. This programme began with our artist residencies. Only the first of these, with UKPN, was able to start due to the pandemic.

## Sustainability First

### Trustees' Report

At the start of the crisis we launched an art and essay competition, in which we invited original, radical ideas and visions in response to the question: *'How do we build from the current corona crisis towards a more sustainable future?'* Over 1,100 artworks and 100 essays were submitted. Using the competition entries as a foundation for discussion, and supported by the insights of industry experts, our judging panel from the art and essay competition, and the wider literature, in Summer 2020 we produced our first-ever virtual book, *'Building from the Corona Crisis towards a Sustainable Future'*, which brings together this wide range of voices to 're-imagine' a more sustainable future. Alongside the virtual book, the insights and ideas from our art and essay competitions helped to shape our responses to the BEIS Select Committee Post-pandemic economic growth inquiry and The House of Lords Covid Committee.

The next stage of this programme, which is due to take place in 2021, will see us host a series of online discussion events that ask how we can address climate change and social justice issues as we recover from the pandemic. These events will feature a wide range of voices, including activists, artists, academics, policymakers, companies and community organisations. Through the events we hope to develop positive, imaginative visions for social, environmental and economic well being and practical actions for change. We are also currently developing an educational outreach element of the project which will target primary and secondary schools and aims to bring together science and art. This work is being funded by National Grid, who are a principal UK Government Partner for COP26.

#### *RII02 network price controls*

Sustainability First has been a member of Ofgem's Challenge Group for the RII02 network price review throughout the year and has taken an active role in various working groups on this subject. In August we held an informal workshop on the 'Just Transition' and the RII02 price controls. In September we submitted responses to Ofgem's consultations on the RII02 Draft Determinations for Transmission, Gas Distribution and the ESO, and on the RII02 ED2 Methodology.

#### *The social and distributional impacts of decarbonisation and climate adaptation*

In early 2020 we secured a seed corn grant from the Nuffield Foundation to carry out a meta-analysis on the existing and current research on this topic. We published this research in April and produced a briefing paper on this and held a high-level roundtable in June - with BEIS, HMT, Ofgem and Scottish Government representatives, academics and civil society groups. This year we also secured pro bono support from Frontier Economics to develop a framework and methodology for assessing the distributional impacts around decarbonisation and climate adaptation. This work will begin in January 2021.

#### *Sustainability Principles*

Building on a guest blog that the Director wrote for the independent thinktank Bright Blue in mid-2020, in October, we published an Expert Viewpoint that examines the need to change our economic approach - such as how we regulate for investment in our future energy and water networks - for a resilient future. The paper proposes eight 'sustainability principles' that should underpin economic policy and regulatory decision making in public utilities. On the back of this work, we are developing a major new Sustainability Principles Project, which we aim to run from summer 2021 to the end of 2022. The aim of this project would be to develop, test and embed a robust set of practical sustainability principles which economic decision-makers can readily adopt and apply. This will involve the development of a set of practical 'use cases.'

#### *Bespoke pieces of work*

In August, we started working on a project with Wessex Water on their social purpose.

## **Sustainability First**

### **Trustees' Report**

#### *Consultation responses*

During the year, Sustainability First responded to ten consultations and calls for evidence:

- Citizens Advice Draft Consumer Work Plan, January 2020
- Ofgem's Decarbonisation Programme Action Plan, February 2020
- RII02 Net-Zero Reopener, May 2020
- BEIS Economic Recovery Initiative, June 2020
- BEIS Committee – Post-Pandemic Economic Growth Inquiry, July 2020
- House of Lords – Life beyond Covid Inquiry, August 2020
- Ofgem, RII02, Draft Determinations for Gas and Electricity Transmission, Gas Distribution, Electricity System Operator RII02 Price Controls, September 2020
- Ofgem Consultation on Market-Wide Half Hourly Settlement, September 2020
- Ofgem, ED2 Methodology Consultation, September 2020
- Ofgem Impact Assessment Guidance, September 2020

#### *Covid*

During the year we have had to adapt our work to the Covid 19 pandemic. For example, we developed a log of actions public utilities were taking to put their purpose into action in the crisis and used this to shape our policy outputs. In addition to the work for our new Sustainable Futures Programme, we also produced several Viewpoints on the pandemic including a piece by our Founder and Patron Ted Cante on actions to take in the crisis and by one of our Associates on vulnerability, affordability and utilities in the pandemic.

We started to hold weekly on-line team meetings in March to keep us in touch with each other and to provide a platform for information exchange, support and planning whilst we work remotely. We had to put on hold our plans to develop a 'strategic partners' programme as we were no longer able to meet in person; and some of those that we were in discussions with were facing financial constraints.

#### **Plans for 2021**

Sustainability First plans to continue its work through projects on-going at the year end, as indicated above. These include Fair for the Future; the Public Interest Advisory Group; and the Sustainable Futures Programme. We plan to launch our new Sustainability Principles project in mid 2021.



## **Sustainability First**

### **Trustees' Report**

#### **Financial review**

Sustainability First is pleased to report net movement in funds for the year ended 31 December 2020 of £88,710 (2019: £26,833). The income for the year of £406,083 (2019: £299,722) was mainly generated from a series of projects involving research and analysis as described above. Some of these were completed during the year, others were on-going at the end of the year. The total expenditure on charitable activities during the year was £317,373 (2019: £272,889). The reserves carried forward at the end of the period were £402,398 (2019: £313,688). The trustees recognise and anticipate that there will be further expenditure out of the reserves to complete the projects that were on-going at the end of the year. The trustees have also decided to designate funds to allow for the strategic development of Sustainability First by seeking longer term funding from new sources and by building the in-house team delivering its charitable activities. In recognition of these the trustees have decided to designate £131,000 (2019: £155,000) of General funds to cover delayed project activities (workshops, conferences, travel and sub-contractors) which will be delivered in 2021 and for strategic development. Details will be provided in the Financial Statements to 31 December 2021 in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations at that date. Reserves will also be used to develop new income streams to allow for an increase in the range of activities undertaken by Sustainability First including dissemination, research and communications.

#### ***Policy on reserves***

The trustees of Sustainability First keep the financial reserves for the charity under regular review. The desired level of reserves is discussed by trustees at least annually. Our current aim is to retain sufficient reserves to meet core overhead costs for one year ahead. In line with Charity Commission guidance, Sustainability First will always maintain sufficient reserves to cover core costs for a minimum of six months. The level of Sustainability First reserves is noted each quarter via the finance report to trustees.

At the end of 2020 the level of reserves was £402,398, however as mentioned above £131,000 was designated from the General fund to cover costs to complete projects that were on-going at the end of the year and for strategic development of the Charity. This effectively left General reserves, not designated, of £271,398 which represented 16 months' worth of other core operating and development costs. Whilst this level is higher than the target, the trustees have examined the projected reserves level in years to come and anticipate that the level will reduce as current income sources come to an end and projects are completed and will therefore allow time for the development of new projects.

# **Sustainability First**

## **Trustees' Report**

### ***Principal risks and uncertainties***

#### ***Main risks***

The trustees have reviewed the risks to the charity during the year and have identified the main risks as relating to: key staff and associates (identifying, keeping and dealing with sudden loss); future projects and project funding; and quality assurance (especially on short-term / one-off pieces of work). New risks identified related to COVID 19, its impact on ways of working, projects and fundraising. One risk saw its profile increase: reputational loss. This was due to the febrile environment around water and energy price reviews which sit at the heart of some of our ongoing work and thinking on regulation and consumer engagement. The IT/data security risk saw its profile reduced.

The trustees consider that suitable actions are being taken and controls have been put in place to control and mitigate these risks. These include: maintaining involvement of a range of Associates and having more core staff available; maintaining close dialogue with staff and Associates and developing new personnel and Associates where relevant; ensuring quality control of reports and publications by review processes; developing new ways of working including remote working and regular team discussions on-line and delivering project outputs virtually and increasing the methods of communicating with our audiences, sponsors and the public; developing new ideas to broaden the reach of our work eg via the essay and art competition, ensuring sponsors remain satisfied with work produced by discussion with them; seeking new sponsors; allocating resources to allow for the strategic development of Sustainability First including its sources of funding and communication strategy; keeping an up to date register of interests for trustees, staff and associates; ensuring suitable insurance policies are in place; maintaining IT capability to store data safely.

In addition to the review of risks which took place during the year, the trustees considered the various Sustainability First policies and procedures and updated these and added to them to reflect the nature of work undertaken, the wider staff and Associate team and the changes to remote working and engagement. The trustees reviewed the plans for the organisation and regularly considered how these plans needed to be adapted to deal with the impact of COVID 19 and considered what action should be taken as the situation evolved.

### **Implications of COVID 19**

As mentioned above the trustees considered the implications of COVID 19 on the charity and the actions taken to deal with the situation during the year and continue to do so. Some of the implications and arrangements are detailed below.

*Staff* – at every stage the health and safety of staff has been a priority. Arrangements were made for staff to work from home. New guidance on home working was issued and regular keep-in-touch arrangements, using virtual meetings in addition to electronic communication, were introduced. Staff are encouraged to raise personal issues arising from the pandemic with the Director so that Sustainability First can try to support them. Due to the nature of the charity's work and the plans implemented, no staff contracts were affected and no staff needed to be furloughed due to the pandemic.

*Meetings* – from the start of the first lock down in March 2020 arrangements were made to hold meetings virtually to avoid unnecessary travel by staff, trustees and other stakeholders. The main changes included on-line weekly meetings for staff and associates, conferences and discussion sessions held virtually and, in line with the provisions of the articles of association, holding trustees' meetings and the AGM virtually.

*Impact on the charity's development during the year and its position at the reporting date* – the charity was able to continue to fulfil its various projects successfully. Planned conferences were switched to an on-line format. It had been hoped to develop new projects and sources of funds during the year. The plans were modified and new initiatives were developed, including an Art and Essay prize, and the major new Sustainable Futures project was secured. The trustees agreed with the director that the time horizon for strategic development should be extended given the impact of COVID 19 and will continue in 2021.

# Sustainability First

## Trustees' Report

*Use of reserves and viability* – as mentioned in the accounts, the charity had reserves at the end of 2020 and plans to use part of these to complete existing projects and for strategic development. The trustees have considered that reserves will be sufficient to cover these costs and cover predicted expenditure in 2021 and part of 2022. The trustees have considered the availability of reserves and the on-going plans for the future and are confident that the charity remains viable.

*Impact on wider stakeholders* – the delivery of projects and our contact with our wider stakeholders have been considered and adapted to the circumstances and restrictions of the pandemic. Use has been made of virtual events and our communications strategy developed to ensure continued and wider communication with our various stakeholders.

*IT systems and office arrangements* – new software and IT systems have been introduced to make communications easier. Our web site has been developed and social media programme increased. We decided to temporarily cease the use of office premises for staff and meetings and made alternative arrangements.

*On-going review* – The director of Sustainability First and the trustees meet quarterly and discuss all aspects of the charity and are keeping arrangements to deal with the impact of the COVID 19 pandemic under regular review.

### Statement of Trustees' Responsibilities

The trustees (who are also the directors of Sustainability First for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and 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 charitable company will continue in business.

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

Approved by the trustees of the charity on 25 March 2021 and signed on its behalf by:

P Barton .....

P Barton  
Trustee

## **Sustainability First**

### **Independent Examiner's Report to the trustees of Sustainability First**

#### **Independent examiner's report to the trustees of Sustainability First ('the Company')**

I report to the charity trustees on my examination of the accounts of the company for the year ended 31 December 2020.

#### **Responsibilities and basis of report**

As the charity's trustees of the company (and also its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the Company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your charity's accounts as carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the directions given by the Charity Commission under section 145(5) (b) of the 2011 Act.

#### **Independent examiner's statement**

Since the Company's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member and Fellow of the Association of Charity Independent Examiners, which is one of the listed bodies.

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the Company as required by section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination; or
4. the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities [applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)].

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

**John O'Brien**

.....

John O'Brien MSc, FCCA, FCIE, employee of Community Accounting Plus  
Fellow of the Association of Charity Independent Examiners

Units 1 & 2, North West  
Talbot Street  
Nottingham  
NG1 5GL

Date:.....13/04/2021.....

## Sustainability First

### Statement of Financial Activities for the Year Ended 31 December 2020 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £	Total 2020 £	Total 2019 £
<b>Income and Endowments from:</b>				
Donations and legacies	2	5,000	5,000	-
Charitable activities	3	400,887	400,887	299,527
Investment income	4	196	196	195
Total Income		406,083	406,083	299,722
<b>Expenditure on:</b>				
Charitable activities	5	(317,373)	(317,373)	(272,889)
Total Expenditure		(317,373)	(317,373)	(272,889)
Net income		88,710	88,710	26,833
Net movement in funds		88,710	88,710	26,833
<b>Reconciliation of funds</b>				
Total funds brought forward		313,688	313,688	286,855
Total funds carried forward	15	402,398	402,398	313,688

All of the charity's activities derive from continuing operations during the above two periods.

## Sustainability First

### Statement of Financial Activities for the Year Ended 31 December 2020 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

#### Funds breakdown for the previous accounting period ended 31 December 2019

These are the figures for the previous accounting period and are included for comparative purposes

	Note	Unrestricted funds £	Total 2019 £
<b>Income and Endowments from:</b>			
Charitable activities	3	299,527	299,527
Investment income	4	195	195
Total income		<u>299,722</u>	<u>299,722</u>
<b>Expenditure on:</b>			
Charitable activities	5	(272,889)	(272,889)
Total expenditure		<u>(272,889)</u>	<u>(272,889)</u>
Net income		<u>26,833</u>	<u>26,833</u>
Net movement in funds		26,833	26,833
<b>Reconciliation of funds</b>			
Total funds brought forward		<u>286,855</u>	<u>286,855</u>
Total funds carried forward	15	<u>313,688</u>	<u>313,688</u>

**Sustainability First**  
**(Registration number: 03897720)**  
**Balance Sheet as at 31 December 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	12	216	431
<b>Current assets</b>			
Debtors	9	46,350	61,577
Cash at bank and in hand	13	435,211	355,722
		481,561	417,299
<b>Creditors: Amounts falling due within one year</b>	10	(79,379)	(104,042)
<b>Net current assets</b>		402,182	313,257
<b>Net assets</b>		402,398	313,688
<b>Funds of the charity:</b>			
<b>Unrestricted income funds</b>			
Unrestricted funds		402,398	313,688
<b>Total funds</b>	15	402,398	313,688

For the financial year ending 31 December 2020 the charity was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the charity to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements on pages 11 to 22 were approved by the trustees, and authorised for issue on 25 March 2021 and signed on their behalf by:

X Yu .....

X Yu  
Trustee

# **Sustainability First**

## **Notes to the Financial Statements for the Year Ended 31 December 2020**

### **1 Accounting policies**

#### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **Statement of compliance**

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)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). They also comply with the Companies Act 2006 and Charities Act 2011.

#### **Basis of preparation**

Sustainability First 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 notes.

#### **Going concern**

The financial statements have been prepared on a going concern basis.

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

#### **Exemption from preparing a cash flow statement**

The charity opted to adopt Bulletin 1 published on 2 February 2016 and have therefore not included a cash flow statement in these financial statements.

#### **Income and endowments**

Voluntary income including donations, gifts, legacies and grants that provide core funding or are of a general nature is recognised when the charity has entitlement to the income, it is probable that the income will be received and the amount can be measured with sufficient reliability.

#### ***Grants receivable***

Grants are recognised when the charity has an entitlement to the funds and any conditions linked to the grants have been met. Where performance conditions are attached to the grant and are yet to be met, the income is recognised as a liability and included on the balance sheet as deferred income to be released.

#### ***Deferred income***

Deferred income represents amounts received for future periods and is released to incoming resources in the period for which, it has been received. Such income is only deferred when:

- The donor specifies that the grant or donation must only be used in future accounting periods; or
- The donor has imposed conditions which must be met before the charity has unconditional entitlement.



## **Sustainability First**

### **Notes to the Financial Statements for the Year Ended 31 December 2020**

#### **Expenditure**

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

#### ***Charitable activities***

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

#### **Taxation**

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

#### **Tangible fixed assets**

Individual fixed assets costing £500 or more are initially recorded at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

#### **Depreciation and amortisation**

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value of all tangible fixed assets with a cost exceeding £500 over their expected useful economic life as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
IT equipment	33.3% straight line

#### **Trade debtors**

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the charity will not be able to collect all amounts due according to the original terms of the receivables.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

## Sustainability First

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the charity does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

#### Fund structure

Unrestricted income funds are general funds that are available for use at the trustees' discretion in furtherance of the objectives of the charity.

Designated funds are unrestricted funds set aside for specific purposes at the discretion of the trustees.

#### Pensions and other post retirement obligations

The charity operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the charity. Pension costs charges in the Statement of Financial Activities represent the contributions payable by the charity during the year.

### 2 Income from donations and legacies

	Unrestricted funds		
	General	Total 2020	Total 2019
	£	£	£
Grants, including capital grants;			
Grants from other charities	5,000	5,000	-
	5,000	5,000	-

### 3 Income from charitable activities

	Unrestricted funds		
	General	Total 2020	Total 2019
	£	£	£
Membership & sponsorship fees	400,887	400,887	299,527

## Sustainability First

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### 4 Investment income

	Unrestricted funds		
	General £	Total 2020 £	Total 2019 £
Interest receivable and similar income;			
Interest receivable on bank deposits	196	196	195

#### 5 Expenditure on charitable activities

	Unrestricted General funds £	Total 2020 £	Total 2019 £
Company secretarial and bookkeeping service	15,600	15,600	18,888
Consultancy fees	134,456	134,456	96,565
Depreciation	215	215	216
Insurance	3,174	3,174	2,700
IT consultancy & software	5,767	5,767	3,125
Legal & professional	650	650	779
Meals & catering	23	23	720
Office accommodation	7,963	7,963	6,085
Payroll fees	392	392	312
Prizes	3,500	3,500	-
Printing & photocopying	-	-	619
Communications	8,230	8,230	7,607
Travel, meetings & conference costs	2,537	2,537	9,983
Trustee travel & subsistence	-	-	831
Wages, NI & pension	130,022	130,022	121,423
Subscriptions	3,302	3,302	3,008
Recruitment expenses	1,500	1,500	-
Sundry expenditure	42	42	28
	317,373	317,373	272,889

The figures above represent expenditure made and committed in the year. The trustees have identified £131,000 of expenditure relevant to projects which represent expected costs of delivery of certain projects in future periods which Sustainability First has indicated to sponsors will be incurred and also the costs required for the strategic development of the charity which the trustees have decided should take place in the forthcoming periods. The trustees have chosen to designate these funds accordingly see notes 15 and 16.

## Sustainability First

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### 6 Trustees remuneration and expenses

During the year the charity made the following transactions with trustees:

##### D Sigsworth

£Nil (2019: £831) of expenses were reimbursed to D Sigsworth during the year.

Trustee travel & subsistence expenses reimbursed

No trustees, nor any persons connected with them, have received any remuneration from the charity during the year.

No trustees have received any reimbursed expenses or any other benefits from the charity during the year.

#### 7 Fees payable to independent examiner

During the period, the fees payable (excluding VAT) to the charity's independent examiner Community Accounting Plus are analysed as follows:

	2020 £	2019 £
Independent examination	650	650
Other financial services	392	312
	<u>1,042</u>	<u>962</u>

#### 8 Staff costs

The aggregate payroll costs were as follows:

	2020 £	2019 £
<b>Staff costs during the year were:</b>		
Wages and salaries	118,731	109,275
Social security costs	9,473	10,496
Pension costs	1,818	1,652
	<u>130,022</u>	<u>121,423</u>

## Sustainability First

### Notes to the Financial Statements for the Year Ended 31 December 2020

The monthly average number of persons (including senior management team) employed by the charity during the year was as follows:

	2020 No	2019 No
Average number of employees	3	2

3 (2019 - 2) of the above employees participated in the Defined Contribution Pension Schemes.

Contributions to the employee pension schemes for the year totalled £1,818 (2019 - £1,652).

The number of employees whose emoluments fell within the following bands was:

	2020 No	2019 No
£100,001 - £110,000	1	1

The total employee benefits of the key management personnel of the charity were £105,941 (2019 - £107,891).

#### 9 Debtors

	2020 £	2019 £
Trade debtors	31,357	57,982
Prepayments	14,233	3,546
Accrued income	49	49
VAT recoverable	711	-
	<u>46,350</u>	<u>61,577</u>

#### 10 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	23,211	4,731
Other taxation and social security	-	13,445
Accruals	16,698	11,790
Deferred income	39,470	74,076
	<u>79,379</u>	<u>104,042</u>

## Sustainability First

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### 11 Taxation

The charity is a registered charity and is therefore exempt from taxation.

#### 12 Tangible fixed assets

	Computer equipment £	Total £
<b>Cost</b>		
At 1 January 2020	647	647
At 31 December 2020	647	647
<b>Depreciation</b>		
At 1 January 2020	216	216
Charge for the year	215	215
At 31 December 2020	431	431
<b>Net book value</b>		
At 31 December 2020	216	216
At 31 December 2019	431	431

#### 13 Cash and cash equivalents

	2020 £	2019 £
Cash at bank	435,211	355,722

#### 14 Charity status

The charity is a company limited by guarantee and consequently does not have share capital. Each of the trustees is liable to contribute an amount not exceeding £1 towards the assets of the charity in the event of liquidation.

## Sustainability First

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### 15 Funds

	Balance at 1 January 2020 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 December 2020 £
<b>Unrestricted funds</b>					
<i>General</i>					
General	158,688	406,083	(317,373)	24,000	271,398
<i>Designated</i>					
Activities	155,000	-	-	(24,000)	131,000
<b>Total funds</b>	<u>313,688</u>	<u>406,083</u>	<u>(317,373)</u>	<u>-</u>	<u>402,398</u>

The specific purposes for which the funds are to be applied are as follows:

The Designated activities fund is to cover strategic development of Sustainability First and activities (workshops, conferences, travel and sub-contractors) which will be delivered in 2021.

	Balance at 1 January 2019 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 December 2019 £
<b>Unrestricted funds</b>					
<i>General</i>					
General	210,855	299,722	(272,889)	(79,000)	158,688
<i>Designated</i>					
Activities	76,000	-	-	79,000	155,000
<b>Total funds</b>	<u>286,855</u>	<u>299,722</u>	<u>(272,889)</u>	<u>-</u>	<u>313,688</u>

## Sustainability First

### Notes to the Financial Statements for the Year Ended 31 December 2020

#### 16 Analysis of net assets between funds

	Unrestricted funds		2020
	General £	Designated £	Total funds £
Tangible fixed assets	216	-	216
Current assets	350,561	131,000	481,561
Current liabilities	(79,379)	-	(79,379)
Total net assets	271,398	131,000	402,398

  

	Unrestricted funds		2019
	General £	Designated £	Total funds £
Tangible fixed assets	431	-	431
Current assets	262,299	155,000	417,299
Current liabilities	(104,042)	-	(104,042)
Total net assets	158,688	155,000	313,688

#### 17 Related party transactions

There were no related party transactions in the year.