

NATURAL RESOURCE CHARTER LIMITED
TRUSTEES' REPORT FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2020

Registered Charity Number 1144326

Registered Company Number 07645971

NATURAL RESOURCE CHARTER LIMITED

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company Number 07645971

Registered Charity Number 1144326

**Principal and
Registered Office** 2nd Floor,
1 Knightrider Ct.
London
EC4V 5BJ

Trustees Alan Detheridge
Anthony James Venables (Resigned 29 April 2020)
Joseph Charles Bell
Mark Henstridge
Meghna Abraham (Appointed 1 January 2021)

Bankers Lloyds Bank plc
25 Gresham Street
London
EC2V 7HN

Auditor Haysmacintyre LLP
10 Queen Street Place
London
EC4R 1AG

NATURAL RESOURCE CHARTER LIMITED

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

The Trustees are pleased to present their annual directors' report together with the financial statements of Natural Resource Charter Ltd (NRCL) for the year ending 31 December 2020 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

STRUCTURE, MANAGEMENT AND OBJECTIVES

The charitable company is controlled by its Memorandum and Articles of Association. It was incorporated on 24th May 2011 (Company Number 7645971) and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006, and is also registered as a charity (Charity Number 1144326).

The trustees are appointed by the Member, Natural Resource Governance Institute ("NRGI"). The charity provides induction materials for new members and training as required.

OBJECTIVES AND ACTIVITIES

The charity's objects ("Objects") are specifically restricted to the following:

To advance education for the public benefit in the management and use of non-renewable resources by governments and society in order to promote sustainable development, poverty reduction, and good governance, in particular but not exclusively by

- (1) the publication and dissemination of the Natural Resource Charter and other documents and materials to enhance transparency, effectiveness, and accountability for resource development, revenue management and public expenditures;
- (2) research regarding the use of natural resources and their revenues and the impacts of natural resources on development;
- (3) the provision of information, training and funding to individuals, journalists, civil society, policy makers, parliamentarians, and government officials, and
- (4) the convocation of meetings of governments, civil society, experts and others to inform the work of the charity and to disseminate the results of that work.

NRCL staff work under a cooperation agreement with the Natural Resource Governance Institute (NRGI) its sole member, a U.S. registered charity, NRCL became active in November 2014 with the transfer of the UK operations of NRGI. In addition, employees of Open Society Foundation (Company Number 04571628) previously seconded to NRGI were transferred to NRCL. NRGI has adopted a strategic plan for the organisation that includes NRCL's proposed activities. NRCL's trustees have reviewed and approved this plan on behalf of NRCL. Through technical advice, advocacy, applied research, policy analysis, and capacity development, NRCL works with innovative agents of change within government ministries, civil society, the media, legislatures, the private sector, and international institutions to promote accountable and effective governance in the extractive industries. NRCL's staff have particular depth in capacity development and applied research and analysis.

ACHIEVEMENTS AND PERFORMANCE

The largest portion of the NRCL budget is devoted to staff salaries, benefits and associated occupancy expenses. 15 staff are based in the London office. NRCL includes employees from all of NRGI's thematic teams (Research, Data and Learning; Governance Programs; Legal and Economic Programs; Communications and Support Services. They support a variety of global level projects in their respective areas of purview, including external engagement with global institutions such as private sector entities and multilateral agencies, the undertaking of research and analysis, participating in major international convenings and leading NRGI's flagship capacity building courses. They also support the implementation of strategies for all of NRGI's priority countries working in tandem with country staff. In particular:

NATURAL RESOURCE CHARTER LIMITED

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

- i) Members of the governance team lead our global advocacy work, in particular around commodity trading, beneficial ownership and payment disclosures. They are also spearheading our work on using that information for policy reform.
- ii) Members of the research, data and learning team lead the development of the Resource Governance Index and the management of our online platforms that organize data, such as the websites resourcecontracts.org, resourceprojects.org and resourcedata.org. Capacity development staff who have been newly integrated into this team lead our global advanced courses and online learning.
- iii) Members of the legal and economic programs team lead our work on fiscal modelling, legal analysis, reform and our research on the implementation gap.
- iv) Members of support services, including the IT Manager and the HR Manager support the operational backbone of NRGI.
- v) Members of the development team lead the organization's fundraising efforts and donor relations.
- vi) Members of the management team, including the Senior Director for Regional Programs, and the Interim President and CEO lead on strategy implementation, fundraising and program development and external outreach to partners.

Throughout 2020 and into early 2021, the work of NRCL staff led to numerous successes, in terms of both improved disclosures and policies across the range of themes that NRGI focuses on, from anti-corruption, to licensing, energy transition, tax policy, revenue management and State Owned Enterprise (SOE) governance.

NRGI analysis and direct engagement with governments and companies worldwide led to major progress around each element of our updated strategy, despite the significant challenges of a year rife with global shifts and the coronavirus pandemic.

NRGI published cross-country analyses of government responses to the fiscal challenges posed by the coronavirus and related swings in commodity prices. To facilitate this work, we continued to draw on our National Oil Company Database as an analytical tool. These quick analyses often led to action—in Ghana, NRGI was able to support and work alongside civil society in preventing risky government pandemic response proposals, including the controversial Agyapa gold royalties deal.

Our innovative research on resource-backed loans (RBLs), “Resource-Backed Loans: Pitfalls and Potential,” shined a global spotlight on the challenges of these controversial financial instruments. This research went on to help facilitate greater transparency in Guinea regarding a previously opaque RBL.

In addition, NRGI contributed to tax policy reforms that have the potential to increase government revenue in Tanzania and Uganda. In Guinea, Lebanon and Tunisia we supported policy changes that have led to greater transparency through disclosures of information. In the DRC, long-term engagement to enhance civil society's capacity to hold the extractives sector accountable has directly led to the uncovering and scrutinizing of potentially corrupt practices.

Critically, our growing portfolio of work on the energy transition began to yield results. We supported civil society to engage growing questions of critical mineral extraction in countries such as Uganda, and we encouraged the government of Ghana to account for the implications of a future less reliant on fossil fuels. We also sought to prevent backsliding on environmental standards of existing extractives projects with an awareness that the energy transition is on the horizon, and we began to make progress on the issue in Latin America.

On the global level, we supported significant improvements to global standards for commodity trading guidelines and reporting requirements at the Extractive Industries Transparency Initiative (EITI). We used our expertise to influence standards of the EITI, Global Reporting Initiative (GRI), and the Organization for Economic Co-operation and Development (OECD) to bring energy transition issues to the fore of these norm-setting bodies. NRGI also worked alongside these partners to facilitate stronger standards and focus on anti-corruption issues. In the private sector, NRGI shared recommendations and facilitated dialogue on strategies to lessen corruption risks when doing business with state-owned enterprises.

NATURAL RESOURCE CHARTER LIMITED

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

KEY MANAGEMENT PERSONNEL

In 2020, NRGi's senior management team was based in the US. The President and CEO's pay is set by the Executive Committee of the Board using external benchmarking sources. Other staff pay is also set using external benchmarking of the applicable local market(s).

RISK REVIEW

NRGI has a centralized approach to risk management and also manages its insurance policies globally. In addition to the organisation-wide assessments of the operating environment (People, Property, Compliance, and Income), NRGi also reviews individual projects. The Project Leads carry out risk assessments for each project as it is launched, which are updated periodically.

The following table draws upon an internal risk register that is updated regularly as part of a larger dashboard for our board of directors. The table considers specific risks for NRCL, within the broader NRGi context. NRCL's income is entirely derived through a service agreement with its parent NRGi, with NRCL transactions chiefly concerning UK-based staff and the operating cost of the London office. While further risks are included in NRGi's internal risk register, the following table only presents risks with the highest potential likelihood and impact.

Description	Mitigation
Financial Risks	
Insufficient funding from donors to cover NRGi activities - Imminent risks include the end of the Luminate and Hewlett renewals in 2022 (declining endowments), and the OSF decline and exit after 2023.	<ol style="list-style-type: none">1. Continue to diversify donor pool.2. Further professionalize our development efforts.3. Review business model assumptions (including on staffing) and conduct scenario planning.4. Adapt NRGi's strategy to attract new funders.5. Consider indirect cost recovery in restricted funding budget.6. Increase NRGi's ability to price its offerings and leverage restricted funds.
People Risks	
Loss of key program staff - At the start of 2021 Suneeta Kaimal was named NRGi's CEO and President. The board continues its search for a board chair.	<ol style="list-style-type: none">1. Ensure cross training among team members to create redundancy and limit risk when turnover occurs.2. Ensure robust information and knowledge management to facilitate transitions when they occur.3. Recruit for key vacancies that will deepen the staff bench.4. Engage with high performers to support professional development and job satisfaction.
Staff potentially exposed to harm in the course of performing their duties - In the face of the ongoing coronavirus pandemic, NRGi staff in all locations face elevated risk.	<ol style="list-style-type: none">1. Travel is currently suspended due to COVID. When travel resumes as part of the travel request process, staff are required to confirm that they have read relevant guidance and alerts (including those related to medical necessities).2. NRGi has global insurance, including for kidnapping and ransom coverage.3. NRGi has medical evacuation and repatriation insurance for employees in need of serious medical attention in risk areas.4. Emergency plans have been developed for all offices.

NATURAL RESOURCE CHARTER LIMITED

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

Reputational Risks	
Strategic Relevance - In the context of the climate crisis and the acceleration of the green agenda brought on by Covid-19, NRGI needs to accelerate its pivot towards these issues to ensure its continues relevance	<ol style="list-style-type: none">1. Invest in advancing NRGI's work on the energy transition.2. Communications efforts will continue to reposition NRGI in the current context, examples including a recent 2020 series on Covid-19 and extractive impacts and ongoing work on the energy transition.
Protection of Assets	
Disaster (fire/ flood) leading to loss of essential assets or critical data.	<ol style="list-style-type: none">1. All systems are cloud-based with recurring backup performed.2. Individual laptops backup through OneDrive (Cloud-based).3. Relevant insurance is in place
System issues (e.g. virus, hacked, unauthorized access, system down).	<ol style="list-style-type: none">1. Protection pushed to laptops and related equipment.2. IT Team monitors systems for risks and potential breaches.3. Cloud backups occur.4. Relevant insurance is in place.
Fraud Theft or misappropriation of assets.	<ol style="list-style-type: none">1. All payments require set-up / approval (segregation).2. Funds transferred to NRCL monthly, so limited funds on hand or accessible.3. Monthly bank reconciliations performed, with all individual transactions reviewed and approved centrally.4. Relevant insurance is in place.

PUBLIC BENEFIT

The trustees confirm that they have referred to the Charity Commission's general guidance on Public Benefit when reviewing and shaping the charity's aims and objectives for the year and planning future activities. The charity works to ensure that its programmes are inclusive, accessible, and responsive to the needs of its intended beneficiaries.

FUNDRAISING POLICY

The Charity does not carry out any external fundraising activities and did not receive any complaints.

RESERVES POLICY

The Trustees believe it is not necessary to mandate a specific level of reserves and introduce an independent reserve policy in light of the cooperation agreement with NRGI. NRGI adopted a reserves policy as of April 2019 that would cover NRCL.

FINANCIAL REVIEW

Income for the year ended December 31, 2020 and 2019 was £1,506,915 and £1,805,366, respectively, comprising contributions from NRGI. Expenses were £1,569,993 and £1,778,715, respectively, comprising primarily staff costs and office costs. This has resulted in Net Assets of £976. All income and expenditure in the year were unrestricted.

PLANS FOR THE FUTURE

NRCL staff will implement the NRGI approved new 2020-2025 strategic plan. NRGI will continue its role as an independent, global policy analysis and advocacy institute that works collaboratively to generate and translate knowledge into policy reform in resource-rich countries. NRGI will share good practice, captured in the Natural Resource Charter as an intellectual framework, through analysis of the evidence and contextually relevant tools and approaches. NRGI will strengthen local accountability actors, with an emphasis on civil society, to hold governments accountable and to contribute to policy reform by building their technical capacities and enabling access to key decision makers and influencers. NRGI will support reform-minded policy makers by providing credible analysis and evidence to make informed decisions in the best interests of current and future generations. NRGI will reinforce our work to build domestic capacity for change by targeting regional and global influencers.

NATURAL RESOURCE CHARTER LIMITED

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

NRCL staff will support the following strategic objectives:

- Licensing and fiscal systems are transparent, fair and help countries maximize the revenues available for development spending.
- Extractive sector revenues are managed in ways that serve long-term public interest and the economic sustainability of public finances, rather than short-term political or private agendas.
- Resource-rich countries advance rather than hinder the transition to cleaner energy. Countries rich in strategic minerals do not replicate misgovernance in that subsector.
- Governments and companies conduct sector operations in ways that reduce opportunities for corruption and capture, and anticorruption actors tackle extractive sector corruption more effectively.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees, who are also directors of the charitable company for the purpose of company law, are responsible for preparing the Trustee Report and the accounts in accordance with applicable law in the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to accounts for each financial year which give a true and fair view of the state of affairs of the charity and the incoming resources and application of resources, including the income and expenditure of the charitable company of the period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the companies act 2006. They are also responsible for safeguarding the assets of the charity and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

As far we are aware, there is no relevant audit information of which the company's auditors are unaware. We have taken appropriate steps identify any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

haysmacintyre have expressed their willingness to continue in service and offer themselves for re-appointment at the next annual General Meeting.

Signed by order of the Board of Trustees on 13th May 2021



.....
Alan Detheridge, Trustee

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF NATURAL RESOURCE CHARTER LIMITED

We have audited the financial statements of the Natural Resource Charter Limited for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2020 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report (which includes the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report (which incorporates the directors' report).

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the charitable company; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF NATURAL RESOURCE CHARTER LIMITED

- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 6, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to revenue recognition, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as Companies Act 2006 and the Charities Act 2011.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to management override. Audit procedures performed by the engagement team included:

- We undertook a number of audit procedures to verify the appropriateness of revenue recognition in the financial statements;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Adam Halsey (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditors
Date: 17 May 2021

10 Queen Street Place
London
EC4R 1AG

NATURAL RESOURCE CHARTER LIMITED

**STATEMENT OF FINANCIAL ACTIVITIES
INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT**

FOR THE YEAR ENDED 31 DECEMBER 2020

		Unrestricted funds	
		Totals	Totals
	Notes	2020	2019
		£	£
Income from:			
<i>Donations</i>		1,506,915	1,805,366
Total		<u>1,506,915</u>	<u>1,805,366</u>
Expenditure on:			
<i>Charitable activities</i>			
Direct charitable expenditure	3	1,569,992	1,778,715
Total		<u>1,569,993</u>	<u>1,778,715</u>
Net movement in funds		(63,077)	26,651
Reconciliations of funds			
Total funds brought forward		64,053	37,402
Total funds carried forward		<u><u>976</u></u>	<u><u>64,053</u></u>

All transactions are derived from continuing activities.

All gains and losses recognised in the year are included in the Statement of Financial Activities.

The accompanying notes form part of these financial statements.

NATURAL RESOURCE CHARTER LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2020

COMPANY NUMBER 07645971

	Notes	£	2020	£	£	2019	£
FIXED ASSETS							
Tangible fixed assets	6			13,443			12,638
CURRENT ASSETS							
Cash at Bank			15,599			32,735	
Debtors	7		124,721			118,351	
			<u>140,320</u>			<u>151,086</u>	
Creditors: Amounts falling due within one year	8		(152,787)			(99,671)	
NET CURRENT ASSETS				(12,467)			55,415
NET ASSETS				<u>976</u>			<u>64,053</u>
FUNDS							
	10						
Unrestricted funds							
General				976			64,053
				<u>976</u>			<u>64,053</u>

The financial statements were approved and authorised for issue by the Board of the Trustees on 13th May 2021 and were signed below on its behalf by:

.....
Alan Detheridge, Trustee

The accompanying notes form part of these financial statements.

NATURAL RESOURCE CHARTER LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Total funds 2020 £	Total funds 2019 £
Cash (outflows)/inflows from operating activities	(9,879)	(130,531)
Cash flows from investing activities:		
Purchase of tangible fixed assets	(7,258)	-
Decrease in cash and cash equivalents in the reporting period	(17,136)	(130,531)
Cash and cash equivalents at the beginning of the reporting period	32,735	163,266
Cash and cash equivalents at the end of the reporting period	15,599	32,735
	2020 £	2019 £
Reconciliation of net movement in funds to cash flow from operating activities		
Net movement in funds	(63,077)	26,651
Depreciation	6,453	8,514
(Increase)/Decrease in debtors	(6,370)	3,221
(Decrease)/increase in creditors	53,115	(168,917)
Net cash used by operating activities	(9,879)	(130,531)
Analysis of cash and cash equivalents	2020 £	2019 £
Cash in hand	15,599	32,735
Total cash and cash equivalents	15,599	32,735

NATURAL RESOURCE CHARTER LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES

Basis of Preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) – (Charities SORP 2015 (Second Edition, effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Natural Resource Charter Limited meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Going Concern

The Trustees have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern.

The Trustees consider that the charitable company's funding arrangement with its parent, NRGI, allows it to continue the operational existence for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

Income

Incoming resources represent donations, including donated services received from the parent charity, NRGI, and is accounted for on a receivable basis. All income is recognised once the charity has entitlement to income, it is probable that income will be received and the amount of income receivable can be measured reliably.

Direct Charitable Expenditure

Direct charitable expenditure consists of all expenditure relating to the objective of the Charity. All costs are directly attributable to the activities under which they have been analysed.

Governance Costs

Governance costs include expenditure on the governance of the Charity and are primarily associated with constitutional and statutory requirements.

Tangible Fixed Assets

Fixed assets costing US\$1,000 or its equivalent in local currency or more, with a useful life of at least one year are capitalised. As an alternative to prorating the depreciation in the year of acquisition or disposal, the charity takes one half year of depreciation in both the years of acquisition and disposal. Depreciation is calculated by the straight-line of the estimated useful lives of the assets on the following basis

Fixtures & equipment	- 10 years
Computer equipment	- 3 years
Other office equipment	- 7 years
Website	- 5 years
Leasehold improvements	- Term of lease

Funds

General Funds are unrestricted funds which 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.

Pension

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

NATURAL RESOURCE CHARTER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES (continued)

Company status

The company is a company limited by guarantee. The members of the company are the Trustees named on Page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £10 per member of the company.

Estimates and Judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results may ultimately differ from those estimates. The Trustees consider depreciation to be subject to estimation and judgement.

Financial Instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost with the exception of investments which are held at fair value. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. A specific provision is made for debts for which recoverability is in doubt. Cash at bank and in hand is defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes.

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments.

Creditors and provisions

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

Employee benefits

- **Short term benefits**

Short term benefits including holiday pay are recognised as an expense in the period in which the service is received.

- **Employee termination benefits**

Termination benefits are accounted for on an accrual basis and in line with FRS 102.

2. NET MOVEMENT IN FUNDS

	2020 £	2019 £
The net movement in funds is stated after charging:		
Auditor's fee	11,400	11,040
Depreciation	6,453	8,514

During the year, no Trustees received any remuneration (2019: £Nil)

During the year, no Trustees received any benefits in-kind (2019: £Nil)

During the year, no Trustees received any reimbursements of expenses (2019: £Nil)

NATURAL RESOURCE CHARTER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

3. CHARITABLE ACTIVITIES	Direct Staff costs	Direct Other and Governance costs	Total 2020	Total 2019
	£	£	£	£
Technical advice, advocacy, applied research, policy analysis, and capacity development	1,186,527	383,465	1,569,992	1,778,715
Prior year comparative - 2019	1,146,950	631,765	1,778,715	1,917,588
4. GOVERNANCE COSTS			2020 £	2019 £
Auditor's fee			11,400	11,040
Legal fees			-	-
			11,400	11,040
Governance costs have been allocated to charitable activities in full.				
5. STAFF COSTS AND NUMBERS			2020 £	2019 £
Staff costs during the year were as follows:				
Wages and salaries			978,527	939,310
Social security costs			117,705	113,285
Pension costs			90,295	94,355
			1,186,527	1,146,950
The average number of full-time equivalent employees during the two months was as follows:				
			2020 Number	2019 Number
Programmatic staff			13	13
Communications, administration and accounting			2	2
			15	15
The number of higher paid staff whose taxable emoluments fell into higher salary bands were:				
			2020 Number	2019 Number
£60,001 - £70,000			-	1
£70,001 - £80,000			3	3
£80,001 - £90,000			1	1
£90,001 - £100,000			1	2
£100,001 - £110,000			-	1
£110,001 - £120,000			1	-

NRGI's senior management team is based in the US and their salaries are not included in these financial statements. The charitable company operates a defined contribution pension scheme. During the year contributions paid across totalled £90,295 (2019: £94,355). At the year-end there were outstanding contributions of £10,057 (2019: £8,445).

NATURAL RESOURCE CHARTER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

6. TANGIBLE FIXED ASSETS

	Computer equipment £	Software £	Fixtures & Fittings	Other equipment £	Total 2020 £
Cost					
At 1 January 2020	52,461	1,978	39,829	790	95,058
Additions	7,258	-	-	-	7,258
At 31 December 2020	59,719	1,978	39,829	790	102,316
Depreciation					
At 1 January 2020	49,834	1,880	29,916	790	75,797
Charge for the year	3,191	98	3,164	-	6,453
At 31 December 2020	53,025	1,978	33,080	790	88,873
Net Book Value					
At 31 December 2020	6,694	-	6,749	-	13,443
At 31 December 2019	2,627	98	9,913	-	12,638

7. DEBTORS

	2020 £	2019 £
Prepayments	67,382	63,811
Other debtors	57,339	54,540
	124,721	118,351

8. CREDITORS: amounts due within one year

	2020 £	2019 £
Trade creditors	2,297	3,427
Accrued expenses	107,733	64,654
Other taxation and social security	42,757	31,590
	152,787	99,671

9. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Total funds/ Unrestricted Funds £
Represented by:	
Fixed assets	13,443
Current assets	140,320
Current liabilities	(152,787)
Fund balances at 31 December 2020	976

NATURAL RESOURCE CHARTER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

10. FUNDS	Balance 1 January 2020 £	Income £	Expenditure £	Balance 31 December 2020 £
General Fund	64,053	1,506,915	1,569,993	976
Total unrestricted funds	<u>64,053</u>	<u>1,506,915</u>	<u>1,569,993</u>	<u>976</u>
FUNDS – COMPARATIVES 2019	Balance 1 January 2019 £	Income £	Expenditure £	Balance 31 December 2019 £
General Fund	37,402	1,805,366	1,778,715	64,053
Total unrestricted funds	<u>37,402</u>	<u>1,805,366</u>	<u>1,778,715</u>	<u>64,053</u>

11. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is a fully controlled subsidiary of Natural Resource Governance Institute (NRGI), a charity registered in the United States of America. During the year, donations and in-kind support of £1,506,915 (2019: £1,805,366) was received from NRGI.

12. OPERATING LEASE NOTE

The total of the future minimum lease payments at the end of the year are:

	2020 Leasehold £	2019 Leasehold £
Not later than 1 year	207,228	138,152
Later than 1 year and not later than 5 years	51,807	259,035
	<u>259,035</u>	<u>397,187</u>