

EarthPercent

A Company Limited by Guarantee

REPORT AND FINANCIAL STATEMENTS

PERIOD ENDED 31 DECEMBER 2022

EARTHPERCENT
(A company limited by guarantee)
Period ended 31 December 2022

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EARTHPERCENT
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Period ended 31 December 2022

Reference and administration information

Charity Name: EarthPercent

Charity Registration Number: 1188391

Company Registration Number: 12407439

Registered Office and operational address:
3 Pembridge Mews
London
W11 3EQ

Trustees

Adam Callan
Brian Eno (resigned 30 July 2023)
Hiroki Shirasuka
Humera Afzal (appointed 21 August 2023)
Michael Smith
Elizabeth Payne-James
Ssegawa Ssekintu Kiwanuka (appointed 8 February 2022)

Executive Director

Cathy Runciman

Independent Examiner

C Sharp FCA, DChA
55 Canberra Road
London
SE7 8PF

Bankers

Triodos Bank UK Ltd
Deanery Road
Bristol
BS1 5AS

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Report of the Trustees for the period ended 31 December 2022

The Trustees, who are directors for the purposes of company law, present their annual report and financial statements of the charity for the 11 month period ended 31 December 2022. The trustees' annual report includes a directors' report as required by company law.

The current accounting period was shortened to an 11 month period so that it was coterminous with the calendar year. The comparative period is for the year ended 31 January 2022.

Structure, governance and management

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the charity's Memorandum and Articles of Association, the Companies Act 2006, the Charities Act 2011 and Accounts 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 (FRS102), and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102).

EarthPercent is a charitable company limited by guarantee, incorporated in England and not having share capital and is governed by its memorandum and articles of association. It was incorporated as a company on 16 January 2020 and registered as a charity on 6 March 2020. The maximum liability of each member on the winding up of the company is £1.

The Trustees, who are also directors for the purposes of company law, are listed on page 3. All Trustees give of their time voluntarily and received no benefits from the charity. New Trustees are appointed by the existing Trustees. They are selected on the basis of their sympathy with EarthPercent's charitable objects and their ability to further them as a Trustee. New Trustees are elected by resolution and approved by a majority of trustees where a Board quorum is present. Our newest Trustee was appointed in August 2023.

EarthPercent is an equal opportunities employer. In all our recruitment, we strongly encourage applicants from all backgrounds and walks of life. We believe that diversity and inclusion in our team is critical to our success. We seek to recruit, develop and retain the most talented people from a diverse candidate pool and welcome applications from all qualified candidates. We do not discriminate on the basis of race, colour, religion, ethnicity, gender, disability, sexual orientation or gender identity.

New Trustees are provided with induction material on the charity and their role, including governing documents and guidance on the role and responsibilities of trustees. EarthPercent's governance is undertaken by the Trustees who meet approximately quarterly in person and six times over the year online. At Trustees' meetings, Trustees agree the broad strategy and areas of activity, including consideration of fundraising, grant making, investment and performance, as well as reviewing governance and compliance issues.

From 1 March 2022, following a seven-month consultancy contract, the role of Executive Director (ED) became a full-time salaried role. The ED is responsible for developing our organisational strategy and fundraising plan and for building the external relationships and organisational infrastructure and culture capable of achieving our purpose and aims. The Executive Director manages an operating budget approved by Trustees. A part-time Community & Operations Manager joined the team in October 2022.

During 2022 we continued to retain a consultant Head of Programs to manage the grant giving processes and the Expert Advisory Panel (EAP). We have worked with other freelance support in the areas of: communications; fundraising and project management.

A trading subsidiary, EarthPercent Trading Ltd (company number 13974842), was incorporated on 14 October 2022: the sole shareholder is EarthPercent. The subsidiary exists for the purposes of managing trading income expected to be generated through some of the fundraising activations (such as the sale of music or merchandise). One of the Trustees and the Executive Director of EarthPercent are company directors of the trading subsidiary.

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EarthPercent Foundation, a US-based, affiliated non-profit foundation, received 501c3 status in April 2022. Two of EarthPercent's Trustees sit on the board of Directors of EarthPercent Foundation. The UK and US organisations share the overall mission for the organisation, each working locally with donors and grant partners under a shared grant giving strategy.

EarthPercent works with fiscal partners from the Transnational Giving Europe network to enable donors in Germany and Spain to donate to EarthPercent and receive the appropriate tax documentation in each country.

EarthPercent benefits from contacts and advice offered by members of its Music Committee and Publishing Advisory Board, who contribute on a voluntary basis under agreed Terms of Reference. Our Expert Panels in the UK and US (see below) guide the grant giving process.

Organisational strategy, policies and procedures

The following policies and procedures are in place and subject to regular review:

Anti-bribery & Corruption Policy; Complaints Policy & Procedure; Data Protection Policy; Grant Agreement template; Privacy notice; Reserves Policy; Risk Management Policy; Safeguarding Policy & Procedure; Trustees Code of Conduct and Conflicts of Interest; Volunteer Management Policy; plus HR policies and procedures necessary to complete our Staff Handbook (including pay, leave, disciplinary, grievance, expenses, social media, IT, holidays and sickness policies).

The Environmental Policy and Ethical Funding Strategy will be finalised, approved and adopted in 2023.

An operational budget is approved annually by the board of Trustees and is subject to review and reforecast/reapproval as necessary. Financial controls are in place, including the requirement of two authorisations for all payments.

Administration of the grant making

Our charity has designed the grant making process to be robust, constructive, transparent and efficient. We do not currently accept unsolicited applications for funding. Applicants must be referred by individuals or organisations known to the Trustees.

An Expert Advisory Panel ("EAP") assists Trustees in ensuring that funding is invested in initiatives and organisations that are credible, impactful and align with our objectives. The Head of Programs, with support from a research assistant, conducts pre-grant due diligence, monitors performance of grants, and provides reporting to the EAP and Board of Trustees.

The role of the EAP is to review and score grant proposals, provide feedback and make recommendations to the Trustees, including concerning the extension, cessation or suspension of grant approvals. The EAP does not have decision-making power. Trustees have responsibility for approving grant recipients but rely on the advice and recommendations of the EAP in making these decisions.

We aim to offer unrestricted funding and to support organisations for an initial period of 6-12 months, and subject to ongoing review then consider funding for 2 more years. As we scale, we will look to fund partners for longer periods as this allows organisations greater stability, flexibility and a better opportunity to achieve long-term, transformative impacts. It is intended that applications will be considered bi-annually and to develop the potential for a rapid response funding stream that can respond to urgent need.

By the end of 2022, the EAP comprised 14 members (17 at beginning of 2022: one then joined the US expert panel; one moved to work with us on artist outreach; one resignation due to time commitments) who participate on a pro-bono basis, with a £500 annual honorarium offered based on need and available upon request (in the current year 3 members have requested and been paid this honorarium). Panel members are experts representing multiple relevant disciplines such as climate science, conservation and ecology, science communications, climate activism and climate justice. Minimum term of office is two years, after which members may be invited to consider renewing their membership for another two-year term.

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Members may resign at any time in writing (by email or letter). We have developed a Terms of Reference and Confidentiality Agreement, which each EAP member must sign.

Expert Advisory Panel members (December 2022)

Nnimmo Bassey
Helena Bennett
Delara Burkhardt MEP
Dr Stuart Capstick
Dr Brian Cox
Dr Kyle Devine
Dr Tamsin Edwards
Prof Saleemul Huq OBE
Fatima Ibrahim
Sophia Kianni
Lilian Liu
Wilson Oryema
Tori Tsui
Baroness Lola Young OBE

Purposes and aims

Our charity's purposes, as set out in the objects contained in the company's memorandum of association, are to:

1. Promote and advance the enhancement, restoration, conservation and protection of the environment; and
2. Advance all other charitable purposes under the laws of England and Wales.

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning future activities.

We carry out these objects by raising money from the music industry to support credible and impactful organisations addressing the climate emergency.

Our full grant giving strategy, which explains our aims, objectives and priorities can be accessed via our website. Our three principle aims are:

- a greener music industry
- our climate and natural world are protected and restored, and
- cleaner, healthier, fairer, thriving communities

Grant making policy and procedures

Our grant making focuses on funding efforts that bring about changes to existing policies, systems and approaches that provide tangible, long-term benefits to nature and people's lives. Our funding supports organisations fighting climate change and working for climate justice all over the world.

Our charity funds organisations and initiatives that address five key 'Action Areas'

Greening Music: Improving environmental impacts of the music industry

We fund efforts to understand and take action to reduce the environmental impacts of the music industry. We fund organisations that create tools and guidance to help those within music to reduce their carbon/environmental impacts. We support projects that equip artists and industry professionals to speak out and act together on climate change.

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Just Energy Transition: Reducing greenhouse gas emissions and supporting clean energy

We fund efforts to end the use of fossil fuels, prevent and reduce greenhouse gas emissions, remove greenhouse gases from the atmosphere and support renewable and citizen-powered energy in order to limit global warming to 1.5°C above pre-industrial levels.

Climate Justice: Securing climate justice and equitable environmental stewardship

We fund approaches that bridge social justice, gender equity and climate change. We fund organisations that support grassroots-led efforts to build resilience in communities that are most affected by the climate crisis. We provide support for activities which respect and support local and indigenous knowledge while ensuring that these communities have a say on and are at the heart of climate action.

Legal & Policy Change: Advancing systemic economic, legal and policy change

We fund efforts to change the laws, economic drivers and systems that have created and contribute to the climate crisis. We fund projects that work to empower civil society and provide support for their legal capacity to advocate for stronger and more ambitious policies and legislation for the environment. We also fund work to influence how governments address the climate crisis and deliver on their obligations, and fund efforts to hold big polluters to account and stop them from damaging the environment through litigation and divestment.

Protecting Nature: Protecting, conserving and restoring nature

We fund efforts to preserve, protect and repair habitats which humans and wildlife depend on. We fund projects that prevent and reverse deforestation, pollution, desertification, habitat destruction, soil erosion and biodiversity loss. We support efforts to restore wilderness and agricultural practices that remove carbon from the atmosphere and lead to healthier food.

Grant recipients must fall within one of the following categories:

- English/Welsh registered charities;
- organisations that carry out activities that are charitable under English law; or
- individual charitable beneficiaries.

Grants will be made only for activities that are charitable in English law (although the activities may be worldwide). Grants must not be used to pay costs that have already been incurred and applicants working with children or vulnerable people must have safeguarding policies which meet the standards and criteria set out in our grant terms and conditions.

In the current period, a first grants distribution of £122,371 was distributed to 8 grant partners between July-September 2022, following our first pilot grant making cycle: inviting grant applicants to develop and submit full grant proposals, convening the EAP to review and score proposals and provide feedback and recommendations to Trustees. Monitoring and review of these grants was conducted in Q4 2022, and the EAP recommended that these grant partners be approved for ongoing funding in 2023. The amount distributed to each grant partner is outlined below. A further grant commitment of \$15,000 (£12,371) payable to EarthPercent Foundation was made in December 2022 and paid after the period end.

We are delighted to be funding the following organisations, whose work supports the aims set out in our grant giving strategy:

Action area: Climate Justice

Global Greengrants Fund UK work to support grassroots-led efforts to protect the planet and people's rights. Our grant supports local and Indigenous communities organising against new fossil fuel developments and carbon-intensive projects. (£15k)

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Action area: Legal & Policy Change

ClientEarth use the law to fight climate change, prevent biodiversity loss and protect people's right to a healthy planet. They recently helped pass an EU law on deforestation which means no more products from the Amazon sold in European countries (£15k)

Action area: Protecting Nature

Women4Oceans work across a range of ocean issues, including climate change, overfishing and pollution. Our grant has supported their urgent work to raise awareness of the dangers of mining in the deep sea, a critical carbon sink. (£10k)

Cool Earth work directly with rainforest communities and local non-profits to tackle root causes of deforestation and protect vital carbon sinks. Our grant contributed to the opening of their first Rainforest Lab in Peru to provide real-time satellite data to Indigenous communities defending against deforestation. (£10k)

Action area: Just Energy Transition

Uplift aim to catalyse a just transition away from UK oil and gas production by pushing the UK government to end the expansion of national oil and gas production and to rapidly roll out onshore wind power. Our grant supported their Warm This Winter campaign – the public petition reached 200k signatures within the first few days. (£15k)

Action area: Greening Music

Julie's Bicycle work internationally across arts and culture to mobilise environmental action in the creative community. Our support has helped them update their Creative Green carbon footprint tools and develop the Creative Climate Leadership programme, an international training and transformation programme for artists and professionals in the creative sectors including music. (£15k)

Music Declares Emergency work to make the cultural and operational changes needed across the music industry to contribute towards a carbon neutral future. Our grant supported the launch of the 'Fan Club for Climate' at Reading and Leeds Festivals, which aims to create the world's largest climate conscious music community. (£15k)

A Greener Future (formerly A Greener Festival) help events, festivals and venues become more sustainable with research, certification, training, expertise and knowledge sharing. Our support has helped them create a free access area on their online platform, to help more people in music get started with climate action. (£15k).

EarthPercent Foundation, for onward granting to three partner organisations as follows: (£12.4k)

- REVERB – \$6,000, for their leadership of the green music movement, helping artists, festivals and venues to reduce their impact. Our grant supported interns with volunteer outreach and recruitment, sourcing local farms for the Farm to Stage program and research.
- Earthjustice – \$6,000 towards their work across the US with the power of the law to protect people's health, preserve the natural world, advance clean energy and combat climate change.
- Trust for Public Land – \$2,500, towards the transformation of more than 250 schoolyards from asphalt to welcoming community spaces, in rural tribal communities and in America's largest cities.

During the year, research and initial due diligence was carried out on new grant partners and a number were invited to apply for a second funding round scheduled for Spring 2023.

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Risk management

The Trustees identify the major risks to which the charity is exposed on an ongoing basis, in particular those related to the operations and finances of the charity. A Risk Register has been established and is updated and reviewed quarterly. Where appropriate, systems or procedures have been established to mitigate the risks the charity faces. The charity is satisfied that systems are in place to mitigate their exposure to the major risks, which have been identified and reviewed.

Financial review

The detailed figures are included in the financial statements. The charity achieved a surplus of income over expenditure for the period of £89,818 (Jan 2022: £93,681) Free reserves as at the year end were £89,855 (January 2022: £88,727) with restricted funds of £99,100 (January 2022: £10,250).

Principal Funding Sources

We have secured a number of Founding Donors from the industry to cover our operating costs through an annual unrestricted donation. Funds raised from artists or organisations who sign up to one of the charity's principal activations are currently attributed in full to grant giving, to be pooled and distributed to grant partners across our five action areas.

Fundraising activities commenced in the current period include: donating a percentage of gross tour or merchandise income; donating a percentage of organisational income; gifting an item for auction on behalf of the charity; or making a direct donation. We also secured a waiver of rights in songs to be sold during our Earth Day 2022 campaign with proceeds (sales less third-party platform fees and applicable taxes) to go to EarthPercent's grant giving fund. We are working with our Publishing Advisory Board to develop a new initiative to allow songwriters to credit the Earth and direct songwriting/publishing royalties to our grant giving fund. We also benefited from matched funding from Brian Eno for artists' donations for our first grants distribution, and have a commitment for similar matched funding in 2023.

In support of our fundraising efforts, and as part of building a wide movement across music for action on climate, we offer speakers at industry and environmental gatherings and host small gatherings for climate-concerned people from across the music industry.

Reserves Policy

The Board of Trustees has adopted a Reserves Policy to determine annually, as part of the year end accounts process, the risk-based reserve level to be set aside. Under the current Reserves Policy the level of reserves (that is those funds that are freely available) to maintain adequate working capital and maintain the core infrastructure of the company has been established as at least three months of core operating costs, plus 10% contingency. This prorated annual cost (including the 10% contingency) equates to £38k based on the expenditure in the 11 month period ended 31 December 2022. As at 31 December 2022 unrestricted funds were £94k.

Plans for the future

Structure, governance and management

A process to appoint a Trustee Treasurer is expected to conclude during the next year, and we also plan to appoint a chair of the Board of Trustees, and one further Trustee.

A framework agreement and deed of covenant between the charity and the trading subsidiary will be put in place for when the company begins trading in 2023.

EarthPercent is leading a strategic planning process throughout 2023, in coordination with UK stakeholders and EarthPercent Foundation, to develop a 3-year strategic plan for 2024-2027.

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Membership, structure and terms of reference for our Music Committee and Expert Advisory Panel will be reviewed during 2023.

Grant agreements and disbursements

In the following financial year, and subject to the success of our fundraising activities, we expect to conclude a second full grant making cycle, working with our EAP and following procedures revised and adopted after analysis of our pilot grants round. We anticipate making up to two further distributions to new and existing grant partners.

Small Companies' Exemption

The company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Income and Corporation Taxes Act, 1988

The company is entitled to the exemption contained in Section 505 of the above Act.

Trustees' responsibilities in relation to the financial statements

The trustees, (who are also directors for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure of the charitable company for that period. In preparing these financial statements, the trustees are required to:

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

Trustees are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. Trustees are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Date approved by the Board

14 September 2023

Signed on behalf of the Board

ADAM CALLAN
Trustee

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INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF EARTHPERCENT

Period ended 31 December 2022

I report to the trustees on my examination of the financial statements of EarthPercent ('the charity') for the 11 month period ended 31 December 2022.

Responsibilities and basis of report

This report is made solely to the Trustees, as a body, in accordance with the Charities Act 2011. My examination has been undertaken so that I might state to the Trustees those matters I am required to state to them in an Independent Examiner's report and for no other purpose. To the fullest extent permitted by law I do not accept or assume responsibility to anyone other than the charity and the Trustees as a body, for my examination, for this report, or for the opinions I have formed.

As the trustees of the company (and also its directors for the purposes of company law) you are responsible for the preparation of the financial statements in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of the charity's accounts as carried out under section 145 of the Charities Act 2011 ('the 2011 Act').

In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe:

1. accounting records were not kept in respect of the charity as required by section 386 of the 2006 Act; or
2. the financial statements do not accord with those records; or
3. the financial statements do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination; or
4. the financial statements have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Caroline Sharp FCA
55 Canberra Road
London
SE7 8PF

19 September 2023

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Statement of Financial Activities (including income and expenditure account)

	Note	Unrestricted funds	Restricted funds	Total funds Dec 2022	Total funds Jan 2022
Income from:					
Voluntary income	4	122,424	155,550	277,974	145,796
Investment income	5	134	-	134	22
Other trading activities	6	9,855	55,671	65,526	-
Total income		<u>132,413</u>	<u>211,221</u>	<u>343,634</u>	<u>145,818</u>
Expenditure on:					
Charitable activities	7	131,445	122,371	253,816	52,137
Total resources expended		<u>131,445</u>	<u>122,371</u>	<u>253,816</u>	<u>52,137</u>
Net income for the year before other recognised gains and losses		<u>968</u>	<u>88,850</u>	<u>89,818</u>	<u>93,681</u>
Net movement in funds		<u>968</u>	<u>88,850</u>	<u>89,818</u>	<u>93,681</u>
Reconciliation of funds					
Fund balance at 31 January 2022		92,599	10,250	102,849	9,168
Fund balance at 31 December 2022	15	<u>93,567</u>	<u>99,100</u>	<u>192,667</u>	<u>102,849</u>

The accompanying notes form part of these financial statements.

The statement of financial activities includes all gains and losses recognised in the period.

All activities derive from continuing operations.

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BALANCE SHEET
31 December 2022
Registered company number 12407439

	Notes	31 Dec 2022 £	31 Jan 2021 £
Fixed assets			
Intangible assets	11	3,540	3,872
Tangible assets	12	172	-
Current assets			
Debtors	13	892	127
Cash at bank and in hand		207,165	112,778
		<hr/>	<hr/>
		208,057	112,905
Creditors: amounts falling due within one year	14	(19,102)	(13,928)
		<hr/>	<hr/>
Net current assets		188,955	98,977
Net assets		<hr/>	<hr/>
		192,667	102,849
Represented by			
Unrestricted funds			
General funds	15	93,567	92,599
Restricted funds	15	99,100	10,250
		<hr/>	<hr/>
Total		<hr/>	<hr/>
		192,667	102,849

For the financial period in question the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies

No members have required the company to obtain an audit of its accounts for the period in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

Approved by the Board on 14 September 2023

.....
Adam Callan

The accompanying notes form part of these financial statements.

NOTES TO THE ACCOUNTS

1. Accounting policies

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

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the 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 (FRS 102)) and the Companies Act 2006.

3. Accounting policies

Basis of preparation

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

Incoming resources

All incoming resources are included in the statement of financial activities when entitlement has passed to the charity; it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

- income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable, its amount can be measured reliably and any conditions of receipt have been met.

Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred.

- expenditure on raising funds includes the costs of all fundraising activities.
- expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities.
- other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.
- grants payable are made to further the charitable objects and are accounted for when the recipient has reasonable expectation that they will receive a grant and the trustees have agreed to pay the grant.

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NOTES TO THE ACCOUNTS (cont....)

All costs including irrecoverable VAT are allocated to expenditure categories reflecting the use of the resource. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs are apportioned between the activities they contribute to on a reasonable, justifiable and consistent basis.

Intangible assets

The charity has intangible fixed assets, that is, non monetary assets that do not have physical substance but are identifiable and are controlled by the charity through custody or legal rights. Intangible assets are measured at cost and are amortised over their useful life as follows:

Patents: Over 10 years on a straight line basis

Tangible fixed assets

Fixed assets are stated at cost less depreciation. Depreciation is provided to write off the cost of fixed assets over their estimated useful lives at the following rates:

Computer equipment	25% straight line basis
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Taxation

EarthPercent is a registered Charity and is therefore exempt from paying corporation tax on charitable activities.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument. Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted. Debt instruments are subsequently measured at amortised cost.

Restricted reserves

These reserves are subject to restrictions on their expenditure imposed by their donor or through the terms of appeal.

Pensions

All staff are eligible for employer's pension contributions to be paid to a stakeholder or equivalent contributory personal pension scheme.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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NOTES TO THE ACCOUNTS (cont....)

Going Concern

At the balance sheet date the group held adequate cash balances and reserves.

The financial forecasts prepared by the executive team show that the charitable company will be able to operate within the facilities available to it.

On that basis the Trustees have prepared these financial statements on a going concern basis.

Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

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NOTES TO THE ACCOUNTS (cont....)

4 Voluntary income

	Unrestricted 31 Dec 2022 £	Restricted 31 Dec 2022 £	Total 31 Dec 2022 £	Total 31 Jan 2022 £
Donations	116,445	155,550	271,995	145,796
Grants - DWP	5,979	-	5,979	-
	<hr/>	<hr/>	<hr/>	<hr/>
	122,424	155,550	277,974	145,796
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

In 2021 all donations were attributable to unrestricted funds.

5 Investment income

	Unrestricted 31 Dec 2022 £	Restricted 31 Dec 2022 £	Total 31 Dec 2022 £	Total 31 Jan 2022 £
Bank interest receivable	134	-	134	22
	<hr/>	<hr/>	<hr/>	<hr/>
	134	-	134	22
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

6 Other trading activities

Included within other trading activities is £53,925 restricted income received from Bandcamp music sales.

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NOTES TO THE ACCOUNTS (cont....)

7 Expenditure on charitable activities

	Unrestricted 31 Dec 2022 £	Restricted 31 Dec 2022 £	Total 31 Dec 2022 £	Total 31 Jan 2022 £
Staff salaries and national insurance	49,119	-	49,119	-
Employer pension costs	917	-	917	-
Training	125	-	125	-
Freelance and consultancy	58,521	-	58,521	33,334
Grants payable	-	122,371	122,371	-
Marketing, and fundraising	5,357	-	5,357	857
Legal and professional	7,617	-	7,617	10,521
IT and computer costs	1,001	-	1,001	341
Insurance	193	-	193	627
Advisory board costs	-	-	-	1,500
Rates and utilities	1,349	-	1,349	-
Travel	297	-	297	1,398
Design costs	-	-	-	2,000
Amortisation	447	-	447	477
Depreciation	57	-	57	-
Office administration	7	-	7	20
Governance costs	1,320	-	1,320	1,033
Bank charges	161	-	161	29
Vinyl production	4,957	-	4,957	-
	<u>131,445</u>	<u>122,371</u>	<u>253,816</u>	<u>52,137</u>

During the period ended 31 December 2022, 9 grants were made to institutions to further the objects of the charitable company. Details of individual amounts paid and grant recipients are included in the Trustees' Report.

In the year ended 31 January 2022 all of the expenditure was attributable to unrestricted funds

8 Expenditure on governance costs

	Unrestricted 31 Dec 2022 £	Restricted 31 Dec 2022 £	Total 31 Dec 2022 £	Total 31 Jan 2022 £
Independent examiner fees	1,320	-	1,320	1,020
Companies House fee	-	-	-	13
	<u>1,320</u>	<u>-</u>	<u>1,320</u>	<u>1,033</u>

EARTHPERCENT
(A company limited by guarantee)
Period ended 31 December 2022

NOTES TO THE ACCOUNTS (cont....)

9 Employee costs

The charity employed two members of staff during the period under review (31 Jan 2022: nil)

There were no employees whose total employee benefits (excluding employer pension costs) exceeded £60,000.

The aggregate remuneration of key management personnel during the 11 month period ended 31 December 2022 (including employer pension contributions) was £46,583. In the comparative period costs were paid via consultancy arrangements.

10 Trustee remuneration

No trustee or other person related to the charity had any personal interest in any contract or transaction entered into by the charity during the year.

11 Intangible fixed assets

	Trademarks and patents £	Total £
Cost		
At 1 February 2022	4,766	4,766
Additions	115	115
	<hr/>	<hr/>
At 31 December 2022	4,881	4,881
	<hr/>	<hr/>
Amortisation		
At 1 February 2022	894	894
Charge for year	447	447
	<hr/>	<hr/>
At 31 January 2022	1,341	1,341
	<hr/>	<hr/>
Net book value		
At 31 December 2022	3,540	3,540
	<hr/>	<hr/>
At 31 January 2022	3,872	3,872
	<hr/>	<hr/>

EARTHPERCENT
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NOTES TO THE ACCOUNTS (cont....)

12 Tangible fixed assets

	Computer equipment £	Total £
Cost		
At 1 February 2022	-	-
Additions	229	229
	<hr/>	<hr/>
At 31 December 2022	229	229
	<hr/>	<hr/>
Amortisation		
At 1 February 2022	-	-
Charge for year	57	57
	<hr/>	<hr/>
At 31 December 2022	57	57
	<hr/>	<hr/>
Net book value		
At 31 December 2022	172	172
	<hr/> <hr/>	<hr/> <hr/>
At 31 January 2022	-	-
	<hr/> <hr/>	<hr/> <hr/>

13 Debtors

	31 Dec 2022 £	31 Jan 2022 £
Prepayments	892	127
	<hr/>	<hr/>
	892	127
	<hr/> <hr/>	<hr/> <hr/>

14 Creditors

	31 Dec 2022 £	31 Jan 2022 £
Loans	-	270
Accruals and deferred income	19,061	13,658
Other creditors	41	-
	<hr/>	<hr/>
	19,102	13,928
	<hr/> <hr/>	<hr/> <hr/>

EARTHPERCENT
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NOTES TO THE ACCOUNTS (cont....)

15a Movement in funds

	Balance at 1 February 2022 £	Incoming £	Outgoing £	Transfers £	Balance at 31 December 2022 £
Unrestricted funds					
General fund	92,599	132,413	(131,445)	-	93,567
Total unrestricted funds	<u>92,599</u>	<u>132,413</u>	<u>(131,445)</u>	<u>-</u>	<u>93,567</u>
Restricted funds					
Grantmaking fund	10,250	211,221	(122,371)	-	99,100
Total restricted funds	<u>10,250</u>	<u>211,221</u>	<u>(122,371)</u>	<u>-</u>	<u>99,100</u>
Total funds	<u>102,849</u>	<u>343,634</u>	<u>(253,816)</u>	<u>-</u>	<u>192,667</u>

15b Movement in funds (prior year)

	Balance at 1 February 2021 £	Incoming £	Outgoing £	Transfers £	Balance at 31 January 2022 £
Unrestricted funds					
General fund	9,168	135,568	(52,137)	-	92,599
Total unrestricted funds	<u>9,168</u>	<u>135,568</u>	<u>(52,137)</u>	<u>-</u>	<u>92,599</u>
Restricted funds					
Grantmaking fund	-	10,250	-	-	10,250
Total restricted funds	<u>-</u>	<u>10,250</u>	<u>-</u>	<u>-</u>	<u>10,250</u>
Total funds	<u>9,168</u>	<u>145,818</u>	<u>(52,137)</u>	<u>-</u>	<u>102,849</u>

EARTHPERCENT
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NOTES TO THE ACCOUNTS (cont....)

16 Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Total Funds 31 Dec 2022 £	Total Funds 31 Jan 2022 £
Fixed assets	3,712	-	3,712	3,872
Current assets	96,586	111,471	208,057	112,905
Creditors less than 1 year	(6,731)	(12,371)	(19,102)	(13,928)
	<hr/>	<hr/>	<hr/>	<hr/>
	93,567	99,100	192,667	102,849
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

17 Related Party Transactions

During the period under review the charity received donations of £56,010 from Trustees or companies controlled by Trustees.

18 Taxation

As a charitable company, EarthPercent is exempt from tax on income and gains to the extent that these are applied to its charitable objects. No tax charges have arisen within the charitable company.