

Company Number: 06897785
Registered Charity Number: 1130306
Office of the Scottish Charity Regulator Registered Number: SC043120
ANBI RSIN number (Netherlands): 8257 45 925



ELLEN MACARTHUR FOUNDATION

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2020

Ellen MacArthur Foundation
Report and Financial Statements for the year ended 31 August 2020

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CHARITY INFORMATION

Trustees

Dame Ellen MacArthur Chair
Mr Philip Sellwood
Mr Peter Morgan
Mr Michael Lebovitz
Mr Wolfgang Blau (appointed 1 March 2020)

Chief Executive Officer: Mr Andrew Morlet

**Chief Operating Officer and
Company Secretary:** Ms Jo Bootle

Registered Charity Number: 1130306

Scottish Charity Register Number: SC043120

ANBI RSIN number (Netherlands): 8257 45 925

Registered Company Number: 06897785

Registered Office: The Sail Loft, 42 Medina Road, Cowes, Isle of Wight, PO31 7BX

Contact details:

Tel: 01983 296463
Email: info@ellenmacarthurfoundation.org
Web site: www.ellenmacarthurfoundation.org

Bankers: Lloyds TSB
30 Commercial Road, Totton, Southampton, SO40 3TH

Auditors: Moore Kingston Smith LLP
Devonshire House, 60 Goswell Road, London, EC1M 7 AD

Governing Instrument: Memorandum and Articles of Association dated 3 July 2013

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TRUSTEES' REPORT INCLUDING DIRECTORS' REPORT AND STRATEGIC REPORT
Report of the trustees for the year ended 31 August 2020

The Trustees present their annual report and audited financial statements of the Charity, its trading subsidiaries, and associated US and Brazil charities, for the year ended 31 August 2020. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS102) in preparing their annual report and financial statements of the Charity and the Trustees' Report contains the information required in a Directors' Report as set out in English company law.

OBJECTIVES AND STRATEGY

The Charity's foundational objectives are: (i) to promote for the benefit of the public the conservation, protection and improvement of the physical and natural environment and the prudent use of natural resources; and (ii) to advance the education of the public in the conservation, protection, and improvement of the physical and natural environment and to promote study and research in such subjects and for the public benefit and disseminate the useful results.

Those objectives inform the Charity's mission, which is to accelerate the transition to a circular economy. The charity pursues this mission by working with, and inspiring, business, academia, policymakers, and institutions to mobilise systems solutions at scale, globally.

The Charity's vision is a new economic system that delivers better outcomes for people and the environment: an economy that designs out waste and pollution, keeps products and materials in use and regenerates natural systems. Such an economy is regenerative by design – meaning nothing becomes waste and everything has value – is distributed, diverse, and inclusive, and is underpinned by renewable materials and renewable energy.

The Charity aims, by 2025, to have inspired action at scale and created unstoppable momentum towards a circular economy.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Charity is a company limited by guarantee, registered in England under number 06897785, and governed by its Articles of Association. The Company has no share capital (although the subscribers of the Memorandum are obliged to pay a sum not exceeding £1 in the event of winding up). The Charity is registered with the Charity Commission for England and Wales under registered charity number 1130306, with the Office of the Scottish Charity Regulator under number SC043120 and from 1 January 2018 as an ANBI (Algemeen Nut Beogende Instelling) in the Netherlands under number 8257 45 925. The Charity is controlled by its Board of Trustees, with the day-to-day management delegated to the CEO and COO.

The Charity has two wholly owned trading subsidiary companies: Ellen MacArthur Foundation Trading Limited ("EMF Trading") and EMF Trading (USA), Inc. All subsidiary company profits (save operating expenses) are donated to the Charity. EMF Trading is registered in England and provides circular economy services to the Charity's Strategic Partners, Systemic Initiative participants, and other partners and stakeholders. EMF Trading (USA), Inc was established in April 2020 and is registered in Delaware, United States. The Charity works closely with two associated charities, Ellen MacArthur Foundation USA, Inc (in the United States) and Ellen MacArthur Foundation Brazil (in Brazil). These accounts reflect all activities on a consolidated basis.

Trustees

The directors of the Company are the Charity's Trustees. The Trustees as listed on page 2 all served throughout the period with the exception of Wolfgang Blau who was appointed as a trustee on 1 March 2020. Trustees are appointed by agreement of the existing Board of Trustees on the basis of their specific skills or knowledge in a sector beneficial to the Charity. The current Trustees include experts in sustainability, media and communications, and law. A process of induction and training is provided to Trustees, including awareness and guidance produced by the Charity Commission. The Trustees give their time freely and no remuneration for Trustee duties was paid in the relevant period. Details of Trustee expenses and related party transactions are disclosed in note 19 to the accounts.

Public Benefit

In their governance of the Charity the Trustees have had due regard to the guidance produced by the Charity Commission in respect of public benefit. The Charity seeks to deliver such benefit through the pursuit of its objectives and vision.

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Management Structure and Remuneration

The Trustees delegate responsibility for the day-to-day operational management of the Charity to the CEO and the COO. The CEO and COO work with an Executive Leadership Team to develop and deliver the Charity's strategy and to manage finances, people and operations. The Executive Leadership Team has representation from across the organisation including Executive Leads for Business, Communications, Institutions Governments & Cities, Philanthropy, and Systemic Initiatives. A wider Leadership Team – comprising the leaders of the Charity's teams and functions – is responsible for executing strategy.

The Trustees and Charity management have fostered the Charity's unique culture to create an environment for its people and teams to thrive, including by addressing the challenges posed by remote and isolated working. Virtual team days, weekly organisation-wide calls, and other wellness initiatives are intended to ensure that all members of the team remain connected and resilient. The Charity has reviewed and is in the process of renewing its diversity and inclusion policies and practices, with a view to ensuring diversity and inclusiveness in its team (at all levels, including the Board of Trustees), as well as in operations and outcomes.

Salary reviews are conducted annually following a performance review process led by the Executive Leadership Team, who recommend salary changes to the CEO and COO. Those recommendations are evaluated in the context of internal considerations (including organisation structure, nature of the role, team and individual performance, and affordability), as well as external factors (market benchmarks, cost of living assessments). CEO and COO salary adjustments and bonuses are discussed and agreed by the Trustees.

ACHIEVEMENTS AND PERFORMANCE

"In a challenging and extraordinary year the Charity stepped up, not back. The team demonstrated remarkable resilience and determination, refining ambition and messaging as the circular economy agenda became more relevant than ever. The Charity fostered its unrivalled public-private collaborative network with a clear sense of direction to accelerate the transition to a circular economy." Dame Ellen MacArthur

INTRODUCTION

The Charity entered the financial year well-placed to execute its strategy, with strong network relationships and a track record of scale impact. The Charity maintained and delivered on its expectations despite the COVID-19 pandemic. Its financial position was strong, its key partners and funders indicated their ongoing support, and the team adapted to the emerging crisis with commitment and flexibility: the Charity swiftly migrated to digital and virtual platforms and transferred to home-working, whilst also transforming its workplaces into covid-secure havens including a specially adapted recording and filming studio in Cowes, Isle of Wight.

Set out below is a summary of the Charity's achievements and performance across key workstreams: The Network; Systemic Initiatives; Institutions, Governments & Cities; Learning; Design; and Communications.

THE NETWORK

The Charity has created a global multi-stakeholder network of businesses, innovators, cities, governments, universities, and thought leaders with multiple perspectives and a wide range of expertise. The Network is organised into three categories: Strategic Partner, Partner, and Member. Strategic Partners are champions of the circular economy and key stakeholders of the Charity. A Partner is an influencer who publicly endorses the circular economy and is leading on a critical systemic challenge. Members are highly respected organisations and institutions with the ability to deliver impact and demonstrate a high level of buy-in to the vision.

The Charity's **Strategic Partners** in the corporate sector are Blackrock, Danone, DS Smith, Google, H&M, IKEA, Intesa Sanpaolo, Philips, Renault, Solvay, SC Johnson, and Unilever. The Charity welcomed Blackrock and IKEA during the year whilst also renewing its partnership with Unilever and continued renewal discussions with Renault, Philips, and Solvay. Notable initiatives undertaken by Strategic Partners include:

- BlackRock's launch of its first circular economy fund whose aim is to drive investments in businesses already contributing to, or benefiting from, the transition to a circular economy. The Charity provides expert insights and guidance on circular economy principles and practices to inform the investment methodology of the fund.
- Intesa Sanpaolo's circular economy hub in Italy with a EUR 5 billion credit ceiling and a commitment to offer best terms to businesses that adopt the circular model in innovative ways.
- Philips's Green Innovation Bond with EUR 500 million allocated to the implementation of circular products and solutions, including investments in new business models.

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- The Unilever Sustainable Living Plan, which sets out how the company will decouple growth from its environmental impact and has been central to its business model for the past decade.
- Danone's water brand "Evian" introducing refillable bottles and bottles with 50% recycled plastic content in 2020, and aiming to use 100% recycled plastic across its entire plastic bottle portfolio by 2025.
- SC Johnson's provision of refillable cleaning products, which account for 17% of its total packaging.
- H&M's work to explore solutions to create a closed loop for textiles.
- IKEA's work advocating for circular design and development of new services and offers to encourage customers to acquire, care for, and pass on products in circular ways.
- Google's circular economy vision to become a Circular Google in a Sustainable World.
- DS Smith's launch of its Circular Design Principles with the goal of training its 700 designers in the circular economy and aiming, by 2023, to manufacture 100% reusable or recyclable packaging.
- Solvay's development of new processes using renewable energy and materials that align with the circular economy principles.
- Renault's work on the creation of its Re-Factory in Flins, France, a site dedicated to the circular economy - the first in Europe. Renault's aim is to develop accessible, sustainable, carbon-free mobility solutions for everyone.

Strategic Partners, Partners and Members come together in workshops, at an annual summit and also participate in and enjoy the Charity's Circular Economy Show, aired fortnightly. **Network Workshops** were held during the year in virtual formats and welcomed over 2,000 representatives from approximately 400 different bodies. The Charity's **Annual Summit**, usually held in the Summer, was postponed due to COVID-19 allowing the team to construct a successful online programme. It went ahead shortly after year end with an open invitation to every employee of the Charity's Network. A total of 3,100 individuals registered for the live event and, repeating the success of the 2019 Annual Summit, its content received over 2 million views.

Network-led projects produce a variety of outputs including reports, on-the-ground pilot projects, and tools and resources. They offer a pre-competitive environment for businesses, policymakers, and academics to find solutions together with innovators who benefit from the exposure to scale. During the financial year four new projects were launched by network members. Topics included the role of data in enabling the circular economy transition, measuring the avoided release of microplastics by using alternative materials, and designing circular solutions for the take-away industry. Outputs are publicly disseminated on the Charity's website.

Developed by the Charity and launched in January 2020, **Circulytics** allows companies to track their progress towards circular business practices and is the most comprehensive circularity measurement tool available. It is free to use and gives companies a full picture of their circularity across all operations, regardless of the size, complexity or nature of their business. Going beyond simply measuring products and material flows, Circulytics combines company-level data with applied insights and analysis from the Charity to identify opportunities to further adopt and embed circular practices. Between its launch and August 2020, 604 companies signed up, a fifth of which had annual revenues of more than USD 1 billion. 96 companies have completed their assessments and received scorecards (as of 31/08/2020).

The importance and innovation of Circulytics was further recognised when it was awarded the Circular Innovation Award at the 2020 Responsible Business Awards, run by Reuters Events.

SYSTEMIC INITIATIVES

New Plastics Economy (NPEC)



NPEC is an ambitious global initiative bringing together key stakeholders to rethink and redesign the future for plastics and to create a common vision of a circular economy for plastics, by eliminating the plastics we do not need, innovating to ensure the plastics we do need are reusable, recyclable or compostable, and circulating all the plastic items we use to keep them in the economy and out of the environment.

A joint philanthropic-business advisory board oversees the initiative to ensure the inclusion of a wide set of social, environmental, and business considerations. The board comprises philanthropic partners Eric & Wendy Schmidt Fund and Oak Foundation together with corporate partners Amcor, Borealis, The Coca-Cola Company, Danone, L'Oréal, MARS, Nestle, PepsiCo, Unilever, Veolia, and Walmart, with Google as Technology Partner.

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NPEC's Global Commitment, a collaboration with the United Nations Environment Programme (UNEP), unites more than 250 businesses collectively representing more than 20% of all plastic packaging used globally, 20 governments and over 200 endorsers behind a common vision of a circular economy for plastics.



In October 2019, the Charity published the first progress report at the Our Ocean Conference in Oslo, Norway. Shortly after year end the 2020 report provided the first insight into the trajectory of progress against targets.

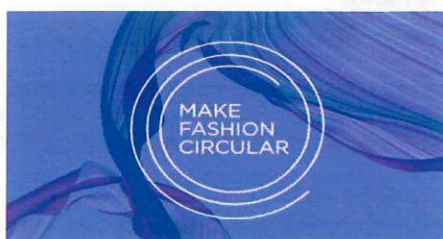
Key Global Commitment achievements include:

- Significant advances in the incorporation of recycled content in plastic packaging which grew by 22% year on year.
- 31% of signatories had targets in place to reduce virgin plastic in packaging or to reduce plastic packaging altogether.
- Progress in phasing out the most commonly identified problematic categories of plastic packaging such as PVC, undetectable carbon black, single-use plastic bags, and straws.
- Engagement of suppliers across the plastics value chain, seeking compliance with Global Commitment requirements.
- Investment community support, including through significant interest in the data generated by Global Commitment reporting and the adoption of key reporting metrics and definitions by, for example, the S&P Global Corporate Sustainability Assessment and the basis for selecting companies for the Dow Jones Sustainability Indices.

In January 2020 the Charity collaborated with The World Tourism Organisation and UNEP to launch the **Global Tourism Plastics Initiative**. Tourism companies and destinations will make commitments aligned with the Global Commitment. The Charity has also brought together businesses, governments, and civil society within a country or region in a unique global platform: the **Plastics Pact Network**.

- Each locally led Plastics Pact - now totalling over 20 with more than 500 organisations - works towards ambitious, local targets to stimulate the elimination of unnecessary or problematic plastic packaging, the design of all plastic packaging to be reusable, recyclable or compostable, and increased collection, recycling, and recycled content of plastic packaging.
- Plastics Pacts are operational in Chile, South Africa, the USA, the UK, France, Portugal, the Netherlands, and more widely in Europe (with the collaboration of 15 governments and 66 businesses within the European Economic Area, initiated by French, Dutch, and Danish government ministries and with the Waste and Resources Action Programme [WRAP] acting as the secretariat).

Make Fashion Circular



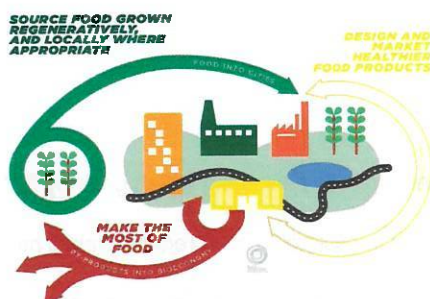
Make Fashion Circular (MFC) has created a blueprint for the fashion industry to redesign the way clothes are made. MFC is helping the industry to design products to be used more, made to be made again, and made from safe and recycled or renewable inputs. Making Fashion Circular will help tackle the root causes of global challenges like climate change, biodiversity loss, and pollution.

Key MFC themes and achievements include:

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- A Network of **63 Members** including global brands, retailers, NGOs, other key players, and **7 Partners**: Burberry, Gap, H&M, HSBC, Inditex, PVH and Stella McCartney. MFC is supported by Laudes Foundation, MAVA, and players of the People's Postcode Lottery.
- The **Jeans Redesign Guidelines**, created to drive leading fashion brands and manufacturers to transform the way they produce jeans: to establish minimum requirements on garment durability, material health, recyclability, and traceability. Signatories to the guidelines have signalled an unwavering commitment to circular economy thinking by continuing to use the guidelines to make jeans that reached consumers in 2021 collections.
- In October 2019, the MFC team participated in several panels at the **2019 Shanghai Fashion Week** including the opening conversation for sustainable fashion and a keynote speech at the Future Forum, which outlined the opportunities for circular fashion in China.

The Food Initiative



The Food Initiative, launched in 2019, is supported by philanthropic partners Calouste Gulbenkian Foundation, Stiftung Doen, IKEA Foundation, and Porticus. Its mission is to stimulate a global shift towards a regenerative food system based on the principles of the circular economy.

The initiative works with partners Danone, Google, Mizkan, Nestle, Novamont, Veolia, and Yara, other corporate members, and a community of thirteen participating cities located in Canada, Europe, Japan, South America, and the USA. Two of these cities joined in August 2020: Bogota, Columbia's capital and Kyoto in Japan. Three Flagship Cities, London, New York and São Paulo, inspire other cities through demonstration projects to develop a regenerative global food system. Key Food Initiative work includes:

- An **East Africa landscaping exercise**, funded by the IKEA Foundation, to assess the current state of play and identify leading examples of circular economy in action. It is informing a paper being compiled by the Charity on the opportunity for a circular economy in Africa.
- A **Circular Economy for Food Convening**, co-hosted with New York City, which brought together more than 50 participants including city agencies, growers, food service providers, chefs, brands, innovators, academics, and non-profit bodies.
- The first **Big Food Workshop**, a three-day online event aimed at all stakeholders in the food industry, with more than 34,000 people from 100 countries around the world attending sessions.

INSTITUTIONS, GOVERNMENTS & CITIES

Institutional achievement and engagement during the period included:

- **Informing international policy-making agencies** and multi-lateral processes including the European Commission's Directorate-General Environment, the UN Environment's Economy Division, and the G20 Climate Working Group at the invitation of the Saudi-Arabian Presidency.
- **Participation in a number of conferences** including the launch of Spain's National Circular Economy Roadmap in June 2020 and France's One Planet Labs under the patronage of President Macron.
- **Strategic partnership with UNEP's International Resource Panel.**
- Engagement as a panelist, in March 2020, in the **Circular Economy and Trade workshop** of the Organisation for Economic Co-operation and Development Waste and Resource Working Party.
- The Charity's chair, Dame Ellen MacArthur, joining the board of **PACE** (Platform for Accelerating the Circular Economy) in January 2020. PACE is a co-led initiative of the World Economic Forum (WEF) and the World Resources Institute and has active projects underway on plastics, food, and electronics in Africa, Asia, and Europe.
- Involvement at the **WEF annual meeting in Davos** in January 2020, where the circular economy was the subject of more than 35 dedicated sessions. The Charity's chair, CEO, and other team members joined business executives, government leaders, and ambassadors to define priorities and shape global industry

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and regional agendas. The Charity's NPEC session attracted more than 150 delegates discussing how to increase ambition levels to ensure collective targets are achieved by 2025.

- Collaboration with SITRA on the first fully virtual **WCEF online event**, focusing on why and how a circular economy can help reboot and build resilience, presenting some of the world's top business leaders, policy makers and thinkers as speakers including the Charity's chair.
- The release of a paper during Climate Week in New York in collaboration with Material Economics, "*Completing the Picture: How the Circular Economy Tackles Climate Change*", which was then presented at the UN Climate Change Conference (COP25). This paper demonstrates the potential of the circular economy to tackle global greenhouse gas emissions by looking at five key areas - steel, plastic, aluminium, cement, and food.

The Charity continued to inform the narrative of prominent events for **city governments**, disseminating learnings at online events and hosting webinars, including three Circular Economy Show episodes that collectively have achieved more than 100,000 views. The Charity has built on key relationships and explored collaborations with international city networks including Local Governments for Sustainability (ICLEI), UNEP, WWF and the OECD. In addition:

- The Charity provides a suite of online resources, **Circular Economy in Cities**, which acts as a reference point for urban policymakers on the circular economy.
- In March 2020, the Charity became a partner to **ICLEI Europe's Circular Cities Declaration**, which has been signed by 29 cities and provides a common vision of a circular city.
- In February 2020 the Charity published a research report, "**From Principles to Practices: Realising the value of circular economy in real estate**", which found that the adoption of models based on circular economy principles could enable the real estate sector to reduce its resource footprint and contribute to decarbonisation whilst delivering more productive, agile, and less damaging assets.
- The Charity supported Tongji University College of Design and Innovation in hosting a **Circular Economy Day** as Shanghai shone a spotlight on circular design. The Charity went on to launch the EU-China Circular Design Challenge, advised by the China Association for Circular Economy.
- In November 2019, the Charity's **China Team** ran a two-week study tour in the UK for officials from the National Development Reform Commission and the Chinese Ministry of Ecology and Environment which strengthened engagement on the transition to a circular economy in China. As one of its target geographies, the Charity has submitted an application for the establishment of a Representative Office in China, although its consideration has been delayed by the COVID-19 pandemic.

LEARNING

In 2019, the Charity launched a **circular economy learning programme** including a free-to-access online resource which aims to reach more than one million learners globally and engage 150,000 by 2025: **The Learning Hub** is supported by the Eric and Wendy Schmidt Fund for Strategic Innovation and leverages a broad range of digital tools and learning materials. COVID-19 has dramatically increased the use of online learning tools and during the period The Learning Hub exceeded the Charity's ambitions for both reach and engagement, becoming a reference point for circular economy learning with over 700,000 learners visiting by the end of 2020.

Other key achievements in learning include:

- In **formal education**, continued integration of the circular economy into the curricula of the International Baccalaureate ('IB') whose Diploma Programme for students aged 16 to 19 years is respected by leading universities across the globe.
- The launch, in the Summer of 2020, of a seven-week online programme to introduce 13-18 year olds to the circular economy, building on its successful 2019 Summer School.
- **Higher education** initiatives, where the Charity remains on track to engage with 1,000 universities by 2022. The Charity has 45 Profiled Universities (2019: 24) enabling collaborative ventures and knowledge exchange across Europe, Asia, North and South America, the Middle East, and Oceania.
- In November 2019, a demonstrator workshop was hosted in London to discuss the role of higher education in the City's transition to a circular city. It was attended by representatives from 11 universities and the London Waste and Recycling Board (LWARB). A second workshop took place in June as part of London's Circular City week with 49 attendees from a range of organisations, including 12 universities. The Charity and LWARB have developed and launched a **Direction of Travel for universities in London** to indicate their ambitions in the circular economy space.
- In Spring 2020, the launch of the **From Linear to Circular programme**, a ten-week online webinar series designed for young professionals and postgraduate students. Funded by the Eric and Wendy Schmidt Fund for Strategic Innovation, the programme attracted nearly 8,000 attendees.
- In professional learning, 195 business professionals from the Charity's Network attended the **Circular Economy Masterclass** run by the University of Exeter in collaboration with the Charity.

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- The Charity's **Train the Trainer** interactive workshop, which is a plug-and-play resource, for in-business facilitators, and which has been downloaded 250 times.
- **Disruptive Innovation Festival (DIF)** sessions, which invited people to share disruptive ideas and stories. DIF sessions ran in September and November 2019 with a total of 5 million views. From Spring 2020 a programme of targeted monthly live broadcasts were streamed across the Charity's social media channels.
- In Summer 2020, the Charity's Online Events Team launched **The Circular Economy Show**, a weekly opportunity to engage and educate professionals and interested members of the public on various topics around the circular economy. The show garnered over 1 million views.

DESIGN

The Charity is aiming to persuade 20 million designers to adopt circular design in their work and to make a further 60 million designers aware of circularity by 2025. Key achievements and initiatives include:

- The **Circular Design Guide**, a collaboration with global design company, IDEO, which provides information and tools to help designers understand the significance of integrating circular material choices into the design process. More than 100,000 users from over 150 countries have used the Guide in 2019 and 2020.
- The Charity's design team's **engagement with an online community of over 21,000** members and strong relationships with the Royal Society of Arts (RSA), the global creative agency Sid Lee, the Design Museum and the British Council.
- In 2019, the Charity and the RSA were awarded funding by the People's Postcode Lottery Dream Fund for a two-year project to build tools and directly engage with design institutions, top designers and innovators with the aim to inspire the reimagining of products, business models and systems for a circular economy for fashion.
- In December 2019, the Charity ran a second week-long **workshop on circular design** in London (UK) in collaboration with the British Council with selected delegates from ten sub-Saharan African countries.
- **The Cumulus Green 2020: For A New Circular Economy** competition launched in October 2019 with input and resources from the Charity. It invited students from every Cumulus member institution to address the challenges of SDG12: responsible consumption and production. A total of 683 submissions were received from 163 universities across 44 countries.
- Shortly after year end the Charity collaborated with SAP Business Software and the London Design Festival to curate **The Circular Design Project**, which provides a selection of stories and resources that aim to empower and equip the design and creative community to transition towards the circular economy.

COMMUNICATIONS

During the financial year, the Charity saw a significant increase in **reach and engagement** with communication efforts ahead of the 2025 ambition and strategy. The Vision 2025 communications targets were revisited in response to the COVID-19 pandemic to ensure they were specific, realistic, measurable and aligned with overall impact objectives. The focus is on developing, promoting and protecting the idea of the circular economy by using the Charity's brand and network relationships in particular. To this end:

- The Charity continued to build key partnerships across media and branding. Nearly 10,000 articles featured the Charity's work during the year with a total potential media reach of 61 billion.
- Knowledge Partner Brunswick provided input on strategy, communications, and brand positioning.
- The Charity's communications team have applied new tools and processes to dynamically improve the quality and impact of external communications. Special reports and articles were featured in, amongst others, the Financial Times, CNN, the New York Times, the Wall Street Journal, and National Geographic.
- In June 2020, the Charity called on businesses, governments, and financial institutions around the world to join it on the journey towards a circular economy through a statement, published by the Financial Times Weekend, endorsed by 54 leading voices from CEOs to city officials, which achieved extensive media coverage with a potential social media reach from network sharing of 15 million on LinkedIn and 3 million on Twitter.
- In July, the Charity published a series of policy and investment insight papers exploring how circular economy strategies can help build a resilient, low carbon, and prosperous recovery, focusing on five key sectors: the built environment, mobility, food, fashion, and plastic packaging. The social media campaign accompanying this launch achieved an average 4.5% engagement rate and achieved a total combined potential reach of over 500 million globally with strong coverage in China and Latin America.
- Despite some of its major reach events being pushed back due to COVID-19 into the first quarter of the following financial year, the Charity commanded in excess of 41 million (2019: 58 million) total impressions across its social media channels: Facebook, LinkedIn, YouTube, Twitter, and Instagram. At the end of the financial year the Charity had 318,880 subscribers or followers across these channels.

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ASSOCIATED CHARITIES

During the financial year, **EMF Brazil** expanded its geographic scope into Latin America despite the difficulties in the region during the COVID-19 pandemic. Its focus on the food and plastics Systemic Initiatives remained central to its work in the region. In particular, its partnership with Flagship City, São Paulo saw demonstration projects and multi-stakeholder collaboration along with growth in the network of participant cities across the continent.

The EMF Brazil team supported conversations for the development of further plastic pacts as well as the Latin America and Caribbean Circular Economy Coalition, ultimately launched in February 2021. COVID-19 caused this launch to be delayed from mid-2020, along with the development of a Latin-America version of the Charity's From Linear to Circular programme, now planned for 2021. During the year, the team augmented the international impact and relevance of the Charity's website and social media platforms by translating content into Portuguese and Spanish.

EMF USA Inc. focused on deepening relationships with key corporate partners, leading to increased engagement in EMF programmes such as NPEC and building relationships in the national policy arena to support future engagement following the USA Presidential Election. In August, the Charity partnered with US-based media outlet GreenBiz Group to organise Circularity 20 with Dame Ellen MacArthur leading the opening plenary session. The event brought together more than 10,000 professionals from around the world to network and explore how to advance the adoption of the circular economy through inspirational plenary and breakout sessions. Other team members led sessions covering a range of topics including circular food systems, data-driven insights and the circular economy, circular design, and financing circularity.

STRATEGIC REPORT: LOOKING AHEAD

As the world faces unprecedented challenges, the Charity and its partners are more committed than ever to accelerating the transition to a circular economy, creating solutions for plastics, fashion, food, finance, and beyond which combine economic opportunity with benefits to wider society and the environment. The circular economy holds a significant number of economically attractive answers. For example, the circular principles of product repairability, reusability, and remanufacturing offer resilience in supply chains. As the global economic ramifications of the pandemic are detailed, the ways in which a circular model can address both global recovery and pressing challenges such as climate change, biodiversity loss, and pollution, will be widely understood and implementation plans more defined.

The Charity has reviewed and refined its clear and impactful targets for 2025 and during the year will work towards these across all five areas of Business, Systemic Initiatives, Institutions Governments & Cities, Learning, and Communications, supported by its Insight & Analysis team.

Its fourth Systemic Initiative will fully launch in 2021 following the Charity's publication of research report **Financing the Circular Economy - Capturing the Opportunity** in September 2020. This research highlights rapid growth in circular economy financing and investment. It lays out the opportunities for investing, banking, and insurance and calls on the financial sector to seize the full potential by scaling the circular economy in collaboration with governments and corporates.

The Charity will engage with companies that generate outstanding Circulytics scores to create inspirational case studies and assist those that aspire to more circularity. Its Circulytics 2.0 measurement tool offers greater scope for industry benchmarking, enabling businesses to compare their performance to others in their sector, as well as new indicators for water flows and translations in Chinese, Spanish, and Portuguese.

Progress is being made on plastic packaging with companies looking to eliminate problematic plastic and pledging to increase the use of recycled plastic by more than fivefold for 2025. Global Commitment signatories have committed to 100% of their plastic packaging being reusable, recyclable or compostable. However, it is not possible to recycle out of the plastic pollution crisis. The Charity will continue its efforts to encourage organisations and designers to move upstream and design out waste rather than simply managing it better. It will call on businesses to take bold action on packaging types that are not recyclable today, either via developing and executing a credible roadmap to make recycling work, or decisively innovating away from them and setting ambitious reduction targets. By working with its partners it will inspire and disseminate global scale solutions to eliminate plastic waste and pollution, building on the vision for a circular economy for plastics.

In 2021, the Charity will refresh how it interacts with its Network with the introduction of a Community Platform. This will create a more continuous experience throughout the year (as opposed to working on an event-by-event basis), and help the Charity scale its impact by working beyond Network organisation contacts and those able to attend events. The platform will be introduced at the Network Workshop in March 2021 and the Charity will be working throughout 2021 to integrate its programme content and leverage the power of this tool.

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COVID-19

The Charity has responded well and risks posed by the COVID-19 pandemic have been effectively mitigated. Funding remains robust, staff have been supported by numerous formal and informal initiatives and support systems (including online group extracurricular activities, online gym, counselling, flexible working arrangements, home-office facilities/set-up) and collectively have continued working at normal capacity. Events and relationship management have successfully moved online and office health and safety processes have not materially impacted efficiency or culture.

FUNDING MODEL

The Charity's funding continues to come from two main sectors: corporate partnership/membership, and philanthropy. No funding is generated from the general public. The Trustees monitor the activities of the Ellen MacArthur Foundation and Ellen MacArthur Foundation Trading Limited in relation to fundraising.

The Charity receives both unrestricted (core) and project funding from the philanthropic community. During the year, core funding was received from the Eric & Wendy Schmidt Fund for Strategic Innovation, MAVA Fondation pour la Nature, SUN (Foundation for Environmental Economics and Sustainability), and People's Postcode Lottery. Thirteen funders including the Schmidt Family Foundation, the Eric & Wendy Schmidt Fund for Strategic Innovation, MAVA Fondation pour la Nature, Global Environment Facility, People's Postcode Lottery, the OAK Foundation, the C&A Foundation, the Walmart Foundation, Calouste Gulbenkian Foundation, SITRA, Stiftung Auxilium, Stichting Doen, and IKEA Foundation supported projects and initiatives. The Charity continues to seek opportunities to increase its core and project funding from trusts and grant awarding bodies.

FINANCIAL REVIEW AND RESERVES POLICY

The statement of financial activities for the year ended 31 August 2020 is set out on page 20 of this report.

Income

Total incoming resources for the year were £12,510,000, a decrease of £6,583,000 (34%) on the previous financial year (2019 restated: £19,093,000). The income received was predominantly from donations, which at £8,281,000 accounted for 66% of income received in the year (2019 restated: £15,604,000 - 81.7%).

The decrease in income reported for the year is partly attributable to funding being achieved by the Charity in support of its Systemic Initiatives and international outreach in China, and partly due to a change in policy on the recognition of income from Global Partners and Core Partners of the Systemic Initiatives. Previously, income from Global Partners and Core Partners of the Systemic Initiatives was recognised over the three-year period of the funding agreements with a third of the income attributed to each year in line with the anniversary of the date of the agreement. The Trustees believe that entitlement to the full donation is provided by the agreement and the income is now fully recognised on inception of the agreement with a corresponding debtor included within accrued income. More information can be found in note 16 to the accounts.

Expenditure

Total expenditure for the year increased by £1,810,000 to £11,574,000 (2019 restated: £9,764,000). This increase is largely due to the timing of projects where income is received before project expenditure is committed, particularly within the Systemic Initiatives and the growth of the Charity over the year.

Investments

The objective of the Charity's investment policy is to preserve and, if possible, enhance the real value of its assets by keeping an appropriate balance between maximising long-term returns while avoiding undue risk and volatility in capital values. Given the nature of the work carried out and the need to access funds at short notice the Charity invests in interest bearing cash deposits with its bank. These readily realisable investments are reported within the total Cash and Cash Equivalents on the Balance Sheet. Investment gains were £18,000 (2019: £25,000) with an overall return of 0.1%. The current investment approach is being reviewed in order to maximise the current return seen and to look at other investment options which would fit with the ethos of the Charity.

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Reserves Policy

As of 31 August 2020, the Charity had consolidated net assets of £17,769,000 (2019 restated: £16,833,000), primarily representing cash at bank of £15,072,000 (2019: £11,482,000). The amount of cash at bank has increased in the period due to the timing of income receipt and its recognition in previous years following the change in income recognition policy explained above, together with increased profits in the trading subsidiary.

Of the net assets, £8,598,000 (2019 restated: £10,074,000) are restricted income funds which are held for the completion of projects undertaken by the Charity. The Trustees ensure the overall health of the Charity by requiring its free reserves (the sums retained to withstand any short-term financial risk) to be closely monitored. The reserves policy is considered annually by the Trustees. On 31 August 2020 the Charity's free reserves stood at £4.61 million (2019: £3.76 million), and the increase reflects the timing of core projects and activities undertaken. At approximately 7.5 months of charitable operating expenditure, this is within the Charity's policy to maintain 6-9 months of operating costs in reserve. The Charity continues to operate in an uncertain economic environment where the timing of the funding for new and substantial projects are both uncertain and irregular. The Charity remains vigilant to ensure funding is in place to undertake future projects and operations. The Charity remains a dynamic organisation, which has seen rapid growth of, and interest in, its activities, and such a level of reserves is considered sufficient to unwind the ongoing commitments to projects and the financial obligations from contracts in place.

Subsidiaries

The profit distributed to the Charity during the year from the trading subsidiary was £2,013,000 (2019: £899,000). Profits from the trading subsidiary are detailed in note 7 to the accounts. The increase achieved is attributable to cost efficiencies in running online rather than in-person workshops and events due to the COVID-19 pandemic. The results for the two sister charities are shown as designated funds and can be seen in note 7 to the accounts.

Going Concern

The Trustees have reviewed the financial position and financial forecasts, taking into account the systems of financial control and risk management. As a result of this review, the Trustees believe that the Charity is well placed to manage operational and financial risks successfully. Accordingly, the Trustees have a reasonable expectation that the Charity and its subsidiaries have adequate resources to continue in operational existence for the foreseeable future. As a consequence, they continue to support the going concern basis of accounting in preparing the annual accounts.

RISK MANAGEMENT

The nature and range of the Charity's operations presents numerous and varied risks, including those relating to:

- People (including retention and recruitment);
- Finance (including reliability of income and management of capital);
- Legal and regulatory risk and compliance (including in relation to personal data, health and safety, charity law, and disputes, both in the UK and across the charity's international operations);
- Reputation (including protection of brand and IP against third party challenge);
- Structure and operations (including in relation to counterparty diligence, IT and cyber security, culture, and performance);
- Strategy (including clarity and relevance of mission).

The Trustees monitor and manage risks by way of a risk register, detailing relevant risks, which is compiled internally (and kept up to date as risks change) under the leadership of the CEO and COO, and a risk summary, which is drawn from the risk register. This identifies the most significant risks (from time to time), to ensure those risks are recognised and receive appropriate Trustee focus. The risk register and risk summary — which include risk mitigations and internal responsibilities — are presented to the Trustees annually by the CEO and COO.

Risks are managed on a day-to-day basis by the Executive Leadership Team and Leadership Team, whose members have individual and/or collective delegated responsibilities for given matters.

The key current risks being carefully and actively managed, but not perceived to carry high significance are:

1. Threats to reputation, through misuse of brand, mis-understanding of or challenges to mission and concept;
2. Threats to income and capital, arising through the funding model; and
3. Threats to operations, including through challenges induced by the COVID-19 pandemic and BREXIT.

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STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for their annual report and the preparation of financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company and charity law requires the Trustees to prepare financial statements for each financial year. Under company law the directors must not approve financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charity and of the surplus or deficit of the Charity for that year. In the preparation of those financial statements, the Trustees are required to:

- Select suitable accounting policies and ensure they are applied consistently;
- Make judgments and estimates that are reasonable and prudent;
- Ensure that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

The Trustees are responsible for ensuring that the Charity keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and which enable them to ensure that the financial statements comply with the Companies Act 2006 and with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They also have responsibility for ensuring that the Charity has appropriate systems and controls (financial and otherwise) and that reasonable steps are taken for safeguarding the assets of the Charity and for the prevention and detection of fraud and other irregularities.

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Report and Financial Statements for the year ended 31 August 2020

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Trustees are aware, there is no relevant audit information of which the Charity's auditors are unaware, and each Trustee has taken all the steps that they ought to have taken as a Trustee in order to make themselves aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

In approving the Trustees Annual Report, we also approve the Strategic Report included therein, in our capacity as Company directors.

Approved and Signed on behalf of the Board of Trustees:

Dame Ellen MacArthur

A handwritten signature in dark ink, consisting of a stylized 'E' and 'M' followed by a horizontal line.

Dated

20.5.21

Ellen MacArthur Foundation
Report and Financial Statements for the year ended 31 August 2020

AUDIT REPORT

Independent Auditors' Report to the trustees and members of Ellen MacArthur Foundation

Opinion

We have audited the financial statements of Ellen MacArthur Foundation for the year ended 31 August 2020 which comprise the Group and Parent Charitable Company Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice), and the Charities SORP 2015.

In our opinion the accounts:

- give a true and fair view of the state of the group charitable company's affairs as at 31 August 2020 and of its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011, and the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the accounts' section of our report. We are independent of the Charitable Company in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The Trustees are responsible for the other information. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Trustees' Report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the Trustees' Report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

Ellen MacArthur Foundation
Report and Financial Statements for the year ended 31 August 2020

AUDIT REPORT (continued...)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report, including the incorporated strategic report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder. Our objectives are to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accounts.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act and with Chapter 3 of Part 8 of the Charities Act 2011, and regulations made under section 154 of that Act, and in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Moore Kingston Smith LLP

NEIL FINLAYSON (SENIOR STATUTORY AUDITOR)
FOR AND ON BEHALF OF MOORE KINGSTON SMITH LLP, STATUTORY AUDITOR

Devonshire House
60 Goswell Road
London
EC1M 7AD

Dated: 24 May 2021

Moore Kingston Smith LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Ellen MacArthur Foundation
Report and Financial Statements for the year ended 31 August 2020

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)

For the year ended 31 August 2020

		Unrestricted Funds	Restricted Funds	Total 2020	Total 2019 As restated
	Notes	£'000	£'000	£'000	£'000
INCOME AND ENDOWMENTS FROM:					
Donations and legacies	3	3,653	4,628	8,281	15,604
Charitable activities	4	17	-	17	10
Income from other trading activities					
Other trading operations	7	4,194	-	4,194	3,454
Investments	5	<u>18</u>	<u>-</u>	<u>18</u>	<u>25</u>
TOTAL INCOME		<u>7,882</u>	<u>4,628</u>	<u>12,510</u>	<u>19,093</u>
EXPENDITURE ON:					
Fund raising costs	8	353	-	353	143
Commercial trading operations	7	2,181	-	2,181	2,555
Charitable activities	8	2,716	6,104	8,820	6,996
Other	8	<u>220</u>	<u>-</u>	<u>220</u>	<u>70</u>
TOTAL EXPENDITURE		<u>5,470</u>	<u>6,104</u>	<u>11,574</u>	<u>9,764</u>
NET INCOME/(EXPENDITURE)		2,412	(1,476)	936	9,329
Transfers between funds		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET MOVEMENT IN FUNDS		2,412	(1,476)	936	9,329
RECONCILIATION OF FUNDS					
Fund balances as at 1 September 2019		<u>6,759</u>	<u>10,074</u>	<u>16,833</u>	<u>7,504</u>
Fund balances as at 31 August 2020		<u>9,171</u>	<u>8,598</u>	<u>17,769</u>	<u>16,833</u>

The Statement of Financial Activities includes all gains and losses in the period.

All incoming resources and resources expended derive from continuing activities.

A full comparative statement of financial activities is shown in note 2.

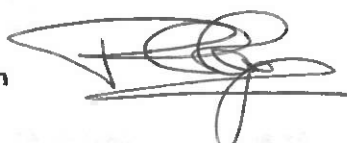
Ellen MacArthur Foundation
Report and Financial Statements for the year ended 31 August 2020

CONSOLIDATED AND CHARITY BALANCE SHEET
At 31 August 2020

	Notes	Group 2020 £'000	Group 2019 As restated £'000	Charity 2020 £'000	Charity 2019 As restated £'000
FIXED ASSETS					
Tangible fixed assets	11	644	341	384	164
Fixed asset investment	12	-	-	-	-
		<u>644</u>	<u>341</u>	<u>384</u>	<u>164</u>
CURRENT ASSETS					
Debtors	13	5,458	7,735	4,381	6,504
Cash at bank and in hand		<u>15,072</u>	<u>11,482</u>	<u>11,963</u>	<u>9,971</u>
		20,530	19,217	16,344	16,475
CREDITORS					
Amounts falling due within one year	14	<u>(3,405)</u>	<u>(2,725)</u>	<u>(1,470)</u>	<u>(1,098)</u>
NET CURRENT ASSETS		<u>17,125</u>	<u>16,492</u>	<u>14,874</u>	<u>15,377</u>
TOTAL NET ASSETS		<u>17,769</u>	<u>16,833</u>	<u>15,258</u>	<u>15,541</u>
FUNDS					
Unrestricted funds	16	9,171	6,759	6,660	5,467
Restricted funds	15	<u>8,598</u>	<u>10,074</u>	<u>8,598</u>	<u>10,074</u>
		<u>17,769</u>	<u>16,833</u>	<u>15,258</u>	<u>15,541</u>

The financial statements on pages 17 to 37 were approved by the Board of Trustees and signed on its behalf by:

Mr Peter Morgan



Dated:

20-5-21

Company Registration Number: 06897785

The notes on pages 20 to 37 form an integral part of these financial statements

Ellen MacArthur Foundation
Report and Financial Statements for the year ended 31 August 2020

STATEMENT OF CASH FLOWS
Year ended 31 August 2020

		Group 2020	Group 2019 As restated
	Notes	£'000	£'000
CASH FLOW FROM OPERATING ACTIVITIES	(Below)	<u>3,990</u>	<u>5,673</u>
Cash flow from investing activities			
Payments to acquire tangible fixed assets		(418)	(65)
Interest received		<u>18</u>	<u>25</u>
NET CASH FLOW FROM INVESTING ACTIVITIES		<u>(400)</u>	<u>(40)</u>
Net increase in cash and cash equivalents		3,590	5,633
Cash equivalents at 1 September 2019		<u>11,482</u>	<u>5,849</u>
CASH EQUIVALENTS AT 31 AUGUST 2020		<u>15,072</u> =====	<u>11,482</u> =====

Cash and cash equivalents consists of:

Cash at bank and in hand	<u>15,072</u>	<u>11,482</u>
CASH AND CASH EQUIVALENTS AT 31 AUGUST 2020	<u>15,072</u> =====	<u>11,482</u> =====

RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES:

	2020 £'000	2019 £'000
Surplus / (deficit) for the year	936	9,329
Depreciation	114	67
Loss on disposal of fixed assets	1	-
Interest received	(18)	(25)
Movement in deferred income	675	313
Movement in creditors	5	253
Movement in debtors	<u>2,277</u>	<u>(4,264)</u>
Net cash flow from operating activities	<u>3,990</u> =====	<u>5,673</u> =====

ANALYSIS OF CHANGES IN NET DEBT

	As at 1 September 2019 £	Cash-flows £	As at 31 August 2020 £
Cash	11,482	3,590	15,072
Bank charge cards repayable on demand	<u>(18)</u>	<u>14</u>	<u>(4)</u>
	<u>11,464</u> =====	<u>3,604</u> =====	<u>15,068</u> =====

Ellen MacArthur Foundation
Report and Financial Statements for the year ended 31 August 2020

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the period.

General information and basis of preparation

The Ellen MacArthur Foundation is a charitable company limited by guarantee incorporated in England and Wales. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the registered office is given in the charity information on page 2 of these financial statements. The nature of the charity's operations and principal activities are as an Educational and Research Charity with the aim to inspire a generation to re-think, redesign and build a restorative circular economy.

The charity constitutes a public benefit entity as defined by FRS 102. 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 on 16 July 2014, the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2015.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the charity, and rounded to the nearest £1.

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

Group accounts

Ellen MacArthur Foundation Inc and Ellen MacArthur Foundation Brazil are considered to be subsidiaries, within the requirements outlined in SORP FRS102 section 24.16, because Ellen MacArthur Foundation UK ("EMF UK") has the power to govern financial and operating policies as set out in specific clauses included within each of the charities constitution documents and, in the event of dissolution, remaining assets will be transferred to EMF UK. In addition to this and with reference to SORP FRS102 section 24.21, the vision, purpose and values of EMF UK, EMF Inc and EMF Brazil are identical and the objects of all three organisations are closely matched within each respective memorandum and articles of association thus ensuring that EMF Inc and EMF Brazil contribute to the aims and purposes of EMF UK and benefits common beneficiaries. All financial statements are made up to 31 August. All intra-group transactions, balances and unrealised gains on transactions between group entities are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made on consolidation to bring the accounting policies used into line with those used by other members of the group.

The summary financial statements of EMF Inc and EMF Brazil are shown in Notes 6 and 7.

Fund accounting

- Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.
- Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements. The funds held with sister charities are included as designated funds.
- Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Income recognition (including prior year adjustment)

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received. The following specific policies are applied to particular categories of income:

- Voluntary income is received by way of grants, donations, legacies and gifts and is included in full in the Statement of Financial Activities when receivable.
- Grants, where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant. Where donations relate to a work programme based on academic years, then receipt in advance is deferred to the appropriate year. This represents a change in the application of the policy which had previously recognised grants on the basis of the agreed timing of grant receipts on stages of the projects, rather than the agreed work budget (see note 16);
- For donations to be recognised, the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained, then income is deferred until those conditions are fully met or the fulfillment of those conditions is within the control of the charity and it is probable that they will be fulfilled. This represented a change in policy which previously recognised Global Partner donations across the duration of their involvement, and now reflects entitlement in accordance with the Global partner funding agreements (see note 16).

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Report and Financial Statements for the year ended 31 August 2020

NOTES TO THE FINANCIAL STATEMENTS (continued...)

Income recognition (continued)

- Donated facilities and donated professional services are recognised in income at their fair value when their economic benefit is probable, it can be measured reliably and the charity has control over the item. Fair value is determined on the basis of the value of the gift to the charity. For example: the amount the charity would be willing to pay in the open market for such facilities and services. A corresponding amount is recognised in expenditure;
- Value in Kind commitments on projects is often used as a method to obtain engagement with funding partners on projects, although these are not within the Charity's control, and cannot be verified, and as a result a fair value estimate cannot be determined to be included in the accounts.
- No amount is included in the financial statements for volunteer time in line with the SORP (FRS 102). Further detail is given in the Trustees' Annual Report;
- Income from trading activities includes income earned from fundraising events and trading activities to raise funds for the charity. Income is received in exchange for supplying goods and services in order to raise funds and is recognised when entitlement has occurred.
- Incoming resources from grants, where related to performance and specific deliverables, are accounted for as the charity earns the right to consideration by its performance.
- Investment income is earned through holding assets for investment purposes such as funds on deposit, shares and property. It includes interest. It is included when the amount can be measured reliably.

Debtors

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid.

Accrued income

The amounts receivable on future dates under signed funding agreements are included in accrued income.

Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required, and the amount of the obligation can be measured reliably. It is categorised under the following headings:

- Costs of raising funds includes activities to seek out and agree terms with major donors, together with the costs of the trading subsidiary;
- Expenditure on charitable activities includes project costs on the charity's various projects as identified in the notes to these accounts; and
- Other expenditure represents those items not falling into the categories above including governance costs.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

Creditors

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Grants payable to third parties are within the charitable objectives. Where unconditional grants are offered, this is accrued as soon as the recipient is notified of the grant, as this gives rise to a reasonable expectation that the recipient will receive the grants. Where grants are conditional relating to performance then the grant is only accrued when any unfulfilled conditions are outside of the control of the charity.

Pension

The charity has a defined contribution pension scheme for all eligible employees. The assets of the scheme are held separately to the Charity. Pension costs charged in the Statement of Financial Activities represent the contributions payable for the year.

Support costs allocation

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs, administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity and include project management. Where support costs cannot be directly attributed to particular headings they have been allocated to cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resources.

Ellen MacArthur Foundation
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NOTES TO THE FINANCIAL STATEMENTS (continued...)

Financial assets and liabilities

The Charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' of FRS102 to all its financial instruments.

Financial Instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument. Basic financial assets (which include debtors and bank and cash balances) and basic financial instruments (which includes creditors) are initially measured at transaction price including transaction costs, and are subsequently carried at amortised cost. Financial assets classified as receivable within one year or financial liabilities classified as payable within one year are not amortised.

Fixed Assets and Depreciation

Assets costing more than £500 are capitalised. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Computer equipment	25% and 33%	Straight line
Furniture and equipment	20% and 25%	Reducing balance
Improvements to leasehold property	10% to 33%	Straight line, over the duration of the lease

Taxation

No corporation tax has been provided in these accounts because the income of the charity is within the exemption granted by HM Revenue & Customs to the extent that these funds are applied to Charitable objects.

Foreign Currency Transactions

Transactions in foreign currencies are translated into Sterling at the average rate prevailing for the month in which they occur. Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date.

The results of the US and Brazil sister charities are translated at average rate (income and expenses) and closing rate for the purposes of Consolidation.

Judgements and key sources of estimation uncertainty

In the application of the charitable company's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Going concern

Subsequent to the year-end, as a result of the impact of the coronavirus and the measures taken by governments both in the UK and overseas, the group has transitioned successfully into remote working with little disruption to the activities of the group. This is discussed in more detail in the Trustees Report on pages 12 and 13. The forecasts and budgets have been adjusted accordingly, and the group is confident that it can meet its liabilities as they fall due for a period of at least twelve months from the date of approval of these financial statements.

Ellen MacArthur Foundation
Report and Financial Statements for the year ended 31 August 2020

NOTES TO THE FINANCIAL STATEMENTS (continued...)

2. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted Funds As restated £'000	Restricted Funds As restated £'000	Total 2019 As restated £'000	Total 2018 As restated £'000
INCOME AND ENDOWMENTS FROM:				
Donations and legacies	4,477	11,127	15,604	7,356
Charitable activities	3	7	10	11
Other trading operations	3,454	-	3,454	3,069
Investments	<u>25</u>	<u>-</u>	<u>25</u>	<u>17</u>
TOTAL INCOME	<u>7,959</u>	<u>11,134</u>	<u>19,093</u>	<u>10,453</u>
EXPENDITURE ON:				
Fund raising costs	143	-	143	393
Commercial trading operations	2,555	-	2,555	2,714
Charitable activities	2,109	4,887	6,996	7,413
Other	<u>70</u>	<u>-</u>	<u>70</u>	<u>57</u>
TOTAL EXPENDITURE	<u>4,877</u>	<u>4,887</u>	<u>9,764</u>	<u>10,577</u>
NET INCOME/(EXPENDITURE)	3,082	6,247	9,329	(124)
Transfers between funds	<u>(237)</u>	<u>237</u>	<u>-</u>	<u>-</u>
NET SURPLUS FOR THE PERIOD	2,845	6,484	9,329	(124)
RECONCILIATION OF FUNDS				
Fund balances as at 1 September 2018	<u>3,914</u>	<u>3,590</u>	<u>7,504</u>	<u>7,628</u>
Fund balances as at 31 August 2019	<u>6,759</u>	<u>10,074</u>	<u>16,833</u>	<u>7,504</u>

Ellen MacArthur Foundation
Report and Financial Statements for the year ended 31 August 2020

NOTES TO THE FINANCIAL STATEMENTS (continued...)

3. DONATIONS, LEGACIES AND GRANT INCOME

	Unrestricted Funds	Restricted Funds	Total 2020	Total 2019 As restated
	£'000	£'000	£'000	£'000
Learning:				
The Schmidt-MacArthur HE Programme	-	276	276	607
Business:				
Global Partner Donations	1,350	-	1,350	2,250
Core Philanthropic Funding	1,872	-	1,872	1,669
Institutions, Governments and Cities:				
Specific Research Projects	-	434	434	221
International Outreach	431	1,433	1,864	2,443
Systemic Initiatives:				
New Plastics Economy Initiative	-	349	349	5,832
Make Fashion Circular	-	1,248	1,248	1,267
Cities and Circular Economy for Food	-	888	888	1,315
Total grants and donations	3,653	4,628	8,281	15,604
	=====	=====	=====	=====

For details of the grant income and restricted funds, please refer to note 15. As part of funding agreements, for many projects, the Foundation seeks value in kind commitments to research projects, which although pledged, cannot be verified and are therefore not included within these statements.

Comparative Donations, Legacies and grant income

	Unrestricted Funds As restated	Restricted Funds As restated	Total 2019 As restated	Total 2018 As restated
	£'000	£'000	£'000	£'000
Learning:				
The Schmidt-MacArthur HE Programme	-	607	607	390
The Schmidt-MacArthur Foundation	-	-	-	-
Business:				
Global Partner Donations	2,250	-	2,250	450
Core Philanthropic Funding	1,669	-	1,669	1,585
Institutions, Governments and Cities:				
Specific Research Projects	-	221	221	409
International Outreach	558	1,885	2,443	1,581
Systemic Initiatives:				
New Plastics Economy Initiative	-	5,832	5,832	942
Make Fashion Circular	-	1,267	1,267	1,469
Cities and Circular Economy for Food	-	1,315	1,315	530
Total grants and donations	4,477	11,127	15,604	7,356
	=====	=====	=====	=====

Ellen MacArthur Foundation
Report and Financial Statements for the year ended 31 August 2020

NOTES TO THE FINANCIAL STATEMENTS (continued...)

4. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2020 £'000	Total 2019 £'000
Rental income	12	-	12	2
Rechargeable items	<u>5</u>	<u>-</u>	<u>5</u>	<u>8</u>
Total other incoming resources	<u>17</u>	<u>-</u>	<u>17</u>	<u>10</u>
	===	===	===	===

Comparative Income from Charitable Activities

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000	Total 2018 £'000
Rental income	2	-	2	2
Rechargeable items	<u>-</u>	<u>8</u>	<u>8</u>	<u>8</u>
Total other incoming resources	<u>2</u>	<u>8</u>	<u>10</u>	<u>10</u>
	===	===	===	===

5. INTEREST AND INVESTMENT INCOME

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2020 £'000	Total 2019 £'000
Bank interest – monies held in interest bearing deposit accounts	18	-	18	25
	===	===	===	===

Comparative Interest and Investment Income

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000	Total 2018 £'000
Bank interest – monies held in interest bearing deposit accounts	25	-	25	17
	===	===	===	===

Ellen MacArthur Foundation
Report and Financial Statements for the year ended 31 August 2020

NOTES TO THE FINANCIAL STATEMENTS (continued...)

6. FINANCIAL PERFORMANCE OF THE CHARITY

The Consolidated Statement of Financial Activities includes the results of the Charity's wholly owned subsidiary Ellen MacArthur Foundation Trading Limited and the results of Ellen MacArthur Foundation Inc., which operate events and services for the Charity and clients. The summary financial performance of the Charity alone is:

	2020	2019
	£'000	As restated £'000
Income from donations and legacies	7,850	15,046
Rechargeable items	5	8
Rental Income	12	2
Gift aid donation from subsidiary company	899	354
Investment income	<u>18</u>	<u>25</u>
	8,784	15,435
Expenditure on charitable activities	(8,715)	(6,599)
Cost of generating funds	<u>(352)</u>	<u>(143)</u>
	(9,067)	(6,742)
Net income for the year	(283)	8,693
Total funds brought forward	<u>15,541</u>	<u>6,848</u>
Total funds carried forward	<u>15,258</u>	<u>15,541</u>
Represented by:		
Restricted funds	8,598	10,074
Unrestricted funds	<u>6,660</u>	<u>5,467</u>
	<u>15,258</u>	<u>15,541</u>

7. INCOMING RESOURCES FROM ACTIVITIES FOR GENERATING FUNDS

Income from Trading Subsidiary:

The wholly owned trading subsidiary Ellen MacArthur Foundation Trading Limited is incorporated in England and Wales and pays all of its profits to the Charity by distribution. The company operates events, runs the Circular Economy 100 programme for businesses, publishes books, and undertakes commercial trading operations. The Charity owns the £1 ordinary share of the company.

The summary financial performance of the subsidiary above is:

	2020	2019
	£'000	£'000
Turnover	4,193	3,448
Cost of sales and admin costs	<u>(2,180)</u>	<u>(2,549)</u>
Net Profit	<u>2,013</u>	<u>899</u>
Retained in the subsidiary	<u>2,013</u>	<u>899</u>
	<u>2,013</u>	<u>899</u>
The assets and liabilities of the subsidiary were:		
Fixed assets	257	175
Current assets	3,903	2,406
Current liabilities	<u>(2,147)</u>	<u>(1,682)</u>
Net assets	<u>2,013</u>	<u>899</u>

Ellen MacArthur Foundation
Report and Financial Statements for the year ended 31 August 2020

NOTES TO THE FINANCIAL STATEMENTS (continued...)

7. INCOMING RESOURCES FROM ACTIVITIES FOR GENERATING FUNDS (continued...)

Subsequent to the balance sheet date a distribution of £2,013,000 was made to the Charity.

These Group accounts also include the results of the US sister charitable company Ellen MacArthur Foundation Inc., which for the year generated a surplus of £84,000 (2019: £91,000) and had reserves carried forward of £477,000 (2019: £393,000).

The Foundation also has a sister charity in Brazil, Ellen MacArthur Foundation Brasil, which for the year generated a surplus of £21,000 (2019 - £1,000 surplus), and has reserves carried forward of £21,000 (2019 - £0).

8. EXPENDITURE BY ACTIVITY

	Charitable	Support	Other (Governance)	Fundraising	Total 2020	Total 2019
	£'000	£'000	£'000	£'000	£'000	£'000
Learning:						
The Schmidt-MacArthur HE Programme	500	50	-	-	550	511
Schmidt-MacArthur Foundation	-	-	-	-	-	-
Education Projects	458	88	-	-	546	541
Business:						
Global Partners and Funding	-	68	-	353	421	157
Grant payment	-	-	-	-	-	2
Institutions, Governments and Cities:						
Specific Research Projects	538	74	-	-	612	870
International Outreach	2,138	158	-	-	2,296	1,626
Systemic Initiatives:						
New Plastics Economy Initiative	1,677	167	-	-	1,844	1,125
Make Fashion Circular	960	96	-	-	1,056	882
Cities and Circular Economy For Food	515	58	-	-	573	766
Finance	112	22	-	-	134	37
Insight & Communications	920	178	-	-	1,098	615
Governance						
Audit and accountancy	-	-	109	-	109	27
Legal and professional	-	-	111	-	111	43
Support allocation	-	43	-	-	43	7
	<u>7,818</u>	<u>1,002</u>	<u>220</u>	<u>353</u>	<u>9,393</u>	<u>7,209</u>

Ellen MacArthur Foundation
Report and Financial Statements for the year ended 31 August 2020

NOTES TO THE FINANCIAL STATEMENTS (continued...)

8. EXPENDITURE BY ACTIVITY (continued...)

The grant payable within the prior year was in respect of work carried out by a third party research partner.

Support costs are made up as follows:

	2020 £'000	2019 £'000
Communications and IT	169	103
Design, print and office costs	14	2
Rent, and property costs	124	93
Insurances	24	23
Depreciation	56	28
Professional services and consultancy	114	21
Currency translation and finance costs	12	17
Staff costs	390	198
Travel training and recruitment	99	82
	1,002	567
	=====	=====

Support costs are allocated to direct projects, firstly on the basis of any agreed project contribution to support costs, and then on the basis of the total resources incurred in each area.

Comparative Expenditure by Activity

	Charitable £'000	Support £'000	Other (Governance) £'000	Fundraising £'000	Total 2019 £'000	Total 2018 £'000
Learning:						
The Schmidt-MacArthur HE Programme	464	47	-	-	511	215
Schmidt-MacArthur Foundation Education Projects	-	-	-	-	-	147
	491	50	-	-	541	577
Business:						
Global Partners and Funding	-	14	-	143	157	393
Grant payment	2	-	-	-	2	295
Institutions, Governments and Cities:						
Specific Research Projects	726	144	-	-	870	237
International Outreach	1,522	104	-	-	1,626	1,567
Systemic Initiatives:						
New Plastics Economy Initiative	1,107	18	-	-	1,125	2,852
Make Fashion Circular	802	80	-	-	882	866
Cities and Circular Economy For Food	723	43	-	-	766	186
Finance	34	3	-	-	37	-
Insight & Communications	558	57	-	-	615	472
Governance						
Audit and accountancy	-	-	26,863	-	27	39
Legal and professional	-	-	43,168	-	43	18
Support allocation	-	7	-	-	7	(1)
	=====	=====	=====	=====	=====	=====
	6,429	567	70	143	7,209	7,863

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NOTES TO THE FINANCIAL STATEMENTS (continued...)

9. RESOURCES EXPENDED

Included in administrative expenses are the following amounts:	Group 2020 £'000	Group 2019 £'000	Charity 2020 £'000	Charity 2019 £'000
Audit fee – Moore Kingston Smith	61	18	50	12
Non-audit services	66	16	56	7
Payroll services	4	6	4	6
Taxation services	-	1	-	-
Depreciation of owned fixed assets	114	67	56	28
	=====	=====	=====	=====

10. STAFF COSTS

	2020 £'000	2019 £'000
Staff costs in the Charitable Company and Trading Company were		
Wages and salaries	5,977	4,769
Social Security costs	527	440
Pension costs	127	111
Other Employee Benefits	10	11
	6,641	5,331
	=====	=====

The Charity and Trading Company have auto-enrolled to meet the requirements of employer pensions. The Charity and Company operates a defined contribution scheme, the assets of which are held separately from those of the Charity in an independently administered fund. The pension cost charge represents contributions payable by the Charity to the fund. Amounts owing at the year-end amounted to £39,000 (2019: £30,000) and are included in other creditors.

	2020	2019
The average weekly number of employees during the period was as follows:	129	105
	===	===

Twelve employees (2019 – eleven) received remuneration in excess of £60,000, and they fell in the bands as follows:

	2020	2019
£60,000 to £70,000	7	4
£70,000 to £80,000	3	1
£80,000 to £90,000	4	3
£90,000 to £100,000	2	1
£120,000 to £130,000	-	1
£150,000 to £160,000	-	-
£170,000 to £180,000	1	1

Payments to Trustees and expenses reimbursed can be seen in note 19 to these accounts.

The payment of gross remuneration to Senior Management Personnel during the year was £935,000 (2019 - £686,000).

Ellen MacArthur Foundation
Report and Financial Statements for the year ended 31 August 2020

NOTES TO THE FINANCIAL STATEMENTS (continued...)

11. TANGIBLE FIXED ASSETS – GROUP AND CHARITY

	Improvements to Leasehold Property £'000	Plant and Equipment £'000	Total £'000
Consolidated:			
Cost at 1 September 2019	482	243	725
Additions	<u>359</u>	<u>58</u>	<u>417</u>
At 31 August 2020	841	301	1,142
	=====	=====	=====
Depreciation at 1 September 2019	208	176	384
Charge for the year	<u>79</u>	<u>35</u>	<u>114</u>
At 31 August 2020	287	221	498
	=====	=====	=====
Net Book Value at 31 August 2020	554	90	644
	=====	=====	=====
Net Book Value at 31 August 2019	274	67	341
	=====	=====	=====
	Improvements to Leasehold Property £'000	Plant and Equipment £'000	Total £'000
Charity:			
Cost at 1 September 2019	306	119	425
Additions	<u>272</u>	<u>4</u>	<u>276</u>
At 31 August 2020	578	123	701
	=====	=====	=====
Depreciation at 1 September 2019	149	112	261
Charge for the year	<u>53</u>	<u>3</u>	<u>56</u>
At 31 August 2020	202	115	317
	=====	=====	=====
Net Book Value at 31 August 2020	376	8	384
	=====	=====	=====
Net Book Value at 31 August 2019	157	7	164
	=====	=====	=====

12. FIXED ASSET INVESTMENTS

Shares in group undertakings and participating interests

Ellen MacArthur Foundation Trading Limited

The charitable company holds 100% of the share capital of the Ellen MacArthur Foundation Trading Limited. This Company is registered in England and Wales (company number 07110767), and provides consultancy services based on the circular economy, organises the CE100 programme and books and publications. The cost of shares as investment in the charity as at 1 September 2019 and 31 August 2020 was £1, and the net book value as at 31 August 2019 and 31 August 2020 was also £1.

EMF Trading USA, Inc.

The charitable company holds 100% of the share capital of the EMF Trading USA, Inc. This Company is registered in the State of Delaware, USA, and has been dormant since incorporation on 18 May 2020. The cost of

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Report and Financial Statements for the year ended 31 August 2020

NOTES TO THE FINANCIAL STATEMENTS (continued...)

shares as investment in the charity as at 1 September 2019 was £nil and 31 August 2020 was £0.82, and the net book value as at 31 August 2019 and 31 August 2020 was also £1.

13. DEBTORS

	Group		Charity	
	2020	2019	2020	2019
		As restated		As restated
	£'000	£'000	£'000	£'000
Trade debtors	1,580	1,652	521	867
Other debtors	668	93	573	5
Accrued income	2,914	5,578	2,834	5,465
Prepayments	296	412	189	87
Amounts due from Trading Subsidiary Ellen MacArthur Foundation Trading Limited	-	-	264	78
	<u>5,458</u>	<u>7,735</u>	<u>4,381</u>	<u>6,504</u>

Included in the above figures, for both the Group and Charity, are £450,000 (2019 - £1,895,000 as restated) of debtors that are due after more than 1 year.

14. CREDITORS

	Group		Charity	
	2020	2019	2020	2019
	£	£	£	£
Amounts falling due within one year:				
Trade creditors – project costs	271	573	164	237
Accruals	57	41	42	30
Other creditors	156	66	45	46
Taxation and Social Security	200	(1)	148	(1)
Deferred income (2019/20 income received in advance)	<u>2,721</u>	<u>2,046</u>	<u>1,071</u>	<u>786</u>
	<u>3,405</u>	<u>2,725</u>	<u>1,470</u>	<u>1,098</u>

Deferred income arises on donations received in advance of the various work programmes relating to the 2020/21 financial year which commenced on 1 September 2020. All of the income deferred at 31 August 2019 was taken to the income and expenditure account in the 2020 accounts.

	Group		Charity	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Deferred income represented:				
At 1 September 2019	2,046	1,733	786	504
Amounts released to income in the year	(2,046)	(1,733)	(786)	(504)
Consultancy fees in advance	681	452	-	-
Schmidt HE	1071	786	1,071	786
Fibres	265	265	-	-
NPEC	375	225	-	-
Circular Economy 100 fees received	<u>329</u>	<u>318</u>	<u>-</u>	<u>-</u>
At 31 August 2020	<u>2,721</u>	<u>2,046</u>	<u>1,071</u>	<u>786</u>

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Report and Financial Statements for the year ended 31 August 2020

NOTES TO THE FINANCIAL STATEMENTS (continued...)

15. RESTRICTED FUNDS

	At 1 September 2019 As restated £'000	Income received £'000	Fund Expenditure £'000	Transferred from un-restricted fund £'000	At 31 August 2020 £'000
Learning:					
Schmidt-MacArthur Higher Education Programme (1)	271	276	(550)	-	(3)
Institutions, Governments and Cities:					
MAVA G&C, CE100 and Circular Materials (6), (8)	207	434	(345)	-	296
China (9)	1,934	1,433	(1,736)	-	1,631
Systemic Initiatives:					
New Plastics Economy Initiative (10)	5,682	349	(1,844)	-	4,187
Make Fashion Circular (11)	1,088	1,248	(1,056)	-	1,280
Cities and Circular Economy For Food (12)	<u>892</u>	<u>888</u>	<u>(573)</u>	<u>-</u>	<u>1,207</u>
Total	<u>10,074</u> =====	<u>4,628</u> =====	<u>(6,104)</u> =====	<u>-</u> =====	<u>8,598</u> =====

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NOTES TO THE FINANCIAL STATEMENTS (continued...)

15. RESTRICTED FUNDS (continued...)

Comparative information for Restricted Funds	At 1 September 2018 As restated £'000	Income received As restated £'000	Fund Expenditure £'000	Transferred from un-restricted fund £'000	At 31 August 2019 As restated £'000
Learning:					
Schmidt-MacArthur Higher Education Programme (1)	175	607	(511)	-	271
Institutions, Governments and Cities:					
ResCoM Funded Project (2)	12	(15)	-	3	-
Policy Makers Toolkit (MAVA) (3)	20	-	(20)	-	-
Growth Within (Sun Foundation) (4)	34	-	(34)	-	-
Eric & Wendy Schmidt Fund (5)	38	-	(38)	-	-
MAVA G&C, CE100 and Circular Materials (6), (8)	270	456	(519)	-	207
H&M (7)	221	(219)	-	(2)	-
China (9)	982	1,885	(933)	-	1,934
Systemic Initiatives:					
New Plastics Economy Initiative (10)	802	5,838	(1,194)	236	5,682
Make Fashion Circular (11)	692	1,268	(872)	-	1,088
Cities and Circular Economy For Food (12)	<u>344</u>	<u>1,314</u>	<u>(766)</u>	<u>-</u>	<u>982</u>
Total	3,590 =====	11,134 =====	(4,887) =====	237 =====	10,074 =====

All restricted funds are held within Ellen MacArthur Foundation. As such the consolidated and charity only restricted funds are one and the same.

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NOTES TO THE FINANCIAL STATEMENTS (continued...)

15. RESTRICTED FUNDS (continued...)

- (1) The Schmidt-MacArthur Higher Education Programme relates to funding received from the Schmidt Foundation, a US based Trust, and aims to educate more than one million learners globally. It has been financially supported by the Eric and Wendy Schmidt Fund for Strategic Innovation and was launched in 2019.
- (2) The ResCoM Funded project was a four year working project, working with global manufacturing businesses to identify opportunities to move towards circular economy models, this has now completed.
- (3) Policy Makers Toolkit - in 2015, the MAVA Foundation funded a Foundation-led project to create a toolkit for policymakers inspired by the vision of what a circular economy could look like in a city or region.
- (4) Growth Within, in 2015, the SUN Foundation funded a research project to look at a circular economy vision for a competitive Europe, which the Foundation delivered in conjunction with McKinsey & Co.
- (5) Eric and Wendy Schmidt Fund for Strategic Innovation – Design for Circular Economy Course. In 2016 funding was received for a web-based toolkit, aimed to build capability amongst designers, who are designing for the circular economy.
- (6) MAVA G&C, CE100 and Circular Materials – The Government and Cities project relates to funding to advance the engagement of government and cities with circular economy. The CE100 project relates to funding to drive momentum in the Circular Economy innovation in Cities. The Circular Materials project relates to a project to carry out initial research to advance the understanding of the circular materials landscape.
- (7) H&M – A collaborative project between the Ellen MacArthur Foundation, The Stockholm Resilience Centre (SRC) and H&M, working towards creating a vision for a circular textile fibre industry. The Ellen MacArthur Foundation are acting as a commercial intermediary contracting SRC on H&M Foundation's behalf in regard to this collaboration.
- (8) The Mava Partnership - the Ellen MacArthur Foundation acts as a Partner Organisation to MAVA, providing technical knowledge and strategic advice to identify opportunities for engagement under Mava's proposed strategy outcomes SE4 'Circular Economy in Europe' and SE5 'Circular Economy for Plastics'.
- (9) China (MAVA) – MAVA have funded a project to mobilise the broader momentum and focus on the Circular Economy in China, including the growing alignment between the private and public sector on the role the Circular Economy can play in enabling better forms of economic growth.
- (10) The New Plastics Economy Initiative project launched in 2016 to bring together key stakeholders to rethink and redesign the future of plastics, starting with packaging. Phase II launched in 2019 and runs until 2025.
- (11) The Make Fashion Circular project is an initiative to help the fashion industry ensure clothes are made from safe and renewable materials and investigate new business models that increase their use and turn old clothes into new. This new textiles economy would benefit business, society, and the environment.
- (12) The Cities and Circular Economy for Food initiative aims to fundamentally rethink the role of cities in the food system based on the principles of a circular economy. The initiative will stimulate, inform and mobilise new approaches for restorative and regenerative urban food systems and related bio-cycle economic activity.

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16. PRIOR PERIOD ADJUSTMENT

Consolidated funds:	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds £'000
As previously stated 1 September 2018	3,914	3,020	6,934
Pre-comparative prior period adjustment [described below]	-	570	570
As restated	3,914	3,590	7,504
<u>Year ended 31 August 2019</u>			
Net surplus as previously reported	2,845	3,739	6,584
Prior period adjustment [described below]	-	2,745	2,745
At 31 August 2019	6,759 =====	10,074 =====	16,833 =====
Charity funds:	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds £'000
As previously stated 1 September 2018	3,258	3,020	6,278
Pre-comparative prior period adjustment [(1) below]	-	570	570
As restated	3,258	3,590	6,848
<u>Year ended 31 August 2019</u>			
Net surplus as previously reported	2,209	3,739	5,948
Prior period adjustment [(1) below]	-	2,745	2,745
At 31 August 2019	5,467 =====	10,074 =====	15,541 =====

Prior period adjustments:

The prior period adjustments related to a change in policy on the recognition of restricted project income in line with the Charity SORP treatment. Previously the income was recognised over the period of the funding agreements, typically three years, with the income recognised each year in line with the receipt on the anniversary of the date of the agreement. The Charity believes that entitlement is provided by the agreement, and so in accordance with the Charity SORP the income should be recognised on inception of the agreement with the corresponding debtor included within accrued income.

The effect of the prior period adjustment is to record £570,000 income prior to the start of the comparative period, with a corresponding increase to accrued income as at 31 August 2018. In 2019 a net increase of £2,745,000 in income is recognised, with a corresponding increase to accrued income as at 31 August 2019.

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**17. ANALYSIS OF GROUP NET ASSETS
BY FUNDS**

Consolidated:

	Unrestricted Funds	Restricted Funds	Total 2020	Total 2019 As restated
	£'000	£'000	£'000	£'000
Fixed assets	644	-	644	341
Current assets	4,254	1,204	5,458	7,735
Cash at bank	6,774	8,298	15,072	11,482
Creditors	<u>(2,501)</u>	<u>(904)</u>	<u>(3,405)</u>	<u>(2,725)</u>
	9,171	8,598	17,769	16,833
	=====	=====	=====	=====

Charity:

	Unrestricted Funds	Restricted Funds	Total 2020	Total 2019 As restated
	£'000	£'000	£'000	£'000
Fixed assets	384	-	384	164
Current assets	3,177	1,204	4,381	6,504
Cash at bank	3,665	8,298	11,963	9,971
Creditors	<u>(566)</u>	<u>(904)</u>	<u>(1,470)</u>	<u>(1,098)</u>
	6,660	8,598	15,258	15,541
	=====	=====	=====	=====

Comparative Analysis of Group and Charity Net Assets by type of fund

Consolidated:

	Unrestricted Funds As restated	Restricted Funds As restated	Total 2019 As restated	Total 2018 As restated
	£'000	£'000	£'000	£'000
Fixed assets	341	-	341	343
Current assets	3,393	4,342	7,735	3,471
Cash at bank	4,807	6,675	11,482	5,849
Creditors	<u>(1,782)</u>	<u>(943)</u>	<u>(2,725)</u>	<u>(2,159)</u>
	6,759	10,074	16,833	7,504
	=====	=====	=====	=====

Charity:

	Unrestricted Funds As restated	Restricted Funds As restated	Total 2019 As restated	Total 2018 As restated
	£'000	£'000	£'000	£'000
Fixed assets	164	-	164	192
Current assets	2,162	4,342	6,504	3,113
Cash at bank	3,296	6,675	9,971	4,386
Creditors	<u>(155)</u>	<u>(943)</u>	<u>(1,098)</u>	<u>(843)</u>
	5,467	10,074	15,541	6,848
	=====	=====	=====	=====

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18. FINANCIAL COMMITMENTS - LEASES

At 31 August 2020 the group had the following minimum lease payments under non-cancellable operating leases, as follows:

	2020 Property £'000	2020 Other £'000	2019 Property £'000	2019 Other £'000
<u>Consolidated:</u>				
Due within 1 year	88	5	58	5
Due between 2-5 years	349	14	315	17
Due after more than 5 years	<u>238</u>	<u>-</u>	<u>262</u>	<u>-</u>
	675	19	635	22
	=====	=====	=====	=====
<u>Charity only:</u>				
Due within 1 year	88	-	58	1
Due between 2-5 years	349	-	315	-
Due after more than 5 years	<u>238</u>	<u>-</u>	<u>262</u>	<u>-</u>
	675	-	635	1
	=====	=====	=====	=====

19. RELATED PARTIES

During the year the Charity and Trading Company have occupied offices at an agreed rent, owned by EM (IOW) Ltd, a Company 50% owned by Dame Ellen MacArthur. A charge was made by EM (IOW) Limited for £37,000 (2019 - £35,000) in respect of the office rental, and at the year end £NIL (2019 - £Nil) was outstanding, with £NIL (2019 - £ Nil) included in prepayments.

Charges were made by EM (IOW) Ltd to Ellen MacArthur Foundation for £18,000 (2019 - £33,600) in respect of services provided by Dame Ellen MacArthur, who is a Trustee of the Charity and also a director of the trading subsidiary. At the year-end £10,000, (2019 - £ Nil) was outstanding. These services were in respect of Ellen's time as a speaker, and for appearances in helping the Company carry out its activities. The payments were not in respect of Ellen's duties as a Trustee of the Charity, and permission was granted in 2014 by the Charity Commission in respect of these payments.

No remuneration was paid to Trustees for their services as Trustees (2019 - £ Nil). Expenses were reimbursed to one Trustee totalling £297 (2019 - two Trustees £586) in respect of home phone expenses. At the year end, £58 (2019 - £142) was outstanding.

20. CONTROLLING PARTY

The charity is controlled by the Trustees.

21. FINANCIAL INSTRUMENTS

	Group		Charity	
	2020	2019	2020	2019
	£'000	As restated £'000	£'000	As restated £'000
Carrying amount of financial assets				
Debt instruments measured at amortised cost	20,234	18,805	16,155	16,387
Carrying amount of financial liabilities				
Liabilities measured at amortised cost	<u>(683)</u>	<u>(641)</u>	<u>(398)</u>	<u>(285)</u>
	19,550	18,164	15,755	16,102
	=====	=====	=====	=====