

Company registration number: 3897720

Charity registration number: 1078994

Sustainability First

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 December 2021

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

Sustainability First

Contents

Reference and Administrative Details	1
Trustees' Report	2 to 11
Independent Examiner's Report	12
Statement of Financial Activities	13 to 14
Balance Sheet	15
Notes to the Financial Statements	16 to 23

Sustainability First

Reference and Administrative Details

Patrons	Edward Cattle Lord Larry Whitty Baroness Anne McIntosh Lord Robin Teverson
Trustees	Philip Barton, Chair Professor Gordon Mackerron, Vice Chair Xiao Yu, Treasurer Sarah Deasley Frederic Osborn Tracey Cotterill David Sigsworth Derek Lickorish Joe Perkins
Secretary	Claire Williams
Senior Management Team	Sharon Darcy, Director
Charity Registration Number	1078994
Company Registration Number	3897720
Registered Office	85 Great Portland Street First Floor London W1W 7LT
Independent Examiner	John O'Brien, employee of Community Accounting Plus Units 1 & 2 North West 41 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 2021.

Trustees and officers

The trustees and officers serving during the year and since the year end were as follows:

Trustees:	Philip Barton, Chair
	Professor Gordon Mackerron, Vice Chair
	Xiao Yu, Treasurer
	Sarah Deasley
	Frederic Osborn
	Tracey Cotterill
	David Sigsworth
	Derek Lickorish
	Joe Perkins
	Richard Adams, retired 31/12/2021
Secretary:	Claire Williams

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.

Objectives and activities

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:

With the hosting of COP26 in Glasgow against a backdrop of escalating climate breakdown, 2021 was the year that many people, including much of the investment community, started to wake-up to the importance of sustainability. As we move towards the mid-point of this decisive decade for the climate crisis, it is clear that decisions made now will have a lasting impact on how we live, not just as consumers but also as citizens and communities and on the natural world.

Whilst sustainability has in many ways 'come of age', and Sustainability First has itself clocked up 21 years of activity, we maintain there is a greater need than ever for approaches which align interests, champion co-benefits and push the boundaries for transformational change. Work is needed to avoid green-wash to get action at the scale and pace necessary to deliver a sustainable future. Partnerships, and prioritisation are integral to such an approach.

Throughout 2021, Sustainability First continued to build on its two plus decades of cutting-edge research to develop practical solutions to better deliver social, environmental and economic wellbeing in UK utilities such as energy, water and communications. Our work is focused on delivering three external aims: shaping agendas in essential services for a sustainable future; connecting, engaging and inspiring people on sustainability; and embedding sustainability in practice.

This annual report starts with some highlights in numbers of our impact in the last year before looking at each of our aims in more detail, both in terms of what we have achieved in 2021 and what we plan for the future.

Sustainability First in numbers - highlights of our impact in 2021

11 Consultation responses driving substantive change	Sustainability First is often one of the only independent voices / NGOs that responds to technical consultations and calls for evidence from government and regulators. Our responses are 'open source' and widely disseminated. They provide detailed proposals on how to mainstream sustainability
14 Expert viewpoints and briefings shared	These cutting-edge outputs provide thought leadership and technical insights in key areas for sustainability in utilities such as the energy crisis and energy and water nexus issues. Where appropriate we commission these from external thought leaders

Sustainability First

Trustees' Report

5 out of 8 utility companies impacted	Five of the companies who took part in our major Fair for the Future Project and responded to our impact survey reported this work had a significant or moderate impact on their strategy development. Five of the companies involved in the project said they had reviewed their board sub-committees and engagement strategy as a result of this work. One company reviewed their Memorandum and Articles of Association and third party accreditation arrangements as a direct result of the Fair for the Future Project
13 agenda shaping events	We used our independent convening power and trusted status to bring members of the public and key stakeholders together in discussion events, conferences, workshops and roundtables to explore key topics for sustainability and build support for sustainable change
44% artists and writers thinking differently	Just under half of the artists and writers that applied for our 2021 Art and Writing Prize on the theme of 'Together for a Fair Climate Future' said this programme made them think differently about climate change and fairness
23% prize entrants taking action	Almost a quarter of the prize entrants said that they had taken specific actions around sustainability because of their engagement
1,141 public votes	The winning art entry for our 'People's Choice' public vote for our 2021 Art and Writing Prize, Moths to a Flame, received more than 400 votes out of 1,141 in total
600 visitors to our Reconnecting art exhibition	Our first ever art exhibition, in the influential Bermondsey Project Space Gallery, showcased the entries from our 2020 Art and Essay prizes on 'How do we recover from the pandemic for a sustainable future' and the work of our first ever artist in residence, Hugo Lamy, at UKPN
160,000 twitter interactions and 2,000 YouTube views	Our Together for a Fair Climate Future discussion events attracted significant interest on Twitter and YouTube. Participants were able to listen to, link up with and be inspired by our fantastic contributors that included around 26 NGOs that we had not previously worked with
92% increase in social media followers	The significant increase in our reach from a very low base has led us to have an active presence on YouTube, Twitter, Instagram and LinkedIn. This has been organic growth – we have not paid for advertising
23 sponsors	Our work is sponsored by most of the main UK utility companies, along with key stakeholders such as Ofgem and the Energy Systems Catapult. We would like to thank them for all their support; without them this work would not be possible
2.8 staff and 6 associates	Our small staff team and network of senior associates with deep expertise in essential services punch well above their weight

Shaping agendas in essential services for a sustainable future

In the last year, Sustainability First has made a significant impact in ensuring that the agenda in the energy, water and communications sectors is focused on delivering environmental, social and economic wellbeing, for both today and tomorrow. In 2021 our major Fair for the Future project helped shift the dial on how decision makers in these areas think about their purpose, and maximise public value.

Following analysis for us from law firm Slaughter and May, in early 2021, we held a webinar on how legal and regulatory frameworks in utilities currently deliver sustainability. The answer is that no one should 'hide behind the law' and that decision makers have flexibility in how they interpret and implement it. Building on this work and our Fair for the Future primary research from the previous three years, we held a conference in March on 'Fairness in utilities: What are the implications of public purpose for companies, policy makers and regulators?'

Sustainability First

Trustees' Report

This conference launched our major 'Regulation for the Future' report which established recommendations about how policy and regulation need to change to deliver sustainability. We have used the conclusions from this extensive research to shape Defra's Strategic Policy Statement for Ofwat and have shared this with BEIS as they develop the equivalent Statement for Ofgem.

One of our key Fair for the Future proposals has been the need for longer-term planning. In 2021 we worked with Frontier Economics to help them develop a framework for considering the intergenerational impacts of decarbonisation. Our presentation on long-term adaptive planning and regulation has been shared extensively with utility regulators and the water sector, helping shape long term decision making.

Our Fair for the Future research showed that if we are to avoid 'green wash' and a silo-based approach to sustainability, we must actively support the cultural change taking place amongst decision makers.

Connecting, engaging and inspiring people on sustainability

To attain transformational and sustainable change, meaningful and enduring public engagement is crucial. In 2021 we stepped-up our engagement agenda. Effective change needs to be done with people rather than to people; we took a different approach to engaging people and organisations in light of the uncertainty and challenges faced.

We had already carried out significant research on 'established' engagement mechanisms, culminating in the summer in a report on engagement and public value that we shared with key stakeholders in the energy and water sectors.

To engage further, we have started using art and more creative approaches to engage hearts as well as minds. In the summer we hosted our first art exhibition, on the theme of 'Reconnecting' with people and planet around the pandemic, and showcased the fantastic work of Hugo Lamy, our first artist-in-residence who had been working with UKPN in the first lock-down. This was alongside art works from our 2020 Art Prize, exploring how to recover sustainably from the pandemic. The amazing work from Geraint Ross Thomas, our second artist-in-residence, was shown by SSE in their offices during COP26 in Glasgow.

Following the IPCC's 2021 verdict that we are at 'code red for humanity' in terms of climate change, the need for a laser-like focus on net zero is vital. To ensure the transition is fair, and to build social support, engagement is crucial. Throughout 2021 our 'Together for a Fair Climate Future' programme worked with younger people, artists, activists and community groups to explore issues around the intersect of social and environmental justice. We are grateful to the Engagement Panel who advised us on this programme.

Our online discussion events looked at key issues such as how we can listen to the voices of the future, what we value in society, whether technology can be a force for good, how we can live more sustainably and what good leadership looks like for a fair climate future. Recognising that individual action is necessary but not sufficient to tackle the climate crisis, we held an inclusive participatory 'Shake up the system' conference which explored how to link individual, social, structural and political change.

To complement this activity, we launched our 2021 Art and Writing Prizes on the 'Together for a Fair Climate Future' theme. The amazing entries are summarised in our virtual book on the topic and a video compilation of highlights from the discussion series was shared at COP26. We've been talking to some of the entrants to the prizes about how we can use their work to address sustainability with more impact.

Sustainability First

Trustees' Report

At COP26 we were extremely pleased to participate in Ofgem's online event for the COP Youth and Public Empowerment Day to announce our joint pilot 'Sustainable Futures Energy Forum.' This Forum will seek to give those under-represented in energy decision making - younger people, those from more diverse ethnic backgrounds and those already experiencing climate impacts - a greater voice.

Embedding sustainability in practice

Working together with new stakeholders must lead to action 'on the ground' if we are going to build trust in the net zero transition. In 2021 we continued our vital technical work to make sustainability mainstream.

The energy network price controls play a key role in the net zero transition. As a member of the Ofgem Challenge Group for the RIIO price control at the beginning of the year, and through our subsequent consultation responses on price review methodologies and environmental reporting, we helped Ofgem ensure these were firmly focused on net zero and issues such as vulnerability. Since then, we have significantly contributed to consultations on issues ranging from energy efficiency and flexibility to the Future System Operator, raising crucial questions about future systems development and governance.

In the water sector we have made important submissions to Ofwat on customer engagement regarding price controls and the price control reviews, and methodologies in that sector with significant implications for issues including affordability and biodiversity.

In the summer, we celebrated the work of our major Public Interest Advisory Group (PIAG) on smart energy meter data that we have been running with partner the Centre for Sustainable Energy with a major event and final report. We were delighted this was picked up in July by BEIS in their 'Digitalising the energy system for net zero strategy and action plan'. This accepted our recommendation that DNO data should be used to support wider public interest goals. We are now working with the Energy Systems Catapult to help embed the recommendations in energy thinking in 2022, including in the BEIS Energy Digitalisation Task Force.

Building our capacity

Associate and staff changes

To Spring 2021, we were lucky to continue to have the support of associate Fiona Smith on the Fair for the Future project. We are grateful to Fiona for all her guidance on legal and corporate governance issues for this work.

In the Autumn we were sad to say goodbye to Sonya Peres, our Education and Outreach Officer, and Janine Duffy, our Communications and Engagement Officer. We thank them for all their hard work. We were very pleased to welcome Clare Davidson to our small staff team whose role now combines both education and communications.

Trustee changes

Richard Adams retired from the Trustee Board at the end of December 2021. We thank him for his many years of service and support to Sustainability First.

Sustainability First

Trustees' Report

Plans for 2022

- **Enable the transformational shift to sustainability in essential services by supporting decision makers to adopt a principles-based approach to change.** We will work with civil society stakeholders to test our 'sustainability principles' framework and strawman to ensure this resonates with their concerns, needs and priorities and is accessible to them in terms of language etc. We will also test this with decision makers against real life problems and use -cases (such as the cost of living crisis, decisions relating to biodiversity and the shift to electric vehicles).
- **Open up energy decision making to currently under-represented groups.** We will establish and run the Sustainable Futures Energy Forum so that this is an effective platform to bring the voice of young people, including people from diverse ethnic backgrounds and people already experiencing climate impacts, into energy decision making.
- **Encourage more radical solutions to the energy crisis.** As the energy crisis and the cost-of-living crisis culminate in a perfect storm, 2022 is proving to be difficult for many people. And decision makers are struggling to respond to the current energy crisis in a strategic way. We will use our in-depth knowledge of the energy sector to embed sustainability, ensuring that affordability does not distract from urgently needed decarbonisation. We will work with others to ensure that energy efficiency is given sufficient long-term strategic funding and will press for deeper social protection for the most vulnerable. Radical solutions to the energy retail market crisis are needed to protect people in vulnerable situations whilst maintaining innovation.
- **Help ensure policy and regulation in the water sector support a sustainable future.** We will work with Defra, Ofwat and the Environment Agency and other key stakeholders to ensure the next water price review delivers more sustainable outcomes.
- **Use art and creative writing to inspire action for a sustainable future.** We will a) Use the entries from our 2021 art and writing prizes on the theme of 'Together for a fair climate future' to: reach out to new communities and inspire them to take action for a fair transition; and engage decision makers in utilities about different visions for, and scenarios of, the future. b) Identify a suitable topic for a future art and writing prize (eg biodiversity) and a suitable group of partners who can work together to use the entries to inspire change. We currently have no funding for this work but are currently exploring possible collaborations.
- **Use art to help North Sea communities shape the low carbon transition.** Use our artist residencies in these areas to connect people with issues around the transition so through their visions and images they can help shape their future.
- **Support sustainability education in schools.** Disseminate our COP26 related educational outreach materials with wider teacher and school networks. Evaluate impact. Review utility company educational outreach activity and identify gaps. Make recommendations for future company educational support and collaborative arrangements.
- **Ensure policy and regulatory frameworks support sustainability.** We will respond to consultations and calls for evidence from bodies such as Ofgem, BEIS, the CMA etc to ensure the electricity distribution company price controls and other key decisions deliver sustainable outcomes (eg on net zero).
- **Work with decision makers to ensure that data from energy smart meters is used in the public interest.** Work with Ofgem and BEIS to ensure that the recommendations from our multiparty three year Public Interest Advisory Group on this topic are put into effect.
- **Fair transition.** We will provide strategic advice to the National Grid on the development of their fair transition strategy.

Sustainability First

Trustees' Report

Team changes

In 2022, we will be sorry to see our current Director, Sharon Darcy, stepping down. Sharon has led Sustainability First for the last five years and has helped grow the organisation so that its impact now spans multiple utility sectors and its engagement work reaches out to creatively involve a much wider range of stakeholders. We won't say goodbye straightaway and Sharon will stay on as a fellow for a while.

We are delighted that our new Director, David Murray, will be joining us full time at the end of April. David brings a wealth of experience from the third sector and wider sustainability issues. We are also extremely pleased that our long-time Associate Zoe McLeod will be joining our small staff team as our first ever Policy Director. Zoe's expertise and deep sectoral insights will ensure Sustainability First is able to maintain momentum for change at this crucial time for people and planet. David and Zoe, working closely with our fantastic staff and associate teams, will together provide the leadership and vision to take Sustainability First to a new level.

Financial review

Sustainability First reports a net movement in funds for the year ended 31 December 2021 of £96,790 outflow (2020: £88,710 inflow). The income for the year of £258,503 (2020: £406,083) 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 £355,293 (2020: £317,373). The reserves carried forward at the end of the period were £305,608 (2020: £402,398). As indicated last year several projects funds which had been received in 2020 were designated for the completion of projects. The trustees also designated funds for the strategic development of Sustainability First. In completing projects and developing the organisation it was necessary to utilise the designated reserves and in the year Sustainability First therefore showed an outflow of funds. 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 continuation of 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 and in recognition of the need for support for the incoming director. In recognition of these the trustees have decided to designate £160,500 (2020: £131,000) of General funds to cover delayed project activities (workshops, conferences, travel and sub-contractors) which will be delivered in 2022 and for strategic development. Details will be provided in the Financial Statements to 31 December 2022 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 2021 the level of reserves was £305,608, however as mentioned above £160,500 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 £93,255 which represented 14.3 months' worth of core operating and development costs, other than those covered by designated funds. 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 and the transition to the new director.

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 resignation or sudden loss); future projects and project funding; and quality assurance (especially on short-term / one-off pieces of work) contagious disease (including COVID 19), its impact on ways of working, projects and fundraising. New risks identified included the transition to the new director and possible breaches of sponsor confidentiality / IP and breaches of GDPR.

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; continuing to develop 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; putting in place comprehensive transition support to help the new director establish himself and appointing a new policy director, ensuring all staff and associates are aware of the need for confidentiality relating to IP and GDPR; 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 continued to consider 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. Guidance on home working had been issued and regular keep-in-touch arrangements, using virtual meetings in addition to electronic communication, were continued. 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. some new projects were developed and started. Plans were adapted to the Covid situation. The trustees agreed with the director that the time horizon for strategic development should be extended given the impact of COVID 19 and change of director and will continue in 2022.

Sustainability First

Trustees' Report

Use of reserves and viability - as mentioned in the accounts, the charity had reserves at the end of 2021 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 2022 and part of 2023. 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 implemented to ensure continued and wider communication with our various stakeholders. When possible some meetings and an exhibition were held in person rather than virtually, recommended COVID 19 precautions were followed.

IT systems and office arrangements - new software and IT systems had been introduced to make communications easier. Our website has been developed and social media programme increased. We decided to temporarily cease the use of office premises in 2020 for staff and meetings and made alternative arrangements. Some ad hoc use of office space for staff meetings was introduced in 2021 during periods when the advice was that it was safe to do so.

On-going review - the director of Sustainability First and the trustees meet quarterly and discussed all aspects of the charity and have kept arrangements to deal with the impact of the COVID 19 pandemic under regular review.

Sustainability First

Trustees' Report

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. The report and accounts have been prepared in accordance with the provisions in the Companies Act 2006 relating to small companies.

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.

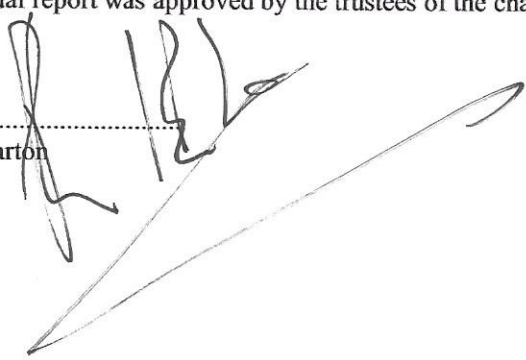
The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements 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.

Small companies provision statement

This report has been prepared in accordance with the small companies regime under the Companies Act 2006.

The annual report was approved by the trustees of the charity on 23 March 2022 and signed on its behalf by:

.....
Philip 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 2021.

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 MSc, FCCA, FCIE, employee of Community Accounting Plus
Fellow of the Association of Charity Independent Examiners

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

Date: 04/04/2022

Sustainability First

Statement of Financial Activities for the Year Ended 31 December 2021 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £	Total 2021 £	Total 2020 £
Income and Endowments from:				
Donations and legacies	2	3,190	3,190	5,000
Charitable activities	3	254,909	254,909	400,887
Investment income	5	404	404	196
Total income		<u>258,503</u>	<u>258,503</u>	<u>406,083</u>
Expenditure on:				
Charitable activities	6	<u>(355,293)</u>	<u>(355,293)</u>	<u>(317,373)</u>
Total expenditure		<u>(355,293)</u>	<u>(355,293)</u>	<u>(317,373)</u>
Net (expenditure)/income		<u>(96,790)</u>	<u>(96,790)</u>	<u>88,710</u>
Net movement in funds		(96,790)	(96,790)	88,710
Reconciliation of funds				
Total funds brought forward		<u>402,398</u>	<u>402,398</u>	<u>313,688</u>
Total funds carried forward	12	<u><u>305,608</u></u>	<u><u>305,608</u></u>	<u><u>402,398</u></u>

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

The funds breakdown for the period is shown in note 12.

The notes on pages 16 to 23 form an integral part of these financial statements.

Sustainability First

Statement of Financial Activities for the Year Ended 31 December 2021 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

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

	Note	Unrestricted funds £	Total 2020 £
Income and Endowments from:			
Donations and legacies	2	5,000	5,000
Charitable activities	3	400,887	400,887
Investment income	5	196	196
Total income		<u>406,083</u>	<u>406,083</u>
Expenditure on:			
Charitable activities	6	<u>(317,373)</u>	<u>(317,373)</u>
Total expenditure		<u>(317,373)</u>	<u>(317,373)</u>
Net income		<u>88,710</u>	<u>88,710</u>
Net movement in funds		88,710	88,710
Reconciliation of funds			
Total funds brought forward		<u>313,688</u>	<u>313,688</u>
Total funds carried forward	12	<u><u>402,398</u></u>	<u><u>402,398</u></u>

The notes on pages 16 to 23 form an integral part of these financial statements.

Sustainability First

(Registration number: 3897720) Balance Sheet as at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	8	-	216
Current assets			
Debtors	9	40,044	46,350
Cash at bank and in hand		<u>453,839</u>	<u>435,211</u>
		493,883	481,561
Creditors: Amounts falling due within one year	10	<u>(188,275)</u>	<u>(79,379)</u>
Net current assets		<u>305,608</u>	<u>402,182</u>
Net assets		<u>305,608</u>	<u>402,398</u>
Funds of the charity:			
Unrestricted income funds			
Unrestricted funds		<u>305,608</u>	<u>402,398</u>
Total funds	12	<u>305,608</u>	<u>402,398</u>

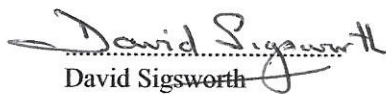
For the financial year ending 31 December 2021 the charity was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

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 financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

The financial statements on pages 13 to 23 were approved by the trustees, and authorised for issue on 23 March 2022 and signed on their behalf by:


David Sigsworth
Trustee

The notes on pages 16 to 23 form an integral part of these financial statements.

Sustainability First

Notes to the Financial Statements for the Year Ended 31 December 2021

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)) (issued in October 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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.

Donations and legacies

Donations are recognised when the charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance by the charity before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that these conditions will be fulfilled in the reporting period.

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.

Sustainability First

Notes to the Financial Statements for the Year Ended 31 December 2021

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.

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 £500.00 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, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
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.

Sustainability First

Notes to the Financial Statements for the Year Ended 31 December 2021

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.

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 2021 £	Total 2020 £
Donations and legacies;			
Donations from individuals	3,190	3,190	-
Grants, including capital grants;			
Grants from other charities	-	-	5,000
	<u>3,190</u>	<u>3,190</u>	<u>5,000</u>

3 Income from charitable activities

	Unrestricted funds General £	Total 2021 £	Total 2020 £
Membership & sponsorship fees	<u>254,909</u>	<u>254,909</u>	<u>400,887</u>

Sustainability First

Notes to the Financial Statements for the Year Ended 31 December 2021

4 Grants & donations

	Unrestricted funds £	Total £
Nesta Enterprise Ltd	2,000	2,000
Designit	1,000	1,000
Sundry donations	190	190
	<u>3,190</u>	<u>3,190</u>

5 Investment income

	Unrestricted funds General £	Total 2021 £	Total 2020 £
Interest receivable and similar income;			
Interest receivable on bank deposits	404	404	196
	<u>404</u>	<u>404</u>	<u>196</u>

6 Expenditure on charitable activities

	Unrestricted General funds £	Total 2021 £	Total 2020 £
Communications	5,345	5,345	8,230
Company secretarial and bookkeeping service	17,100	17,100	15,600
Competition & exhibition costs	9,692	9,692	-
Consultancy fees	121,934	121,934	134,456
Depreciation	216	216	215
Donations made	1,000	1,000	-
Educational outreach	1,000	1,000	-
Insurance	4,447	4,447	3,174
IT consultancy & software	12,360	12,360	5,767
Legal & professional	663	663	650
Meals & catering	-	-	23
Office accommodation	642	642	7,963
Payroll fees	488	488	392
Prizes	4,900	4,900	3,500
Printing & photocopying	892	892	-
Recruitment expenses	5,606	5,606	1,500
Subscriptions	3,263	3,263	3,302
Sundry expenditure	492	492	42
Travel, meetings & conference costs	16,133	16,133	2,537
Wages, NI & pension	149,120	149,120	130,022
	<u>355,293</u>	<u>355,293</u>	<u>317,373</u>

Sustainability First

Notes to the Financial Statements for the Year Ended 31 December 2021

The figures in note 6 represent expenditure made and committed in the year. The trustees have identified £160,500 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 12 and 13.

7 Staff costs

The aggregate payroll costs were as follows:

	2021 £	2020 £
Staff costs during the year were:		
Wages and salaries	136,209	118,731
Social security costs	10,749	9,473
Pension costs	2,162	1,818
	<u>149,120</u>	<u>130,022</u>

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

	2021 No	2020 No
Average number of employees	<u>4</u>	<u>3</u>

3 (2020 - 3) of the above employees participated in the Defined Contribution Pension Schemes.

Contributions to the employee pension schemes for the year totalled £2,162 (2020 - £1,818).

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

	2021 No	2020 No
£100,001 - £110,000	<u>1</u>	<u>1</u>

The total employee benefits of the key management personnel of the charity were £105,935 (2020 - £105,941).

Sustainability First

Notes to the Financial Statements for the Year Ended 31 December 2021

8 Tangible fixed assets

	Computer equipment £	Total £
Cost		
At 1 January 2021	647	647
At 31 December 2021	647	647
Depreciation		
At 1 January 2021	431	431
Charge for the year	216	216
At 31 December 2021	647	647
Net book value		
At 31 December 2021	-	-
At 31 December 2020	216	216

9 Debtors

	2021 £	2020 £
Trade debtors	35,106	31,357
Prepayments	4,685	14,233
Accrued income	253	49
Other debtors	-	711
	40,044	46,350

10 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	6,254	23,211
Other taxation and social security	16,693	-
Accruals	2,896	16,698
Deferred income	162,432	39,470
	188,275	79,379

Sustainability First

Notes to the Financial Statements for the Year Ended 31 December 2021

11 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.

12 Funds

	Balance at 1 January 2021 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 December 2021 £
Unrestricted funds					
<i>General</i>					
General	271,398	258,503	(355,293)	(29,500)	145,108
<i>Designated</i>					
Activities	131,000	-	-	29,500	160,500
Total funds	<u>402,398</u>	<u>258,503</u>	<u>(355,293)</u>	<u>-</u>	<u>305,608</u>
	Balance at 1 January 2020 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 December 2020 £
Unrestricted funds					
<i>General</i>					
General	158,688	406,083	(317,373)	24,000	271,398
<i>Designated</i>					
Activities	155,000	-	-	(24,000)	131,000
Total funds	<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 future periods.

Sustainability First

Notes to the Financial Statements for the Year Ended 31 December 2021

13 Analysis of net assets between funds

	Unrestricted		2021
	General £	Designated £	Total funds £
Current assets	333,383	160,500	493,883
Current liabilities	(188,275)	-	(188,275)
Total net assets	<u>145,108</u>	<u>160,500</u>	<u>305,608</u>

	Unrestricted		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	<u>271,398</u>	<u>131,000</u>	<u>402,398</u>

14 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:

	2021 £	2020 £
Independent examination	650	650
Other financial services	488	392
	<u>1,138</u>	<u>1,042</u>

15 Taxation

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

16 Trustees remuneration and expenses

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.

17 Related party transactions

There were no related party transactions in the year.