

NATURAL RESOURCE CHARTER LIMITED
TRUSTEES' REPORT FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2023

Registered Charity Number 1144326

Registered Company Number 07645971

NATURAL RESOURCE CHARTER LIMITED

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company Number 07645971

Registered Charity Number 1144326

**Principal and
Registered Office** Jasper House,
4-6 Copthall Avenue
3rd Floor
London
EC2R 7DA

Trustees Alan Detheridge
Joseph Charles Bell
Mark Henstridge
Meghna Abraham

Managing Director Elizabeth McGrath

Bankers Lloyds Bank plc
25 Gresham Street
London
EC2V 7HN

Auditor Haysmacintyre LLP
10 Queen Street Place
London
EC4R 1AG

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 2023 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 2019).

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 contribute to fair, prosperous and sustainable societies by advancing citizen and government efforts in resource-rich countries to:

- Drive systemic change to avoid harms from mining and equitably benefit from the responsible scale up of transition minerals necessary to avert global climate catastrophe.
- Build inclusive economies that end dependence on fossil fuels and advance a just energy transition for citizens.
- Manage revenues from natural resources accountably in response to citizen priorities.

NRCL provides policy advice and advocacy infused with lessons learned in the field and with insights developed through rigorous research. NRCL shares knowledge and experience freely with policymakers, accountability actors and the global campaign for improved international norms. NRCL is particularly well-placed to convene reform-oriented dialogue and to engage in constructive policy advocacy.

NRCL embraces multi-stakeholder approaches and remains focused on core competencies, such as the measurement and assessment of natural resource governance, drawing on signature initiatives like the Resource Governance Index and the Natural Resource Charter. At the country level NRCL provides training, technical assistance and support on how to deliver transparency and accountability, including through implementation of the Extractive Industries Transparency Initiative, and the use of data; strengthening fiscal systems; reform of state-owned enterprises; and improvements in the management of resource revenues. NRCL also promotes the uptake of global norms of transparency and governance. NRCL seeks to produce measurable change in the direction of more effective and more open management of natural resources.

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 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. Eighteen staff are based in the London office. NRCL includes an employee from the Senior Management Team, both of NRGi's thematic teams (Governance Programs and Legal and Economic Programs) and the Communications, Fundraising, Human Resources and Operations teams. 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 research work and 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:

- i) Members of the governance team lead our global advocacy work around transition minerals governance and anti-corruption.
- ii) Members of the legal and economic programs team lead our work on fiscal modelling, legal analysis, reform and our research on the energy transition.
- iii) Members of the operations team, including the Human Resources team, support the operational backbone of NRGi.
- iv) Members of the fundraising team lead the organization's fundraising efforts and donor relations.
- v) A member of the senior management team, the Managing Director, leads on organizational effectiveness and strategy and program design and implementation.

In 2023, NRGi continued our strategic evolutions in response to changes in the resource governance landscape and the external context and have begun work on our new strategy development which will continue through 2024. Throughout 2023, the work of NRCL staff led to numerous successes across the range of themes that NRGi focuses on. NRGi analysis and direct engagement with civil society, governments and companies worldwide led to major progress around each element of our strategy. The below sets out some examples of the work NRCL did in 2023:

Evidence-based advocacy: NRGi continues to learn and adapt around our research and analysis outputs, aiming to more intentionally integrate evidence into advocacy outputs. An example is our updated research on National Oil Companies, published in November 2023, where we analysed NOC spending commitments. This informed NRGi's advocacy at COP28, where we held an official press conference on the first day, co-organised a side-event at the Danish Pavilion, participated in nine events on related issues, as well as on governance, corruption, Colombia, MENA and just transition narratives and contributed to many events and media briefings, and published a series of blogs providing analyses of COP28 outcomes. In 2023, the Production Gap Report produced by UNEP and a group of climate-focused NGOs cited NRGi's research in making the case that NOC investment is a major driver of public spending that risks widening the global production gap. The COP28 outcome mentioning fossil fuel transition underscores the importance of sharp analysis and open dialogue to chart the future for low- and middle-income producers of oil, gas and coal. NRGi will continue to focus on our fossil fuel transition work in 2024, by creating spaces for discussion and knowledge sharing.

Shaping the future of mineral taxation: In June, the Global Conference on the Future of Resource Taxation in Zambia convened government officials, industry, civil society and academia to deliberate changes needed in mining taxation amid the energy transition. We sponsored African civil society participants, providing pre-and post-conference workshops and advocacy support. NRGi played a central role in the "future of resource taxation" project, contributing three chapters to the Handbook on the Future of Resource Taxation, launched by IISD's Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development (IGF) and the African Tax Administration Forum (ATAF). The handbook is now being used to inform government decision-making and public debate. Our chapters covered carbon pricing and border carbon adjustments, variable rate royalties and minimum profit share mechanisms and the implications of carbon taxes for resource-rich developing countries.

Executive Course – partnership with the University of Oxford: From 17 to 22 September 2023, we hosted the 11th edition of the executive course, "[Oil, Gas and Mining Governance in Emerging Markets](#)" in partnership with the University of Oxford's [Blavatnik School of Government](#). With 48 participants from 17 countries, the course featured leading experts, including Paul Collier, former NRGi Governing Board member and board member Carole Nakhle. To further our aim of addressing knowledge gaps on the energy transition, we added two new sessions on global decarbonization and mineral transition and the energy transition for oil and gas producers. After the executive course, we hosted a gender event to create a platform for female participants to discuss gender equity in natural resource governance. Framed around the [Feminist Natural Resource Governance for a Just Transition Agenda](#), participants discussed concrete

NATURAL RESOURCE CHARTER LIMITED

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

policy recommendations to foster a [just energy transition](#), through community consultations, land rights and compensation, gender-relevant and disaggregated data and Just transition and the climate crisis.

Representing civil society at the International Energy Agency's first-ever Critical Minerals and Clean Energy Summit: On September 28 and 29, NRGI was the only civil society organization invited to attend the International Energy Agency's (IEA) first-ever Critical Minerals and Clean Energy Summit. We aimed to maximize this opportunity by collaborating with other civil society groups to promote shared agendas. NRGI staff authored an op-ed to highlight our primary messages, interacted with the media, and participated in significant bilateral meetings during the event. The outcomes of the Summit informed further discussions on formalizing NRGI's partnership with the IEA in early 2024, as the IEA deepens their engagement on critical minerals.

Diagnosing corruption in the extractive sector: In December 2023, NRGI published the second edition of our [extractives corruption diagnostic tool](#). This tool is a flexible and adaptable guide that helps users engage on sensitive topics, identify and understand major corruption issues, develop multi-stakeholder participation and support, and build and implement action plans to prevent corruption in the future. This latest edition brings in insights from users of the tool in [Mongolia](#), [Colombia](#), [Guinea](#) and the [Philippines](#) and features a digital [microsite](#) to help users quickly understand and navigate all relevant information. In addition to the five existing thematic modules covering guidance on key topics on [Licensing and Contracting](#), [Operations](#), [Revenue Collection](#), [Revenue Management](#), [State-Owned Enterprises](#), this new edition of the tool includes new modules developed for Step 4 on [Artisanal and Small-Scale Mining](#) and [Socioenvironmental Impacts](#) in the Mining Sector, with a further module on [Fossil Fuel Phaseout](#) to be published in early 2024.

Anticorruption and the 2023 EITI Standard: In December 2023, we published a new guide on [how to use the EITI 2023 Standard for anticorruption](#). The 2023 EITI Standard introduced significant new requirements that are either mandatory, expected or encouraged for implementing countries and companies, compared to the 2019 Standard. In particular, the Standard now includes several obligations aimed at bringing more information into the public domain to advance gender equality, a just energy transition and anticorruption efforts. In 2021, building on an EITI-commissioned paper on the role of the EITI in fighting corruption, NRGI published two reports which showed how anticorruption actors could use EITI disclosures and spaces to advance their work and recommended ways to strengthen the role and potential of the EITI for anticorruption purposes. In this new guide, NRGI updates its guidance for anticorruption actors—such as civil society, journalists, EITI Multi-Stakeholder Groups (MSGs) and government enforcement agencies—by outlining how the innovations of the 2023 Standard may help advance their efforts.

Diversity, Equity and Inclusion (DEI): In 2023, NRGI contracted with [Under the Rainbow](#) for a review of NRGI's Diversity, Equity and Inclusion (DEI) progress to date. This is the second such review commissioned by NRGI through our DEI Action Group and focused on progress made against NRGI's DEI Action Plan which has been under implementation since 2022. The review revealed that NRGI is making substantial progress in advancing and institutionalizing DEI in its practices and culture. It identified notable positive changes and laid out key recommendations for NRGI to advance DEI going forward. These are (i) Communicate often, clearly and concisely; (ii) Craft connection; (iii) Strengthen collaboration; (iv) Invest in culture: center care and wellbeing; (v) Build community.

KEY MANAGEMENT PERSONNEL

In 2023, NRGI's senior management team was based in the US, except for the Senior Director of Programs, based in Colombia, and the Managing Director, based in the UK. NRCL bore the costs of the Managing Director.

The Governing Board of NRGI is responsible for establishing/reviewing the compensation (salary and benefits) of all NRGI senior executives inclusive of the Managing Director. Staff pay is set using external benchmarking of the applicable local market(s).

RISK REVIEW

NRGI has a centralised 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 | |
| Limited unrestricted funding from donors to cover NRGI activities - There is a reduction in the number of donors that are interested in signing unrestricted grants. | <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 staff - | <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 - | <ol style="list-style-type: none"> 1. In 2023, International travel is back to pre-pandemic levels. To protect staff they 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 special events during travels. 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, NRGL 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. |
| NRGI is perceived as a "Global North"-dominated organization that is insufficiently connected to ideas, priorities, narratives and politics of people in resource-rich developing countries, limiting our ability to maintain strong partnerships, stay relevant in national/regional discussions and generate strong impact. | <ol style="list-style-type: none"> 1. Ensuring our policies, practices, programming and culture prioritize and respond to the voices and perspectives of partners and staff in the countries where we work. 2. Enhancing partnerships to ensure collaboration in the development of an evolving agenda for resource governance that reflects priorities of the Global South, stronger trust/ideas-generation with national and local actors. 3. Decentralizing the organization's center of power strategically and operationally, ensuring strong leadership from our regional teams. |

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TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

| Description | Mitigation |
|---|--|
| 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).7. Relevant insurance is in place that includes anti-phishing trainings for all staff. |
| System issues (e.g., virus, hacked, unauthorized access, system down). | |
| 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.5. 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 considering the cooperation agreement with NRG. NRG adopted a comprehensive reserves policy as of April 2019 that includes NRCL. The current reserve level is reviewed at each board meeting.

FINANCIAL REVIEW

Income for the year ended December 31, 2023, and 2022 was £1,924,716 and £1,778,028, respectively, comprising contributions from NRG. Expenses were £1,887,972 and £1,734,887, respectively, comprising primarily staff costs and office costs. Staff costs drove the increase in expenses as inflation was reflected in remuneration and headcount increased. This has resulted in a surplus of £46,011 (2022; £43,140) for the period and with the Net Assets of £98,963 (2022; 52,682). All income and expenditure in the year were unrestricted.

PLANS FOR THE FUTURE

NRCL staff have been implementing the NRG approved 2020-2025 strategic plan and work is currently underway in 2024 to design the 2025-2030 strategy. NRG 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. NRG will share good practice, captured in the Natural Resource Charter as 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 2023

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:

To contribute to fair, prosperous and sustainable societies by advancing citizen and government efforts in resource-rich countries to:

- Drive systemic change to avoid harms from mining and equitably benefit from the responsible scale up of transition minerals necessary to avert global climate catastrophe.
- Build inclusive economies that end dependence on fossil fuels and advance a just energy transition for citizens.
- Manage revenues from natural resources accountably in response to citizen priorities.

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 prepare 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.

SMALL COMPANY NOTE

In preparing this report, the trustees have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

Signed by order of the Board of Trustees on



Meghna Abraham, Chair of the Board

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 2023 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 2023 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).

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

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
- 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 7, 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

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

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 2023

| | | Unrestricted funds | |
|------------------------------------|--------------|---------------------------|----------------------|
| | | Totals | Totals |
| | Notes | 2023 | 2022 |
| | | £ | £ |
| Income from: | | | |
| <i>Donations</i> | | 1,924,716 | 1,778,027 |
| Total | | <u>1,924,716</u> | <u>1,778,027</u> |
| Expenditure on: | | | |
| <i>Charitable activities</i> | | | |
| Direct charitable expenditure | 3 | 1,878,705 | 1,734,887 |
| Total | | <u>1,878,705</u> | <u>1,734,887</u> |
| Net movement in funds | | 46,011 | 43,140 |
| Reconciliations of funds | | | |
| Total funds brought forward | | 52,682 | 9,542 |
| Total funds carried forward | | <u><u>98,693</u></u> | <u><u>52,682</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 2023

COMPANY NUMBER 07645971

| | Notes | £ | 2023 | £ | £ | 2022 | £ |
|--|-------|---|----------------|---------------|---|----------------|---------------|
| FIXED ASSETS | | | | | | | |
| Tangible fixed assets | 6 | | | 15,996 | | | 7,634 |
| CURRENT ASSETS | | | | | | | |
| Cash at Bank | | | 61,680 | | | 24,315 | |
| Debtors | 7 | | 119,358 | | | 117,016 | |
| | | | <u>181,038</u> | | | <u>141,331</u> | |
| Creditors: Amounts falling due within one year | 8 | | (98,341) | | | (96,283) | |
| NET CURRENT ASSETS | | | | 82,697 | | | 45,048 |
| NET ASSETS | | | | <u>98,693</u> | | | <u>52,682</u> |
| FUNDS | | | | | | | |
| Unrestricted funds | | | | | | | |
| General | 10 | | | 98,693 | | | 52,682 |
| | | | | <u>98,693</u> | | | <u>52,682</u> |

The financial statements were approved and authorised for issue by the Board of the Trustees on 30 May 2024 and were signed below on its behalf by:



Megha Abraham, Chair of the Board

The accompanying notes form part of these financial statements.

NATURAL RESOURCE CHARTER LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

| | Total funds 2023 £ | Total funds 2022 £ |
|---|-----------------------------------|-----------------------------------|
| Cash /inflows from operating activities | 54,552 | 30,130 |
| Cash flows from investing activities: | | |
| Purchase of tangible fixed assets | (17,187) | (8,473) |
| Decrease in cash and cash equivalents in the reporting period | 37,365 | 21,657 |
| Cash and cash equivalents at the beginning of the reporting period | 24,315 | 2,658 |
| Cash and cash equivalents at the end of the reporting period | 61,680 | 24,315 |
| | 2023 £ | 2022 £ |
| Reconciliation of net movement in funds to cash flow from operating activities | | |
| Net movement in funds | 46,011 | 43,140 |
| Depreciation | 8,693 | 839 |
| (Increase) in debtors | (2,342) | (4,172) |
| Increase/(decrease) in creditors | 2,189 | (9,677) |
| Net cash used by operating activities | 54,552 | 30,130 |
| Analysis of cash and cash equivalents | 2023 £ | 2022 £ |
| Cash in hand | 61,680 | 24,315 |
| Total cash and cash equivalents | 61,680 | 24,315 |

Analysis of changes in net debt

| | At 1 January 2023 | Cash Flow | Other cash changes | At 31 December 2023 |
|---------------|-------------------|---------------|--------------------|---------------------|
| | £ | £ | £ | £ |
| Cash and bank | <u>24,315</u> | <u>37,365</u> | - | <u>61,680</u> |

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 (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.

Charitable Expenditure

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 2023

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

| | 2023 £ | 2022 £ |
|---|-----------|-----------|
| The net movement in funds is stated after charging: | | |
| Auditor's fee | 21,000 | 13,800 |
| Depreciation | 8,693 | 839 |

During the year, no Trustees received any remuneration (2022: £Nil)

During the year, no Trustees received any benefits in-kind (2022: £Nil)

During the year, no Trustees received any reimbursements of expenses (2022: £Nil)

NATURAL RESOURCE CHARTER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

| 3. CHARITABLE ACTIVITIES | Direct Staff costs | Direct Other and Governance costs | Total 2023 | Total 2022 |
|--|-----------------------|--|------------------------|------------------------|
| | £ | £ | £ | £ |
| Technical advice, advocacy, applied research, policy analysis, and capacity development | 1,403,154 | 475,551 | 1,878,705 | 1,734,887 |
| Prior year comparative - 2022 | 1,263,918 | 470,969 | 1,734,887 | 1,722,359 |
| 4. GOVERNANCE COSTS | | | 2023 £ | 2022 £ |
| Auditor's fee | | | 21,000 | 13,800 |
| | | | <u>21,000</u> | <u>13,800</u> |
| Governance costs have been allocated to charitable activities in full. | | | | |
| 5. STAFF COSTS AND NUMBERS | | | 2023 £ | 2022 £ |
| Staff costs during the year were as follows: | | | | |
| Wages and salaries | | | 1,149,953 | 1,034,543 |
| Social security costs | | | 139,441 | 131,484 |
| Pension costs | | | 113,760 | 97,891 |
| | | | <u>1,403,154</u> | <u>1,263,918</u> |
| The average number of full-time equivalent employees during the two years was as follows: | | | | |
| | | | 2023 Number | 2022 Number |
| Programmatic staff | | | 12 | 12 |
| Communications, administration and accounting | | | 6 | 5 |
| | | | <u>18</u> | <u>17</u> |
| The number of higher paid staff whose taxable emoluments fell into higher salary bands were: | | | | |
| | | | 2023 Number | 2022 Number |
| £60,001 - £70,000 | | | 2 | 2 |
| £70,001 - £80,000 | | | 1 | - |
| £80,001 - £90,000 | | | 1 | 1 |
| £90,001 - £100,000 | | | 2 | 1 |
| £100,001 - £110,000 | | | 2 | 1 |
| £110,001 - £120,000 | | | 1 | 1 |
| £120,001 - £130,000 | | | - | - |
| £130,001 - £140,000 | | | - | - |

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 £113,760 (2022: £97,891). At the year-end there were outstanding contributions of £0 (2022: £0).

NATURAL RESOURCE CHARTER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

6. TANGIBLE FIXED ASSETS

| | Computer equipment £ | Software £ | Fixtures & Fittings | Other equipment £ | Leasehold improvements £ | Total 2023 £ |
|--------------------------|----------------------------|---------------|------------------------|-------------------------|--------------------------------|--------------------|
| Cost | | | | | | |
| At 1 January 2023 | 59,851 | 1,978 | 10,586 | 973 | - | 73,388 |
| Additions | | - | | 863 | 16,324 | 17,187 |
| Disposal | (59,851) | (1,978) | (2,471) | (1,706) | - | (66,006) |
| At 31 December 2023 | - | - | 8,115 | 130 | 16,324 | 24,569 |
| Depreciation | | | | | | |
| At 1 January 2023 | 59,719 | 1,978 | 3,084 | 973 | - | 65,754 |
| Charge for the year | | - | 816 | 780 | 7,097 | 8,693 |
| Depreciation on disposal | (59,719) | (1,978) | (2,471) | (1,706) | - | (65,874) |
| At 31 December 2023 | - | - | 1,429 | 47 | 7,097 | 8,573 |
| Net Book Value | | | | | | |
| At 31 December 2023 | - | - | 6,686 | 83 | 9,227 | 15,996 |
| At 31 December 2022 | 132 | - | 7,502 | - | - | 7,634 |

7. DEBTORS

| | 2023 £ | 2022 £ |
|-----------------------|-----------|-----------|
| Prepayments | 50,193 | 48,457 |
| Advances to employees | 2,085 | 1,479 |
| Security deposits | 67,080 | 67,080 |
| | 119,358 | 117,016 |

8. CREDITORS: amounts due within one year

| | 2023 £ | 2022 £ |
|------------------|-----------|-----------|
| Trade creditors | 55,901 | 49,394 |
| Accrued expenses | 42,571 | 46,889 |
| | 98,472 | 96,283 |

9. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Total funds/ Unrestricted Funds £ |
|-----------------------------------|--|
| Represented by: | |
| Fixed assets | 15,996 |
| Current assets | 181,038 |
| Current liabilities | (98,341) |
| Fund balances at 31 December 2023 | 98,693 |

NATURAL RESOURCE CHARTER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

| 10. FUNDS | Balance 1 January 2023 £ | Income £ | Expenditure £ | Balance 31 December 2023 £ |
|----------------------------------|---|---------------------|--------------------------|---|
| General Fund | 52,682 | 1,924,716 | (1,878,705) | 98,693 |
| Total unrestricted funds | <u>52,682</u> | <u>1,924,716</u> | <u>(1,878,705)</u> | <u>98,693</u> |
| FUNDS – COMPARATIVES 2022 | Balance 1 January 2022 £ | Income £ | Expenditure £ | Balance 31 December 2022 £ |
| General Fund | 9,542 | 1,778,027 | (1,734,887) | 52,682 |
| Total unrestricted funds | <u>9,542</u> | <u>1,778,027</u> | <u>(1,734,887)</u> | <u>52,682</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:

| | 2023 Leasehold £ | 2022 Leasehold £ |
|--|------------------------|------------------------|
| Not later than 1 year | 134,160 | 134,160 |
| Later than 1 year and not later than 5 years | 11,180 | 145,340 |
| | <u>145,340</u> | <u>279,500</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 of £1,924,716 (2022: £1,778,028) was received from NRGI. There are no other related parties in the current or prior period.