

EarthPercent

A Company Limited by Guarantee

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

EARTHPERCENT
(A company limited by guarantee)
Year ended 31 December 2023

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EARTHPERCENT
(A company limited by guarantee)
Year ended 31 December 2023

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) - Treasurer
Michael Smith
Elizabeth Payne-James
Ssegawa Ssekintu Kiwanuka (appointed 8 February 2022)
Nadia Khan (appointed 19 February 2024) - Chair

Co-Executive Directors

Cathy Runciman
Joel Gardner (from 1 January 2024)

Independent Examiner

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

Bankers

Triodos Bank UK Ltd
Deanery Road
Bristol
BS1 5AS

Patron

Brian Eno

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Report of the Trustees for the year ended 31 December 2023

The Trustees, who are directors for the purposes of company law, present their annual report and financial statements of the charity for the year ended 31 December 2023. The trustees' annual report includes a directors' report as required by company law.

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, with the exception of one, who was contracted for a short-term contract in 2023 (defined scope, 39 days across six months to assist with the organisational development and fundraising). This appointment was reviewed with the Charities Commission and Board of Trustees, with the relevant Trustee absent from decision-making.

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 in the role of Trustee Treasurer. Brian Eno resigned from the Board of Trustees in July 2023 and remains as the global Patron of the charity, actively involved in its promotion and development.

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 three times per year in person and seven times over the year online, with scope for additional meetings as required. 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.

A full-time Executive Director 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. Other staff include a part-time Community and Operations Manager and a part-time Head of Partnerships, focused on fundraising, from July 2023.

Pay for key management is reviewed as part of budget and reforecasting processes and salary levels are authorised by the Board of Trustees. In 2024 it is planned to form a Nominations and Remuneration Committee as a sub-committee of the board to be responsible for reviewing and recommending management compensation.

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During 2023 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: admin/comms support; fundraising and project management.

Connected Entities

The trading subsidiary, EarthPercent Trading Ltd (company number 13974842) became operational in April 2023 once its banking operations were set up. As a result of this timing, some trading activity in 2023 continued to be carried out through the charity. A loan of £30,000 working capital was provided to the trading subsidiary by the charity (repayment timelines extended by the Board of Trustees to 2024). The subsidiary exists for the purposes of managing trading income expected to be generated through some fundraising activations (such as the sale of music or merchandise). The sole shareholder is EarthPercent. One of the Trustees and the Executive Director of EarthPercent are company directors of the trading subsidiary. A framework agreement and deed of covenant between the charity and the trading subsidiary has been put in place.

These financial statements are the accounts of EarthPercent only and consolidated group accounts have not been prepared.

EarthPercent US is a US-based, 501c3 affiliated non-profit foundation. One of EarthPercent's Trustees sits on the board of Directors of EarthPercent US. 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 UK 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.

During 2023 we began work on a significant new programme – Sounds Right – in partnership with the Museum of the United Nations – UN Live and a coalition of other organisations, to recognise and reward nature's contribution to music making, and raise funds for nature restoration and protection. EarthPercent's role in the programme is managing artist relations and governance of the Sounds Right Conservation Fund. Work in 2023 was towards the programme launch scheduled for Earth Day 2024.

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; Environmental 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).

As of December 2023, we retained Peninsula Business Services to provide HR advice and services, including a review of all policies and employment contracts.

Work continues to evolve our Ethical Funding Strategy in consultation with external advisors.

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.

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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 needs.

The two grants distributions in 2023 were overseen by the EAP consisting of the following members who participate on a pro-bono basis, with a £500 annual honorarium offered based on need and available upon request. Panel members are experts representing multiple relevant disciplines such as climate science, conservation and ecology, science communications, climate activism and climate justice.

Note that we were devastated to lose our esteemed EAP member Dr Saleemul Huq who passed away in October 2023.

Expert Advisory Panel members overseeing 2023 grantmaking:

Nnimmo Bassey
Helena Bennett
Delara Burkhardt MEP
Dr Stuart Capstick
Dr Brian Cox
Dr Kyle Devine
Dr Tamsin Edwards
Prof Saleemul Huq (d. 28 Oct 2023)
Fatima Ibrahim
Sophia Kianni
Lilian Liu
Wilson Oryema
Tori Tsui
Baroness Lola Young OBE

During 2023, work began to restructure the EAP, merging UK and US membership and organising them around the charity’s Action Areas, with some members renewing their membership and some new members joining for each Action Area. New Terms of Reference were developed (3 year term), alongside plans to recruit a new Grants Manager in 2024 and for our Head of Programs to move to a role as Chair of the Expert Advisory Panel.

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.

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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'

Improving environmental impacts of the music industry (Greening Music)

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.

Reducing greenhouse gas emissions and supporting clean energy (Just Energy Transition)

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 in ways that benefit the most affected workers and communities.

Securing climate justice and equitable environmental stewardship (Climate Justice)

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.

Advancing systemic economic, legal and policy change (Legal & 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, conserving and restoring nature (Protecting 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. Our initial focus is on three critical carbon sinks: forests, oceans and soil.

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.

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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 2023, we made grants distributions in two cycles. The first distributions totalling £185,000 were made between May-July and included follow-on grants to the 8 organisations we supported in 2022 plus awards to 4 new partners, bringing the total number of organisations supported to 12. A second distribution of £210,000 was distributed to these 12 partners in December.

The EAP reviewed and provided feedback on new applications and made recommendations to Trustees; impact reports from existing partners had been reviewed in Q4 2022 in order to recommend follow-on funding during 2023. There were 2 unsuccessful applications in the year. Monitoring and review of all grants continued, and an Impact Report summarising 2022 and 2023 grant giving impact was in production in December 2023 for publication in January 2024.

We are delighted to be funding the following organisations, whose work supports the aims set out in our grant giving strategy: The amount paid to each grant recipient in the year under review is detailed below.

	2023		2022	
	No of Grants	Total £	No of Grants	Total £
Global Greengrants Fund UK	2	40,000	1	15,000
Youth Climate Justice Fund	2	50,000	-	-
ClientEarth	2	50,000	1	15,000
The Ocean & Us (formerly Women4Oceans)	2	20,000	1	10,000
Cool Earth	2	20,000	1	10,000
Uplift	2	40,000	1	15,000
Critical Frequency	2	30,000	-	-
Julie's Bicycle	2	30,000	1	15,000
Music Declares Emergency	2	40,000	1	15,000
A Greener Future (formerly A Greener Festival)	2	30,000	1	15,000
LIVE Green	2	20,000	-	-
Vision:2025	2	20,000	-	-
EarthPercent Foundation	-	-	1	12,371
	24	390,000	9	122,371

Action area: Climate Justice

Global Greengrants Fund UK works to support grassroots-led efforts to protect the planet and people's rights. Our grant supports local and Indigenous community resistance to fossil fuel expansion and carbon-intensive development as well as a contribution to their core grant-making costs.

(New in 2023): Youth Climate Justice Fund supports young climate justice leaders with trust-based funding, resources, and youth-to-youth capacity development. Our grant contributed to their participatory grantmaking budget for 2023 (covering up to 4 specific grants), as well as supporting YCJF operations, including donor education and youth-to-youth capacity development.

Action area: Legal & Policy Change

ClientEarth uses the law to fight climate change, prevent biodiversity loss and protect people's right to a healthy planet. Our support helped them advocate for the groundbreaking European law stopping products causing forest destruction from being imported, sold in or exported from the EU.

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Action area: Protecting Nature

The Ocean & Us (formerly 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: launching a petition calling for a ban on deep-sea mining, organising a gathering at the Dutch parliament to deliver the petition, and influencing the International Seabed Authority.

Cool Earth works 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 Rainforest Labs in the Peruvian Amazon to provide real-time satellite data to Indigenous communities defending against deforestation.

Action area: Just Energy Transition

Uplift aims 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 Warm This Winter, an ambitious coalition of climate and fuel poverty organisations calling for a transformation of the UK energy system. Also our funding provided additional Digital Media support to Uplift's digital campaigning for the #StopRosebank campaign.

(New in 2023): Critical Frequency is a women-run podcast network founded by journalists combining rigorous reporting and inventive storytelling to hold the oil industry accountable. Our grant helped them build out their online 'Petroganda' archive and secure a publishing partner network with The Guardian, The BBC, Al Jazeera, The New Republic, The Intercept, The Nation, and DeSmog.

Action area: Greening Music

Julie's Bicycle works internationally across arts and culture to mobilise environmental action in the creative community. Our support has helped them engage with networks like LIVE Green and IMPALA Environmental Taskforce, leading industry discussions on climate justice, and updating music sector-specific tools and resources in order to respond to industry requests for support.

Music Declares Emergency works 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', which aims to create the world's largest climate conscious music community and contributed to an administration assistant to streamline the organisation's work flows and increase capacity

A Greener Future (formerly A Greener Festival) helps events, festivals and venues become more sustainable with research, certification, training, expertise and knowledge sharing. Our grant helped them to create free online access to sustainability expertise and resources, helping more people in events get started with climate action.

(New in 2023): LIVE Green collates and provides research, expertise and cross-industry innovation informed by the best science and supporting the transition to a regenerative future. Our support helped expand the LIVE Green coordinator role, and facilitate projects including LIVE Insights audience research and the sustainable cups report, 'Raising the Bar.'

(New in 2023): Vision:2025 represents a growing network of over 500 outdoor events and businesses taking positive climate action. Our grant supports the update of the Creative Green carbon footprint tools and the Green Events Code of Practice.

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.

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In 2024 a Finance & Risk Committee has been formed as a sub-committee of the board, with the remit to review risk management policies and the risk register and to keep the board informed about any evolving major risks

Financial review

The detailed figures are included in the financial statements. The charity's results were a small deficit of expenditure over income for the year of (£559); (11 months ended December 2022: £89,818 surplus). The net deficit in the year under review resulted predominantly from expending grants from restricted income that had been received into the charity in previous financial periods. Unrestricted funds generated a surplus of £59,237 in the year.

Free reserves as at the year end were £149,636 (December 2022: £89,854) with restricted funds of £39,304 (December 2022: £99,100).

Principal Funding Sources

Founding Donors from the industry (both music businesses and individual artists) cover our operating costs through annual unrestricted donations. Speaker fees and gift aid also contribute to core costs. Funds raised from artists signed 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 in the current year include: donations from a percentage of tour, merchandise, recording or organisational income; gifting an item for auction on behalf of the charity or donating the proceeds from a sale; fundraising actions such as staff giving campaigns; or making a direct donation. We again secured a waiver of rights in songs to be sold during our Earth Day campaign and we launched a new initiative – The Earth As Your Co-writer – to allow songwriters to credit the Earth and direct songwriting/publishing royalties to our grant giving fund. We continued to benefit from match funding from Brian Eno for artists donations for our grants giving.

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 education and networking events for climate-concerned people from across music.

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 £45k based on the expenditure in the year ended 31 December 2023. As at 31 December 2023 unrestricted reserves were £153k.

Plans for the future

Structure, governance and management

The executive leadership structure evolved to include two Co-Executive Directors from January 2024, working to a board-approved structure covering their roles and responsibilities. A new Head of Development with responsibility for fundraising growth joined the team on 4 March 2024, and a Grants Manager (0.8 FTE) was appointed on 24 June 2024, while our former Head of Programs moved to become the Chair of the Expert Advisory Panel. The new Chair of the Board of Trustees was appointed on 19 February 2024, and the Chair will review board composition and consider further recruitment that may be necessary.

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The trading subsidiary is expected to significantly increase turnover through special projects and exploitation of IP (music recording and publishing rights). The launch of the Sounds Right initiative will be a major programme of activity throughout the year.

EarthPercent will continue to work closely with EarthPercent US, and look to jointly develop long-term strategic planning processes and a framework agreement governing the relationship between the two organisations.

Work to renew and restructure our Music Committees and Expert Advisory Panels will continue and be completed in 2024.

Grant agreements and disbursements

In the following financial year, and subject to the success of our fundraising activities, we expect to make two grants distributions again to new and existing grant partners, working with our EAP and following procedures established in review with panel members.

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.

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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

16 September 2024

Signed on behalf of the Board

Humera Afzal
Trustee

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INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF EARTHPERCENT

Year ended 31 December 2023

I report to the trustees on my examination of the financial statements of EarthPercent ('the charity') for the year ended 31 December 2023.

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

Since the Charitable company's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of the Institute of Chartered Accountants of England and Wales, which is one of the listed bodies.

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

16 September 2024

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Statement of Financial Activities (including income and expenditure account)

	Note	Unrestricted funds	Restricted funds	Total funds Dec 2023	Unrestricted funds	Restricted funds	Total funds 11 months ended Dec 2022
Income from:							
Voluntary income	4	233,181	320,443	553,624	122,424	155,550	277,974
Investment income	5	1,438	-	1,438	134	-	134
Other trading activities	6	5,336	9,761	15,097	9,855	55,671	65,526
Total income		<u>239,955</u>	<u>330,204</u>	<u>570,159</u>	<u>132,413</u>	<u>211,221</u>	<u>343,634</u>
Expenditure on:							
Charitable activities	7	94,982	390,000	484,982	62,610	122,371	184,981
Raising funds	7	85,736	-	85,736	68,835	-	68,835
Total resources expended		<u>180,718</u>	<u>390,000</u>	<u>570,718</u>	<u>131,445</u>	<u>122,371</u>	<u>253,816</u>
Net (expenditure) / income for the year before other recognised gains and losses		<u>59,237</u>	<u>(59,796)</u>	<u>(559)</u>	<u>968</u>	<u>88,850</u>	<u>89,818</u>
Net movement in funds		<u>59,237</u>	<u>(59,796)</u>	<u>(559)</u>	<u>968</u>	<u>88,850</u>	<u>89,818</u>
Reconciliation of funds							
Fund balance at 31 December 2022		93,567	99,100	192,667	92,599	10,250	102,849
Fund balance at 31 December 2023	15	<u>152,804</u>	<u>39,304</u>	<u>192,108</u>	<u>93,567</u>	<u>99,100</u>	<u>192,667</u>

The accompanying notes form part of these financial statements.

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

All activities derive from continuing operations.

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BALANCE SHEET
Registered company number 12407439

	Notes	31 Dec 2023 £	31 Dec 2022 £
Fixed assets			
Intangible assets	10	3,052	3,540
Investments	11	1	1
Tangible assets	12	115	172
Current assets			
Debtors	13	23,003	891
Cash at bank and in hand		170,146	207,165
		<hr/>	<hr/>
		193,149	208,056
Liabilities			
Creditors: amounts falling due within one year	14	(4,209)	(19,102)
		<hr/>	<hr/>
Net current assets		188,940	188,954
		<hr/>	<hr/>
Net assets		192,108	192,667
		<hr/>	<hr/>
Represented by			
Unrestricted funds			
General funds	15	152,804	93,567
Restricted funds	15	39,304	99,100
		<hr/>	<hr/>
Total		192,108	192,667
		<hr/>	<hr/>

For the financial year 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 year 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 16 September 2024

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Humera Afzal

The accompanying notes form part of these financial statements.

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STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

	2023		2022
	£	£	£
Cash flows from operating activities			
Net income for the reporting period	(559)		89,818
Depreciation	57		57
Amortisation	488		447
(Increase)/decrease in debtors	(22,112)		(765)
(Decrease)/Increase in creditors	(14,893)		5,174
		<hr/>	<hr/>
Net cash provided by operating activities	(37,019)		94,731
Cash flows from investing activities:			
Purchases of fixed assets	-		(344)
	<hr/>		<hr/>
Net cash used in investing activities		-	(344)
Change in cash and cash equivalents in the year	(37,019)		94,387
Cash and cash equivalents at the beginning of the year	207,165		112,778
	<hr/>		<hr/>
Cash and cash equivalents at the end of the year	170,146		207,165
	<hr/> <hr/>		<hr/> <hr/>
Analysis of cash and cash equivalents and of net debt			
	At 1 Jan 2023 £	Cash flows £	At 31 Dec 2023 £
Cash at bank and in hand	207,165	(37,019)	170,146
	<hr/>	<hr/>	<hr/>
Total cash and cash equivalents	207,165	(37,019)	170,146
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

EARTHPERCENT
(A company limited by guarantee)
Year ended 31 December 2023

NOTES TO THE ACCOUNTS

1. Accounting policies

a) Statutory information

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.

b) Basis of preparation

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.

Group accounts have not been prepared as the parent and the group headed by it qualify as small under s383 of the Companies Act 2006 and the parent and the group are considered eligible for the exemption as determined by reference to sections 384 and 399(2A) of the Companies Act 2006.

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.

EARTHPERCENT
(A company limited by guarantee)
Year ended 31 December 2023

NOTES TO THE ACCOUNTS (cont....)

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.
- Support costs and governance costs are allocated in full to charitable activities.

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.

EARTHPERCENT
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Year ended 31 December 2023

NOTES TO THE ACCOUNTS (cont....)

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.

Going Concern

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

There are no material uncertainties that exist that may cast significant doubt on the charity's ability to continue as a going concern.

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.

EARTHPERCENT
(A company limited by guarantee)
Year ended 31 December 2023

NOTES TO THE ACCOUNTS (cont....)

4 Voluntary income

	Unrestricted 31 Dec 2023 £	Restricted 31 Dec 2023 £	Total 31 Dec 2023 £	Total 11m ended 31 Dec 2022 £
Donations	233,181	320,443	553,624	271,995
Grants - DWP	-	-	-	5,979
	<hr/>	<hr/>	<hr/>	<hr/>
	233,181	320,443	553,624	277,974
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

In 2022 £122,424 of voluntary income was attributable to unrestricted funds and £155,550 was restricted funds.

5 Investment income

	Unrestricted 31 Dec 2023 £	Restricted 31 Dec 2023 £	Total 31 Dec 2023 £	Total 11m ended 31 Dec 2022 £
Bank interest receivable	1,438	-	1,438	134
	<hr/>	<hr/>	<hr/>	<hr/>
	1,438	-	1,438	134
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

6 Other trading activities

	Unrestricted 31 Dec 2023 £	Restricted 31 Dec 2023 £	Total 31 Dec 2023 £	Total 11m ended 31 Dec 2022 £
Management charge receivable	5,336		5,336	-
Other trading income	-	9,761	9,761	65,526
	<hr/>	<hr/>	<hr/>	<hr/>
	5,336	9,761	15,097	65,526
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Included within other trading activities is £5,336 management recharge to subsidiary company EarthPercent Trading Ltd. In 2022 there was £53,925 from Bandcamp music sales and £11,601 other trading income included in restricted other trading income.

EARTHPERCENT
(A company limited by guarantee)
Year ended 31 December 2023

NOTES TO THE ACCOUNTS (cont....)

7(a) Analysis of expenditure (current year)

	Raising funds	Grant making	Support costs	Governance costs	Total 31 Dec 2023
	£	£	£	£	£
Staff costs	38,948	-	56,876	-	95,824
Training	-	-	1,817	-	1,817
Freelance and consultancy	43,110	9,167	2,937	-	55,214
Grants payable	-	390,000	-	-	390,000
Marketing, publicity, fundraising and PR	3,678	-	-	-	3,678
Legal and professional	-	-	13,322	-	13,322
IT and computer costs	-	-	1,365	-	1,365
Insurance	-	-	857	-	857
Advisory board costs	-	500	-	-	500
Rates and utilities	-	-	3,858	-	3,858
Travel	-	-	11	-	11
Design costs	-	-	630	-	630
Amortisation	-	-	488	-	488
Depreciation	-	-	57	-	57
Office administration	-	-	799	-	799
Governance costs	-	-	-	1,505	1,505
Bank and finance charges	-	-	234	-	234
Entertainment	-	-	459	-	459
Fine	-	-	100	-	100
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	85,736	399,667	83,810	1,505	570,718
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

During the year ended 31 December 2023, 24 grants (2022: 9) 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.

Analysis of governance costs:

	Total 31 Dec 2023
Independent Examination	1,320
Trustee training	185
	<hr/>
	1,505

EARTHPERCENT
(A company limited by guarantee)
Year ended 31 December 2023

NOTES TO THE ACCOUNTS (cont....)

7(b) Analysis of expenditure (previous period)

Analysis of expenditure (prior period)

	Raising funds	Grant making	Support costs	Governance costs	Total 11m ended 31 Dec 2022
	£	£	£	£	£
Staff costs	-	-	50,036	-	50,036
Training	-	-	125	-	125
Freelance and consultancy	58,521	-	-	-	58,521
Grants payable	-	122,371	-	-	122,371
Marketing, publicity, fundraising and PR	5,357	-	-	-	5,357
Legal and professional	-	-	7,617	-	7,617
IT and computer costs	-	-	1,001	-	1,001
Insurance	-	-	193	-	193
Rates and utilities	-	-	1,349	-	1,349
Travel	-	-	297	-	297
Amortisation	-	-	447	-	447
Depreciation	-	-	57	-	57
Office administration	-	-	7	-	7
Governance costs	-	-	-	1,320	1,320
Bank and finance charges	-	-	161	-	161
Vinyl production	4,957	-	-	-	4,957
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	68,835	122,371	61,290	1,320	253,816
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Analysis of governance costs:

Independent Examination fees

Total 11m ended 31 Dec 2022
£

1,320

1,320

EARTHPERCENT
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Year ended 31 December 2023

NOTES TO THE ACCOUNTS (cont....)

8 Employee costs

	Raising funds £	Grant making £	Support £	Total 31 Dec 2023 £
Salaries	35,300	-	54,583	89,883
Employer's NI	2,988	-	934	3,922
Employers' pension	660	-	1,359	2,019
	<hr/>	<hr/>	<hr/>	<hr/>
	38,948	-	56,876	95,824
	<hr/>	<hr/>	<hr/>	<hr/>

The charity employed 2.5 members of staff (average headcount) during the year under review (31 December 2022: 2)

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

The aggregate remuneration of key management personnel during the year ended 31 December 2022 (including employer pension contributions) was £62,180. (11 month period to 31 December 2022: £46,583)

9 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 except as included in note 18 below.

10 Intangible fixed assets

	Trademarks and patents £	Total £
Cost		
At 1 January 2023	4,881	4,881
Additions	-	-
	<hr/>	<hr/>
At 31 December 2023	4,881	4,881
	<hr/>	<hr/>
Amortisation		
At 1 January 2023	1,341	1,341
Charge for year	488	488
	<hr/>	<hr/>
At 31 December 2023	1,829	1,829
	<hr/>	<hr/>
Net book value		
At 31 December 2023	3,052	3,052
	<hr/>	<hr/>
At 31 December 2022	3,540	3,540

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

11 Investments: wholly controlled subsidiary undertaking

EarthPercent is the sole shareholder of EarthPercent Trading Ltd, a company incorporated in England, registered number 13974842.

Its results for the year ended 31 December 2023 were as follows:

	31 Dec 2023
Turnover	27,184
Operating expenditure	(36,207)
	<hr/>
Loss for the year	(9,023)
	<hr/>
The aggregate of the assets, liabilities and reserves were:	
Assets	15,883
Liabilities	(24,906)
	<hr/>
Reserves	(9,023)
	<hr/>

12 Tangible fixed assets

	Computer equipment £	Total £
Cost		
At 1 January 2023	229	229
Additions	-	-
	<hr/>	<hr/>
At 31 December 2023	229	229
	<hr/>	<hr/>
Amortisation		
At 1 February 2022	57	57
Charge for year	57	57
	<hr/>	<hr/>
At 31 December 2022	114	114
	<hr/>	<hr/>
Net book value		
At 31 December 2023	115	115
	<hr/>	<hr/>
At 31 December 2022	172	172
	<hr/>	<hr/>

EARTHPERCENT
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Year ended 31 December 2023

NOTES TO THE ACCOUNTS (cont....)

13 Debtors

	31 Dec 2023 £	31 Dec 2022 £
Amount owed by subsidiary undertaking - loan	21,724	-
Other debtors and prepayments	1,279	891
	<u>23,003</u>	<u>891</u>

The loan was repaid by EarthPercent Trading Ltd in August 2024.

14 Creditors

	31 Dec 2023 £	31 Dec 2022 £
Accruals	3,958	19,061
Other creditors	251	41
	<u>4,209</u>	<u>19,102</u>

15a Movement in funds

	Balance at 1 January 2023 £	Incoming £	Outgoing £	Transfers £	Balance at 31 December 2023 £
Unrestricted funds					
General fund	93,567	239,955	(180,718)	-	152,804
Total unrestricted funds	<u>93,567</u>	<u>239,955</u>	<u>(180,718)</u>	<u>-</u>	<u>152,804</u>
Restricted funds					
Grantmaking fund	99,100	330,204	(390,000)	-	39,304
Total restricted funds	<u>99,100</u>	<u>330,204</u>	<u>(390,000)</u>	<u>-</u>	<u>39,304</u>
Total funds	<u>192,667</u>	<u>570,159</u>	<u>(570,718)</u>	<u>-</u>	<u>192,108</u>

EARTHPERCENT
(A company limited by guarantee)
Year ended 31 December 2023

NOTES TO THE ACCOUNTS (cont....)

15b Movement in funds (prior year)

	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	92,599	132,413	(131,445)	-	93,567
Restricted funds					
Grantmaking fund	10,250	211,221	(122,371)	-	99,100
Total restricted funds	10,250	211,221	(122,371)	-	99,100
Total funds	102,849	343,634	(253,816)	-	192,667

16 Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Total Funds 31 Dec 2022 £	Total Funds 31 Dec 2022 £
Fixed assets	3,168	-	3,168	3,712
Current assets	153,845	39,304	193,149	208,057
Creditors less than 1 year	(4,209)	-	(4,209)	(19,102)
	152,804	39,304	192,108	192,667

Analysis of net assets between funds (prior year)

	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)
	93,567	99,100	192,667	102,849

EARTHPERCENT
(A company limited by guarantee)
Year ended 31 December 2023

NOTES TO THE ACCOUNTS (cont....)

17 Related Party Transactions

During the year under review the charity received donations of £303,691 (2022: £56,010) from Trustees or companies controlled by Trustees.

The charity loaned its subsidiary company EarthPercent Ltd £30,000.

The charity also charged its subsidiary company £5,336 in management charges during the year under review.

At the year end EarthPercent Ltd owed EarthPercent £21,724.

The charity, as agreed with the Charity Commission, also paid Adam Callan, Trustee £12,240 for consultancy services provided during the year.

No Trustee expenses were claimed during the year.

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.