

NATURAL RESOURCE CHARTER LIMITED
TRUSTEES' REPORT FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2021

Registered Charity Number 1144326

Registered Company Number 07645971

NATURAL RESOURCE CHARTER LIMITED

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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
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 2021

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 2021 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 2021

- 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 legal and economic programs team lead our work on fiscal modelling, legal analysis, reform and our research on the implementation gap.
- iii) Members of the research, data and learning team take on a range of responsibilities that cut across the organization. Members of the 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 and lead our global courses and online learning. In September 2021 a strategic restructuring led to member of the research, and data and learning team joining either the governance or legal and economic team, to increase efficiencies.
- iv) Members of support services, including the Human Resources team, support the operational backbone of NRGI.
- v) Members of the fundraising team lead the organization's fundraising efforts and donor relations.
- vi) A member of the management team the Managing Director, leads on organizational effectiveness and strategy and program design and implementation.

Throughout 2021 and into early 2022, the work of NRCL staff led to numerous successes 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 strategy, despite the significant challenges of another year rife with global shifts and the coronavirus pandemic.

NRGI continued to grow the portfolio of work on the energy transition, which has major implications for countries that produce hydrocarbons or the minerals needed for new energy technologies. NRCL staff published a commentary series on resource governance and the energy transition which drew on NRGI produced data platforms, such as the National Oil Company database. NRGI raised the importance of governance and equity at COP26, flagging the “risky bets” that national oil companies are making as the energy transition gains momentum. NRGI findings that USD 400 billion in planned investments in fossil fuel extraction won't break even if Paris agreement goals are to be met informed the benchmark Production Gap Report and guidance for climate activists. In 2021 NRGI also supported policy-makers and civil society to interrogate the impact of national oil company spending plans on economic sustainability in Ghana, Mexico, Latin America and the Middle East and North Africa.

In December 2021, following years of engagement by NRGI and partners Publish What You Pay and Oxfam America, the International Council on Mining and Metals announced a new position on contract transparency requiring its 28 member companies to disclose contracts signed with governments. This transparency requirement will apply to members representing about a third of the global mining industry, making it an important tool for increasing accountability around critical minerals.

NRGI published the 2021 Resource Governance Index (RGI), a free data tool that helps key stakeholders—government officials, staff at civil society organizations, oversight actors and private sector executives—to better understand the state of resource governance in countries around the world. In several countries NRGI has already seen the use of the index by partners and stakeholders in countries including Colombia, Guinea and Mongolia.

In Ghana, NRGI worked alongside civil society partners to make recommendations to the government regarding the proposed purchase of offshore oil assets from Aker Energy by state company GNPC. The coalition's goal was to ensure that officials, mindful of Ghana's significant debt burden, struck a good and fair deal that would bring benefits to citizens. The government has since reduced its valuation of the assets from USD 1.65 billion to 1.1 billion and plans to further evaluate the deal before taking a final decision.

Using NRGI's new anticorruption tool, the Mongolia Extractive Industries Transparency Initiative confronted conflicts of interests in the mining sector—issues at the heart of recent corruption-related controversies in the country. The diagnostic

process helped Mongolia EITI members identify specific solutions, such as strengthening collaboration with the anticorruption commission to verify the asset and income declarations of senior extractive sector officials.

NATURAL RESOURCE CHARTER LIMITED

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

In Mexico, the executive proposed a controversial constitutional amendment on concessions for lithium and other strategic minerals. NRGi partnered with researchers and public officials from Mexico and across Latin America to convene public dialogue and share a comparative analysis of experiences in other countries. NRGi also detailed how new approaches to critical mineral extraction could usher in improvements to mining governance in Mexico.

In 2021 NRGi opened a new program in Senegal, supporting policy-makers and civil society actors to advance legal and regulatory reforms in both the mining and oil and gas sectors. NRCL staff help in contributing to ongoing debates, working in partnership with state-owned companies in the improvement of their transparency and accountability practices, and supporting civil society organizations and oversight actors who monitor the extractive sector.

KEY MANAGEMENT PERSONNEL

In 2021, NRGi's senior management team was based in the US, with the exception of the Managing Director, a newly created role from September 2021. 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. |

NATURAL RESOURCE CHARTER LIMITED

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

| | |
|--|--|
| 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. |
| 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, 2021 and 2020 was £1,780,925 and £1,506,915, respectively, comprising contributions from NRGi. Expenses were £1,772,359 and £1,569,992, respectively, comprising primarily staff costs and office costs. This has resulted in Net Assets of £9,542. 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.

NATURAL RESOURCE CHARTER LIMITED

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

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.

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 LLP 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



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 2021 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 2021 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

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 2021

| | | Unrestricted funds | |
|------------------------------------|--------------|---------------------------|-------------------|
| | | Totals | Totals |
| | Notes | 2021 | 2020 |
| | | £ | £ |
| Income from: | | | |
| <i>Donations</i> | | 1,780,925 | 1,506,915 |
| Total | | <u>1,780,925</u> | <u>1,506,915</u> |
| Expenditure on: | | | |
| <i>Charitable activities</i> | | | |
| Direct charitable expenditure | 3 | 1,772,359 | 1,569,992 |
| Total | | <u>1,772,359</u> | <u>1,569,992</u> |
| Net movement in funds | | 8,566 | (63,077) |
| Reconciliations of funds | | | |
| Total funds brought forward | | 976 | 64,053 |
| Total funds carried forward | | <u><u>9,542</u></u> | <u><u>976</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 2021

COMPANY NUMBER 07645971

| | Notes | £ | 2021 | £ | £ | 2020 | £ |
|--|-------|---|----------------|--------------|---|----------------|------------|
| FIXED ASSETS | | | | | | | |
| Tangible fixed assets | 6 | | | - | | | 13,443 |
| CURRENT ASSETS | | | | | | | |
| Cash at Bank | | | 2,658 | | | 15,599 | |
| Debtors | 7 | | 112,844 | | | 124,721 | |
| | | | <u>115,502</u> | | | <u>140,320</u> | |
| Creditors: Amounts falling due within one year | 8 | | (105,960) | | | (152,787) | |
| NET CURRENT ASSETS | | | | 9,542 | | | (12,467) |
| NET ASSETS | | | | <u>9,542</u> | | | <u>976</u> |
| FUNDS | | | | | | | |
| Unrestricted funds | 10 | | | | | | |
| General | | | | 9,542 | | | 976 |
| | | | | <u>9,542</u> | | | <u>976</u> |

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

and were

A. Detheridge

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 2021

| | Total funds 2021 £ | Total funds 2020 £ |
|---|--------------------------|--------------------------|
| Cash (outflows)/inflows from operating activities | (12,941) | (9,879) |
| Cash flows from investing activities: | | |
| Purchase of tangible fixed assets | - | (7,258) |
| Decrease in cash and cash equivalents in the reporting period | (12,941) | (17,136) |
| Cash and cash equivalents at the beginning of the reporting period | 15,599 | 32,735 |
| Cash and cash equivalents at the end of the reporting period | 2,658 | 15,599 |
| | | |
| | 2021 £ | 2020 £ |
| Reconciliation of net movement in funds to cash flow from operating activities | | |
| Net movement in funds | 8,566 | (63,077) |
| Depreciation | 13,443 | 6,453 |
| Decrease/(increase) in debtors | 11,877 | (6,370) |
| (Decrease)/increase in creditors | (46,827) | 53,115 |
| Net cash used by operating activities | (12,941) | (9,879) |
| | | |
| Analysis of cash and cash equivalents | 2021 £ | 2020 £ |
| Cash in hand | 2,658 | 15,599 |
| Total cash and cash equivalents | 2,658 | 15,599 |

NATURAL RESOURCE CHARTER LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021

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

| | 2021 £ | 2020 £ |
|---|-----------|-----------|
| The net movement in funds is stated after charging: | | |
| Auditor's fee | 12,000 | 11,400 |
| Depreciation | 13,443 | 6,453 |

During the year, no Trustees received any remuneration (2020: £Nil)

During the year, no Trustees received any benefits in-kind (2020: £Nil)

During the year, no Trustees received any reimbursements of expenses (2020: £Nil)

NATURAL RESOURCE CHARTER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

| 3. CHARITABLE ACTIVITIES | Direct Staff costs | Direct Other and Governance costs | Total 2021 | Total 2020 |
|---|-----------------------|--|------------------|------------------|
| | £ | £ | £ | £ |
| Technical advice, advocacy, applied research, policy analysis, and capacity development | 1,392,863 | 379,496 | 1,772,359 | 1,569,992 |
| Prior year comparative - 2020 | 1,186,527 | 383,465 | 1,569,992 | 1,778,715 |

| 4. GOVERNANCE COSTS | 2021 £ | 2020 £ |
|---------------------|---------------|---------------|
| Auditor's fee | 12,000 | 11,400 |
| Legal fees | - | - |
| | <u>12,000</u> | <u>11,400</u> |

Governance costs have been allocated to charitable activities in full.

| 5. STAFF COSTS AND NUMBERS | 2021 £ | 2020 £ |
|--|------------------|------------------|
| Staff costs during the year were as follows: | | |
| Wages and salaries | 1,147,471 | 978,527 |
| Social security costs | 128,453 | 117,705 |
| Pension costs | 116,939 | 90,295 |
| | <u>1,392,863</u> | <u>1,186,527</u> |

The average number of full-time equivalent employees during the two months was as follows:

| | 2021 Number | 2020 Number |
|---|----------------|----------------|
| Programmatic staff | 16 | 13 |
| Communications, administration and accounting | 2 | 2 |
| | <u>18</u> | <u>15</u> |

The number of higher paid staff whose taxable emoluments fell into higher salary bands were:

| | 2021 Number | 2020 Number |
|---------------------|----------------|----------------|
| £60,001 - £70,000 | 1 | - |
| £70,001 - £80,000 | 2 | 3 |
| £80,001 - £90,000 | 1 | 1 |
| £90,001 - £100,000 | 1 | 1 |
| £100,001 - £110,000 | 1 | - |
| £110,001 - £120,000 | - | 1 |
| £120,001 - £130,000 | - | - |
| £130,001 - £140,000 | 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 £116,939 (2020: £90,295). At the year-end there were outstanding contributions of £0 (2020: £10,057).

NATURAL RESOURCE CHARTER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

6. TANGIBLE FIXED ASSETS

| | Computer equipment £ | Software £ | Fixtures & Fittings | Other equipment £ | Total 2021 £ |
|-----------------------|----------------------------|---------------|------------------------|-------------------------|--------------------|
| Cost | | | | | |
| At 1 January 2021 | 59,719 | 1,978 | 39,829 | 790 | 102,316 |
| Additions | - | - | - | - | - |
| At 31 December 2021 | 59,719 | 1,978 | 39,829 | 790 | 102,316 |
| Depreciation | | | | | |
| At 1 January 2021 | 53,025 | 1,978 | 33,080 | 790 | 88,873 |
| Charge for the year | 6,694 | - | 6,749 | - | 13,443 |
| At 31 December 2021 | 59,719 | 1,978 | 39,829 | 790 | 102,316 |
| Net Book Value | | | | | |
| At 31 December 2021 | - | - | - | - | - |
| At 31 December 2020 | 6,694 | - | 6,749 | - | 13,443 |

7. DEBTORS

| | 2021 £ | 2020 £ |
|---------------|-----------|-----------|
| Prepayments | 59,664 | 67,382 |
| Other debtors | 53,180 | 57,339 |
| | 112,844 | 124,721 |

8. CREDITORS: amounts due within one year

| | 2021 £ | 2020 £ |
|------------------------------------|-----------|-----------|
| Trade creditors | 11,810 | 2,297 |
| Accrued expenses | 56,904 | 107,733 |
| Other taxation and social security | 37,246 | 42,757 |
| | 105,960 | 152,787 |

9. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Total funds/ Unrestricted Funds £ |
|-----------------------------------|--|
| Represented by: | |
| Fixed assets | - |
| Current assets | 115,502 |
| Current liabilities | (105,960) |
| Fund balances at 31 December 2021 | 9,542 |

NATURAL RESOURCE CHARTER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2021

| 10. FUNDS | Balance 1 January 2021 £ | Income £ | Expenditure £ | Balance 31 December 2021 £ |
|----------------------------------|---|---------------------|--------------------------|---|
| General Fund | 976 | 1,780,925 | 1,772,359 | 9,542 |
| Total unrestricted funds | <u>976</u> | <u>1,780,925</u> | <u>1,772,359</u> | <u>9,542</u> |
| FUNDS – COMPARATIVES 2020 | 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> |

11. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The entity is a company limited by guarantee with no share capital. The company is controlled by its members who have equal voting rights.

12. OPERATING LEASE NOTE

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

| | 2021 Leasehold £ | 2020 Leasehold £ |
|--|------------------------|------------------------|
| Not later than 1 year | 135,657 | 207,228 |
| Later than 1 year and not later than 5 years | 285,090 | 51,807 |
| | <u>420,747</u> | <u>259,035</u> |

13. RELATED PARTIES TRANSACTION

Natural Resource Governance Institute (NRGI), is a charity registered in the United States of America. There is a Cooperation Agreement between the entities. During the year, donations and in-kind support of £1,776,616 (2020: £1,506,915) was received from NRGI.