



Friends of the Earth Charitable Trust Report and Accounts for the year ended 30 June 2021

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Reference and administrative details

Friends of the Earth Charitable Trust is a company limited by guarantee (registered 10 December 1980), not having a share capital, and is also a registered charity (registered 6 January 1981) governed by its memorandum and articles of association.

Company Registration Number: 01533942
Registered Charity Number: 281681
Registered office: The Printworks
1st Floor, 139 Clapham Road
London, SW9 0HP
Country of incorporation: England and Wales

Trustees

The Trustees, who are the Directors of the company for the purposes of the Companies Act, are responsible for setting policy and agreeing strategy. Trustees who held office during the period were:

F Butler
G Fawcett
L K Hand
J B Southworth
M Oley (appointed 10 June 2021)

Co-Executive Directors: H Knowles and M Turner (permanently appointed 27 October 2020; interim since 8 February 2020)
Company Secretary: H Ashley Taylor

The day-to-day management is delegated to the Co-Executive Directors, the Senior Leadership Team (made up of employees selected for their expertise in the various activities of the organisation) and the Trust's other staff. The charity has its own Trust Director who serves as an independent governance secretary to the Board of Trustees, supporting with meetings and charity governance matters affecting the Trust. The Trust Director reports to the Chair and the Trustees and has no other role in the charity or any of its grantees.

Auditor

Crowe U.K. LLP
55 Ludgate Hill
London
EC4M 7JW, UK

Bankers

Co-operative Bank plc
Manchester Business
Centre
1 Balloon Street
Manchester, M60 4EP

Solicitors

Bates Wells & Braithwaite
10 Queen Street Place
London, EC4R 1AG

About Friends of the Earth

The natural world has experienced unprecedented disruption in recent years. And it is people as well as the environment that suffer as a result.

For over 50 years, we've been dedicated to the protection of the natural world and the wellbeing of everyone in it. Our international community brings together more than two million people in 73 countries, combining people power all over the world to make an even greater difference and transforming local actions into global impact.

We lead campaigns, provide resources and information and promote alternative solutions to create a cleaner, healthier and fairer world for everyone, for today and for generations to come.

In the UK, we've been responsible for making recycling not just a household word, but a household habit. We successfully campaigned for the world's first climate change law, the Climate Change Act 2008, which paved the way for similar legislation around the world. Our combined strength has meant we have been able to push back against drilling for fossil fuels, ensure legal protection from pesticides for bees, and most recently help secure the refusal of planning permission for a new opencast coal mine at Druridge Bay.

Working together with local groups, experts, business leaders and politicians we push for change around the issues and causes that matter to you – protecting your home and local environment, promoting safe and healthy food and water across the globe and supporting alternative energy solutions that can change the world for the better. Whether you are a first-time supporter or a seasoned campaigner, we're with you every step of the way, supporting communities, defending human rights, protecting nature, moving mountains.

Together with us your voice is louder, your actions more significant and your impact greater. Together with you, we are determined to change the world for good.



Chair's statement

The Covid-19 pandemic has highlighted the importance of our connections.

Separated from family, friends and community, many of us have found solace in nature and been reminded of how important those connections are for our wellbeing.

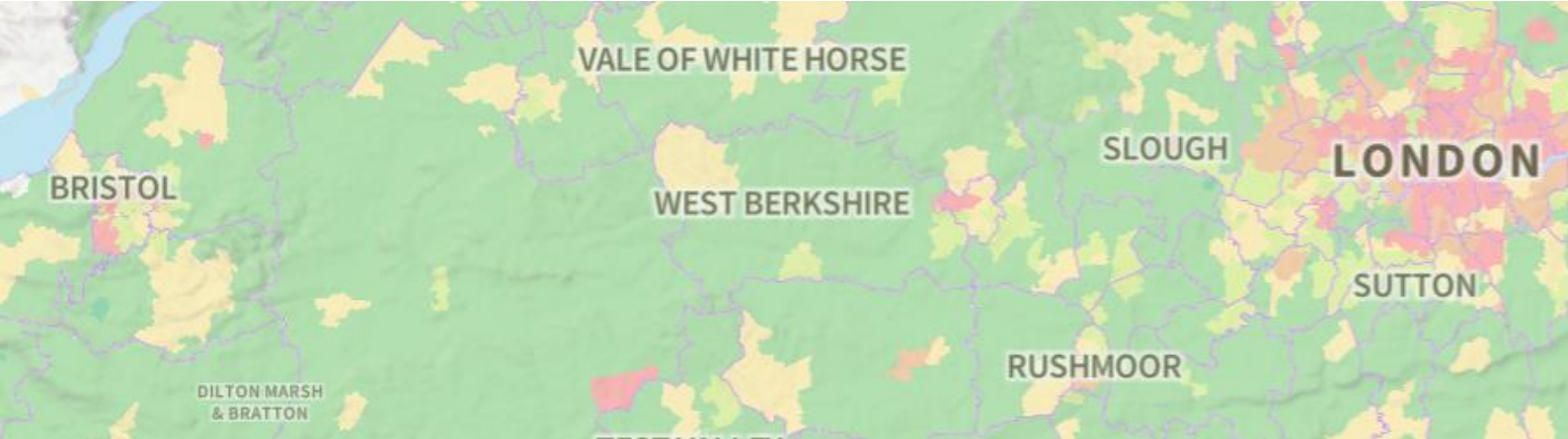
The importance placed on connections and shared values within the Friends of the Earth family has proved to be invaluable over the last year.

I am proud of the work undertaken by our staff in adapting their work to maintain progress towards our mission.

Over the past year our individual supporters have maintained their support for our work despite having to cope with the pandemic. Players of the People's Postcode Lottery have continued to make a sizeable contribution to our work, and foundations and trusts have also remained committed to collaboration.

In turn we have supported the move of support for grassroots groups online. We have also supported efforts to diversify the voices heard within our movement and to stand in solidarity with the rest of Friends of the Earth's global movement.

Benedict Southworth
Chair



Co-Executive Directors' statement

Over the course of 2020-21, Friends of the Earth Charitable Trust was able to maintain strong fundraising efforts, diversify its range of grantees and make further strides in governance and operations. Building on the success of our quick response to stabilise income at the start of the pandemic, the Individual Giving programme remained strong and we ended the year with a gross income growth of 9.9% in fundraising.

Building on progress last year to directly support environmental efforts at the local and global level, grants were awarded to 9 Climate Action Groups and 9 Local Groups via the Trust's Climate Action and Local Group Funds. A new BAME Fund was also established this year.

The Charitable Trust continued to progress its governance and operations following Friends of the Earth's restructure in July 2018. This year we have invested significant resource in reviewing and updating our safeguarding policies and practices to ensure we can protect our staff, supporters and community networks.

As ever we are grateful to the dedication of our staff, supporters, partners and Trustees in making our work this year possible.

Hugh Knowles and Miriam Turner
Co-Executive Directors

Trustees' and Strategic report

The Trustees are pleased to present their Trustees' and strategic report, together with the financial statements, for the year ending 30 June 2021. The financial statements comply with current statutory requirements, the memorandum and Articles of Association and the Statement of Recommended Practice 2015 – Accounting and Reporting by Charities (FRS 102).

Our object and activities

Our purposes and aims

Friends of the Earth Charitable Trust is dedicated to achieving the following charitable objectives:

- The conservation, protection and sustainable use for the public benefit of the Earth's natural environment, including biodiversity, atmosphere, water, land and natural resources.
- The advancement of education for the public benefit and, in particular, the advancement of education in ecology, natural history, resource conservation, sustainable development and environment studies.
- The promotion of sustainable development for the benefit of the public by
 - (i) the preservation, conservation and the protection of the environment and the prudent use of natural resources; and
 - (ii) conducting or commissioning research and publishing the results of such research.

'Sustainable development' means improving the quality of life while living within the carrying capacity of supporting ecosystems and the natural environment.

We aim to achieve these objects by funding work that falls within the categories of climate, nature and health. This report sets out how these objects were achieved in the year ending 30 June 2021, the proposals for the fulfilment of the charitable objects during 2021/22 and how we plan to fulfil the charitable objects for the public benefit in future years.

In carrying out its objects for the public benefit, Friends of the Earth Charitable Trust continues its long-term association with other Friends of the Earth environmental groups, both locally and internationally, in order to increase the effectiveness of its charitable work for the public benefit. This association is acknowledged within the Articles of Association that govern the charitable company.

Our grant making policy

All work funded by the Trust must fall within the charitable objects stated above and must comply with all legal and regulatory requirements for UK registered charities. We fulfil our charitable objects for the public benefit by providing grant funding to organisations with

purposes and aims similar to those of our charity. Trustees regularly review the most effective ways to further the charity's objects for the public benefit. Trustees agree the primary funding areas for each year and retain complete discretion to approve or reject any grant application. The Trustees aim to diversify the range of grantees to which it provides grant funding in future years.

The Trust has grant monitoring procedures in place to ensure that all charitable funds are spent solely on charitable activities to further the charitable objects in accordance with the conditions attached to the grant in the written grant agreement.

Public Benefit Statement

The Trustees recognise that the work of the charity seeks to provide long-term public benefit that will support communities, including the wider international community, in the years to come; the impact of the charity's work may not always be evident immediately in the year the work is carried out.

Our work to date has benefited the public by commissioning research, raising awareness, and campaigning on issues of major public concern including climate change, environmental protection, biodiversity and sustainable development. The Trust welcomes people from all sections of society as supporters and its campaigning and awareness raising on environmental matters is directed to all in society. The Trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit "Charities and Public Benefit".

Our achievements in 2020/21

While Friends of the Earth Charitable Trust does not set targets outside of our annual budget (including income generation and grant expenditure), we carefully assess and monitor the aims and progress of our grantees to ensure that our charitable objects are being achieved and that our grant funding is being maximised. Our largest grantee, Friends of the Earth Limited, sets clear objectives and key results (OKRs) as part of its annual business planning process. Its organisational OKRs were to:

1. Reduce the UK's carbon emissions quickly and fairly through local climate actions plans and national interventions;
2. Create support for justice-based responses to the ecological crisis;
3. Build an inclusive organisation and network;
4. Sustain, grow and diversify a movement strong enough to tackle the climate and ecological crises;
5. Defend environmental rights and challenge environmental injustices, particularly for the worst affected.

Achievements against these objectives are outlined below. In 2021/22, Friends of the Earth Limited will also be extending its monitoring and evaluation framework to include both OKRs and Key Performance Indicators (KPIs), which will measure foundational organisational health in various areas.

This year Friends of the Earth Charitable Trust was proud to fund a wide variety of activities that aimed to tackle the climate and ecological crises in a fair and just way. Without the support of our donors, funders and financial supporters, the activities and achievements we funded this year would not have been possible.



28,000
CLIMATE
FRIENDLY
JOBS
COULD BE
CREATED
IN THE
WEST
MIDLANDS



75% of councils
have a climate
action plan in place



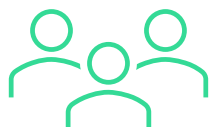
Stood with our sister
organisations across
the globe



Launch of Green
Space Map
highlighted most
green space
deprived areas



Launch of our new
BAME Fund



9 Climate Action
Groups and 9 Local
Groups awarded
grants



Over 100 training
sessions delivered to
the Friends of the
Earth network



45 students
completed the My
World My Home
further education
programme



2,000 councillors
signed a joint letter
against proposed
planning reforms



2050 tree cover
target included in
England Tree
Action Plan



Partnerships built
with groups currently
underrepresented in
the movement

Climate

As made abundantly clear by the latest IPCC report, it is essential that we act now to tackle the climate emergency and prevent irreparable damage to our planet. At the same time, we must ensure that the transition is fair and changes all lives for the better, leaving no-one behind. Our funding this year aimed to support a quick and just reduction in UK carbon emissions through climate action plans, a green and fair recovery from the Covid-19 pandemic and opposition to high carbon infrastructure.

Our grant enabled Friends of the Earth Limited, alongside the work of others in the movement, to contribute to the adoption of climate action plans at the local, regional and national level. 75% of councils now have climate action plans in place, while 75% of metro mayors and 41% of the Welsh Senedd have committed to introducing a strong climate action plan in their area. Friends of the Earth Northern Ireland, part of Friends of the Earth Limited, has also been instrumental in creating and lobbying for the Climate Bill currently making its way through the Northern Ireland Assembly. This vital work will help drive bold and ambitious climate action and allow the public to hold all levels of devolved government to account on tackling the climate crisis.

Our funding also supported Friends of the Earth Limited's campaign for a green and fair recovery from the Covid-19 pandemic. Over 250,000 people signed its petition to the government and, with support from People's Postcode Lottery, Teach the Future, the National Union of Students and Students Organising For Sustainability UK, it also published a Green Jobs Report on creating green jobs for young people. This report aimed to address both the climate and youth unemployment emergencies.

Two additional successes this year were the government's decisions to refuse planning permission for a new opencast coal mine at Druridge Bay and to end support for fossil fuel projects abroad, both of which Friends of the Earth Limited was instrumental in campaigning for with the help of our grant.

Our Climate Action Fund also enabled us to support the activities of 9 Friends of the Earth Climate Action Groups tackling the climate crisis in their local area. For example, Climate Action Preston was able to launch two community projects focused on reducing waste, emissions and consumerism while also helping local people learn more about the climate emergency. Other groups used our grants for events, promotional and marketing materials, training and technology support as they adapted to the pandemic.

Nature

As equally pressing as the climate emergency is the ecological crisis, which sees wildlife across the world facing mass extinction, the destruction of green space and our increasing separation from nature and all its benefits. This year we supported efforts to tackle the ecological crisis in ways that also focused on justice, protecting everyone's right to a healthy environment.

We continued our funding of Friends of the Earth Limited's campaign to double tree cover in its final year. Although it was ultimately unable to achieve a commitment from the

government to double UK tree cover, the England Tree Action Plan published in May 2021 did include a 2050 target where previous drafts hadn't, even if a 12% increase is disappointingly low. The organisation did however hold a Tree Summit, through which it was able to obtain confirmation from Forestry Minister Zac Goldsmith that existing tree targets are a minimum rather than a ceiling. The government has also unlocked more funding for councils to increase tree cover on their land, the first time it has done so.

This year's funding of other nature-focused work by Friends of the Earth Limited included an interactive Green Space Map, which identifies the neighbourhoods that are most green space deprived in England and highlights the extent to which the country's black and brown communities are disproportionately affected. Its petition calling on government action to prevent mass extinction also garnered over 160,000 signatures.

While internal capacity and an organisational strategy refresh has delayed Friends of the Earth Limited's development of a new nature campaign, we expect a campaign that has justice at its heart to launch in the first half of 2022 and are continuing our funding for it into 2021-22.

Inclusivity

We need a diverse range of voices to solve global problems and achieve social justice – this includes a wide and inclusive range of local communities with the power to campaign for solutions. A key priority for Friends of the Earth as a whole this year was therefore to build a more inclusive organisation with a particular focus on race and ethnicity, and through our grant Friends of the Earth Limited also worked to build a more inclusive network, again with a focus on race and ethnicity.

With the support of our funding, Friends of the Earth Limited as our delivery partner has taken steps to increase the whole organisation's diversity and inclusivity internally. While we are still in the early stages of our journey towards becoming an actively anti-racist organisation, it has successfully partnered with diversity and inclusion specialists Full Colour to design a programme of work that can be rolled out during the next business year. It has also developed an internal communications guide to help ensure that our communications reflect the diversity of the UK and the people and groups in our network.

Friends of the Earth Limited has also introduced two placements for young people via the government's Kickstart Scheme, which funds employment opportunities for 16-24 year olds on Universal Credit, and plans to take on more Kickstart placements, as well as developing further entry-level opportunities for young people within the organisation. While the Kickstart Scheme is government-funded, it nevertheless contributes to the diversity of the Trust's staff body.



Friends of the Earth Limited has begun delivering anti-racism training to its network of community groups, although we would like to see increased take-up of this going forwards. During the year it has also built relationships and partnerships with groups currently underrepresented in the movement so that they can tackle environmental struggles together – these include Climate Cymru in Wales and Include Youth in Northern Ireland.

Friends of the Earth Limited's new strategy emphasises the need to continue this important work on inclusivity, ensuring that it is listening to and building the power of those suffering most now due to climate and ecological breakdown, and those most at risk of not participating in, or benefiting from, the transition. The Trust is very committed to funding this journey through to completion, and while there is still a long way to go, we are encouraged by the progress made so far and recognise the importance of taking the time needed to ensure that this work is authentic and meaningful.

For the first time this year, the Trust was also proud to establish a BAME Fund, which aims to support BAME groups and communities with environmental justice projects. We awarded Leicester's The Race Equality Centre with a grant to fund garden projects – in collaboration with Friends of the Earth Leicester, local volunteers will create community gardens at the African Caribbean Centre and Caribbean Court Day Centre, bringing together the community and greening deprived neighbourhoods.

Movement building

Friends of the Earth has always recognised the importance of people power, whether individuals, groups or whole communities. Our goal this year was to invest in the sustenance, growth and diversification of a movement strong enough to tackle the climate and ecological crises.

Thanks to our grant, Friends of the Earth Limited was able to significantly ramp up its training programme during 2020/21, providing its network of around 130 Local Groups and over 270 Climate Action Groups (78 new this year) with well over 100 webinars and events designed to empower, upskill and inspire. These were very well received by the network, with more than 2,300 sign-ups over the course of the year. Friends of the Earth Limited has also been developing a new approach to engagement that will help it foreground the stories and voices of the communities with whom it works, and the Trust looks forward to this coming to fruition in 2021/22.

Through our Local Group Fund, we were able to support 9 Friends of the Earth Local Groups with a variety of local environmental activities, for example producing campaign resources, purchasing tree planting equipment, commissioning an ecological survey and organising an awareness-raising shop window display in collaboration with local schools. Due to disrupted and paused work resulting from the pandemic, we were sadly unable to provide any grants from our Youth Fund this year, but our intention is to restart this Fund in the new financial year. We were pleased that 45 college students completed Friends of the Earth Limited's My World My Home further education programme in a year during which teaching and education were particularly difficult.

Our supporter base and fundraising programme both saw modest growth, with over 30,000 new supporters, over 12,000 new single and regular givers and overall year-end income of £15.9m, £5.8m more than 2019/20 (largely due to receiving People's Postcode Lottery income). In a year dominated by the ongoing pandemic, this growth is a testament to our supporters' and donors' generosity and their commitment to our cause. While our financial situation at year-end was better than anticipated, we maintain a cautious approach heading into 2021/22, recognising that the economic fall-out from the pandemic has not yet been fully felt. See pages 17-21 for our fundraising and financial review.

Environmental rights and justice

For centuries, the social, political and economic systems under which we live have fuelled the climate and ecological crises and entrenched injustice and inequality. We need to use the tools at our disposal to change systems so that they benefit both people and planet. This year we therefore funded efforts to defend environmental rights and challenge environmental injustices, particularly for those worst affected.

Our grant allowed Friends of the Earth Limited to oppose the government's proposed planning reforms, building significant backbench and local opposition, for example via a sign-on letter in collaboration with CPRE that received over 2,000 signatures from councillors in England. This work has increased awareness of and support for local democratic scrutiny and key safeguards, and it is anticipated that the proposed changes will be lessened.

Both at home and internationally, our largest grantee has worked hard to defend human rights and civil liberties. Solidarity for Friends of the Earth sister organisations across the globe has seen it support Friends of the Earth International colleagues in countries such as Mozambique, Bulgaria, Palestine, Columbia, Uganda and Bangladesh. At home it has largely focused on developing opposition to the Police, Crime, Sentencing and Courts Bill,

which threatens the right to peaceful protest and aims to criminalise the way of life of nomadic Gypsy, Roma and Traveller communities. In collaboration with Liberty and other groups, Friends of the Earth Limited handed in a joint petition with around 600,000 signees (over 97,000 from Friends of the Earth supporters) and an open letter from over 250 organisations.

Operations

In order to achieve our objects and aims, it is also important to ensure that we have robust operations. A particular focus this year has been on investment in a new Customer Relationship Management (CRM) system – we have partnered with the software company Felinesoft and currently the project is on track, with the discovery phase underway to ensure that the organisation's business processes and needs are fully addressed.



Coronavirus 2020/21

The key event of the year, for both the organisation and the world, has been the effect of the Covid-19 pandemic. To say that Covid affected the organisation would be an understatement, but we have acted with professionalism and empathy towards our donors and staff to ensure that our impact on tackling the climate crisis was not diminished.

When the pandemic first hit, we recognised that it was not appropriate to continue our fundraising. Instead, we paused donor appeals during the early stages of the first lockdown and ensured continued engagement and connection with our donors through messages of comfort and support. We also cancelled all in-person engagement events with major donors and moved to virtual ones, thereby complying with government guidelines and protecting the health of our donors and staff.

We carefully monitored the work of our main grantee, Friends of the Earth Limited, to adapt to the pandemic, ensuring continued impact despite the circumstances. Some of the measures it put in place were:

- Forming an internal Covid-19 working group, which first convened on 4 March 2020 and met regularly throughout 2020/21, to assess the impact of the pandemic and manage organisational response. This group continues to regularly provide staff with advice and guidance.
- Moving to home working (ahead of government advice to do so) – this included providing office equipment, wellbeing support and training to managers and staff and procuring an external coaching service through which staff could discuss professional and/or personal matters in confidence.
- Ensuring our offices were Covid secure and following health & safety best practice (even though our offices were closed for much of the year). Our offices are now open to those who wish to attend (subject to a negative lateral flow test or two vaccinations, as well as risk assessments for any in-person meetings or events), although most staff are still working from home.
- Providing guidance and support to its group network, including developing resources and training for groups to move their activities online and supporting them in taking online action for key mobilisation moments (particularly its Week of Action for a Green and Fair Recovery and the 2021 elections). Despite Covid, the group network has grown from 271 to 349 groups due to the quality of the support provided, increasing the number of local interventions on environmental issues that our grantee and its network is able to make.

Our grantee has reported that in many ways its connection as an organisation has become deeper, with the move to fully virtual meetings helping our various regional offices feel more connected.

Homeworking has largely been a success and has not affected organisational impact. The grantee intends to move to a hybrid working set-up in 2022, with most staff combining home and office working to varying degrees, and is currently in the early stages of developing the strategy, policy and principles needed to support this new way of working.

Fundraising

Fundraising performance

In the year under review, the total income raised was £15.9m, an increase of 58% on the £10.1m raised in the previous year. This was largely due to new income from the People's Postcode Lottery totalling £3m, which was received by Friends of the Earth Climate Action Limited (a subsidiary of Friends of the Earth Charitable Trust) and had previously been received by Friends of the Earth Limited.

Gifts and donations for the period totalled £7.1m, compared with £6.4m in the previous year. This equates to an increase of £40k or 10% year-on-year. This is a result of improved performance across a number of income streams, primarily Individual Giving, which saw an increase of £285k compared to the previous year. Other fundraising areas that saw an improved performance in 2020/21 were Philanthropy and Corporate Partnerships.

Legacy income totalled £1.3m, a decrease on the previous year's total of £1.5m. Despite its unpredictability, our legacy income remains stable year-on-year. This demonstrates the long-term relationships supporters hold with us, and their desire to continue support for our mission in their name.

Grants received in the year increased significantly because of the £3.4m qualifying charitable donation from Friends of the Earth Limited, which was only £700k in 2019/20. The value of gifts in kind received in 2020/21 decreased slightly from 2019/20, totalling £337,382.

Our forecasts for 2021/22 predict a more stable year for income generation as we emerge from the most disruptive phase of the global Covid-19 crisis. A downturn in the UK economic outlook would pose challenges to our fundraising efforts, but it remains to be seen how deeply our donors, funders and partners would be impacted. In the first 15 months of the Covid-19 crisis, donations remained stable, demonstrating the commitment and motivation of our donors and funders to see the continuation of our mission. The breadth of our supporter base provides financial resilience as we proceed with caution into the next stage of the pandemic.

We will continue work on reaching and engaging with new audiences motivated to tackle the climate and ecological crises via financial contributions. There remains high awareness of and concern for environmental issues, with a particular desire to ensure a green and fair recovery from the Covid-19 pandemic. Friends of the Earth Charitable Trust's grant giving will continue to further this vital work, thanks to the ongoing generosity of our donors.

Regulation

We generate funds through a range of techniques, including printed communications, telephone fundraising and a variety of digital fundraising activity. We continue to work with carefully selected third-party suppliers in relation to various aspects of our fundraising activity. We establish strategic partnerships with agencies or freelancers to enhance the quality and impact of our fundraising activity. Examples of this work include creative development of fundraising communications, printing and mailing services, response handling and donor stewardship. We work with professional fundraisers at

telephone agencies in order to carry out high quality and engaging conversations about the impact of their support on our work, and the variety of ways in which they can consider supporting us further. All professional fundraisers working on our behalf undergo regular training on compliance and quality standards and are fully briefed on the work of the organisation.

We are registered with the Fundraising Regulator and continue to be a member of both the Chartered Institute of Fundraising and the Direct Marketing Association. We have had no non-compliance with the Fundraising Regulator in 2020/21. Any third-party suppliers who are in contact with our supporters have a vulnerable people policy in place and meet the same high-quality standards as our own. Partner agencies hold membership with the relevant membership body, such as the Direct Marketing Association, which requires compliance with a broad range of regulations and best practice policies.

We continue to monitor and respond to developments in fundraising regulation and all other relevant regulation, including GDPR. We continue to adhere to the highest standards of practice in fundraising, data protection and communications.

We have a Supporter Promise and complaints procedure, which are regularly signposted for supporters to ensure they are aware of the high standards we hold in our supporter relations work, and how they can get in touch with any questions or comments. In 2020/21 we received 36 direct complaints about fundraising activity or processes. All were resolved and no complaints were received through the Fundraising Regulator. We have a vulnerable persons policy, and our fundraising teams have completed safeguarding training and comply with our safeguarding policy throughout their work.



Financial review

Overall financial performance

Our initial fears regarding the potential effect of the Covid-19 pandemic on our income did not come to pass. This can be attributed in part to the government support provided via the Coronavirus Job Retention Scheme (furlough) throughout the year, which helped prevent economic decline, but also to the loyalty of our donors. The majority of our income is from individuals – whether through regular giving, one-off donations or transformational legacy gifts. We remain grateful to the many individuals who contribute to our cause, without whom our important work would not be possible.

In the year our income was £15.9m, an increase of £5.8m on 2019/20. A key reason for this increase was the receipt of People's Postcode Lottery income totalling £3m. Previously this was paid as lottery income to our sister organisation and largest grantee, Friends of the Earth Limited, but, due to a change in People's Postcode Lottery's funding mechanism, this income is now received by the Trust in the form of a grant. The other driver was an increase in the qualifying charitable donation from Friends of the Earth Limited due to increased lottery income in 2019/20.

We also made grants to our grassroots network through our Climate Action and Local Group Funds. Due to Covid-19 curtailing in-person group activities, the total spend in 2020/21 was £2,967, which funded areas such as events, campaign resources, training and technology support. We also made our first grant under our new BAME Fund to The Race Equality Centre, which works to challenge racism and support BAME community projects in Leicester. The grant of £500 will enable community gardens in green space deprived neighbourhoods. The establishment of this fund is an important first step as we look to ensure more diversity and inclusion in our work.

Expenditure was £14.4m, an increase of £4.7m on the previous year. Much of the increase was due to the People's Postcode Lottery income received by the Trust and granted to Friends of the Earth Limited so that it could continue delivering against our charitable objectives. The remaining expenditure related to our fundraising activities and office costs.

Reserves policy

During the year the organisation's reserves policy was reviewed by Trustees. Trustees recognise their duty of care to maintain an appropriate level of reserves. We have never been in more uncertain economic times, and the Trustees are also aware of the potential vulnerability in our income, which means that we need to take an even more prudent approach. While we are grateful for the grant from People's Postcode Lottery, we are also aware that this is only guaranteed for a three-year period, and, as this grant is 24% of our income, we need to diversify our income streams to protect our income base in the future.

When considering the reserves policy, Trustees took into account Friends of the Earth's organisational structure overall. The Trust's remit is to raise charitable funds and provide grants to organisations for charitable activities that further its objectives, including Friends of the Earth Limited. As such there is a funding relationship between the two entities. Where it has a long-term and formal relationship with a grantee, Friends of the

Earth Charitable Trust needs to ensure long-term continuation of the grantee's charitable activities.

Consequently, the final reserves policy is multifaceted to ensure our operating expenses and ongoing commitments are secure, coupled with a desire to diversify for and invest in the future. The resulting reserves policy framework is as follows:

Area	Rationale	£
Operating expenses of the Trust	2-4 months of operating expenditure based upon annual budget (£0.34-0.68m per annum)	0.68m
Continuation of charitable activities	10% of grant to main grantee	1.2m
Continuation of small grant programme		25k
Appropriate reserves level		1.905m

At the end of the year, the reserves of the organisation were £3.7m, which is above the minimum level. We do however have spending commitments, which mean we have the following designated funds:

Area	Rationale	£
Customer Relationship Management (CRM) system	Organisational CRM system investment to replace current ageing system	1m
Fundraising Investment Fund	To diversify income	0.5m
Designated Fund		1.5m

The designated funds were agreed by Trustees to include £1m allocated to the capital costs of the new CRM system, which will come into use in the autumn of 2022. The funds will be allocated over 4 years in line with the depreciation for the new system.

We recognise that we need to diversify our income to provide resilience for the future. In the first six months of 2021/22 we will be developing an Income Generation Strategy to guide our future fundraising ambition. The Fundraising Investment Fund of £500k will be used to provide investments in pilots and resourcing new initiatives.

This takes our total required reserves to £3.4m. At £3.7m we are slightly over our reserves level, but as we move into 2021/22, with ongoing concerns regarding the effect of Covid-19 on the wider economy coupled with the need to invest in the future, the Trustees are content to have reserves at this level.

Going Concern

The review of Friends of the Earth Charitable Trust's financial position, reserves levels and future plans gives Trustees confidence that the charity remains a going concern for the foreseeable future. There are no material uncertainties about the charity's ability to continue in operational existence.

We are operating in uncertain times, and the Covid-19 pandemic underlined the need to have a resilient, agile organisation. Due to the continued support of our donors, we managed to end the year with increased reserves, allowing us to invest for the future via strategic strengthening initiatives. The economic circumstances ahead mean we take a prudent approach to budgeting. As part of our going concern review, we have ensured we have a balanced budget for 2021/22 and a draft forecast for 2022/23. We are also in the process of completing longer-term financial projections with inbuilt scenario analysis so that we can plan and react to changing circumstances.

Investment policy

The charity has an ethical investment policy to ensure that its investments do not conflict with its aims. The primary objective of the policy is to ensure that the current value of reserves is, as a minimum, maintained. It is expected that the majority of investments will be in cash or near cash holdings. During the year, the Trust did not have any investments.

Our plans for 2021/22

Friends of the Earth Charitable Trust's role is as a grant-making organisation, harnessing public and partner funding to support organisations with objectives that further our mission.

In 2020/21 we were pleased to maintain the diversified range of grantees to which we award funds, and diversification will continue to be a focus for us going forwards.

In June 2021 we approved a large operational grant application from Friends of the Earth Limited for charitable activities in 2021/22. Our funding will support this grantee in consolidating the progress it has made on its existing campaigns, including around securing climate action plans, opposing fossil fuel projects and defending against threats to civil liberties.

It will also allow Friends of the Earth Limited to launch new justice-based climate and nature campaigns in the first half of 2022 – as per the organisation's new strategy, these campaigns will be informed by insights gathered from an evolved network, including those currently vulnerable to climate and ecological breakdown and those most at risk of not participating in, or benefiting from, the transition, both here and overseas. The Trust will also be investing in data projects run by Friends of the Earth Limited that aim to bolster the rigorous evidence and insights on which its activism and campaigns are based.

Our grant to Friends of the Earth Limited will contribute to:

- Building even more community power to win its existing campaigns and inform new ones.
- Winning its campaign against UK government support for fossil fuels and developing a new justice-focused campaign package.
- Ensuring that those worst affected by the climate and ecological crises, as well as those most at risk of being excluded from the transition to a greener and fairer world, are able to inform its work.
- Defending communities' rights to protect their environment and challenge environmental injustices, particularly for the worst affected.

We will also invest in growing and diversifying our fundraising portfolio and will progress our ongoing CRM project.

We will continue supporting local communities in tackling the climate and ecological emergencies through our Climate Action and Local Group Funds. We will also restart our Youth Fund and hope to scale up our new BAME Fund. As always, we will look to fund other activities that support our objectives as they arise throughout 2021/22.

Our people

Staff

Friends of the Earth employs around 170 staff, with offices in London, Belfast, Cardiff, Birmingham, Leeds, Manchester, Bristol and Brighton. This year we moved into new, more flexible workspaces in Brighton and Cardiff. Staff costs are detailed in Note 8 to the accounts.

In 2018 Friends of the Earth conducted a salary review exercise and amended our pay scale structure against sector benchmarks. This enabled us to have a transparent and consistent structure.

Trustees, together with the Board of Friends of the Earth Limited, appointed our new Co-Executive Directors, Hugh Knowles and Miriam Turner, in October 2020. We are proud that, for the first time in our history, this role is held by a job share and a woman.

Gender pay gap

We have a structured pay scale within the organisation, with all positions allocated a score and band following a job grading process. Upon recruitment, staff generally start at the mid-point of the band, unless they are viewed to be developing into the role based on their prior experience

While it is disappointing to see an increase in our gender pay gap having almost eliminated it last year, the change is due to turnover shifting the composition of the staffing team, particularly at middle management level. We were pleased to recruit more staff in regional locations across England, Wales and Northern Ireland during the year, although this also affects the gender pay gap due to the absence of London weighting.

According to the Office for National Statistics, the national gender pay gap across all employees was 15.5% in 2020. Information on our gender pay gap as of 30 June 2021 can be found below.

Median

The median gender pay gap (the middle value of hourly rates) for all staff was 3.48% in favour of men. For full-time staff the gap was 5.96% in favour of men and for part-time staff it was 2.18% in favour of men.

Mean

The mean gender pay gap (the average hourly rate) for all staff was 5.49% in favour of men.

Salary quartile

The proportion of men and women across the four salary quartiles is as follows:

Quartile	Female	Male
Lower Quartile	64%	36%
Lower Middle Quartile	63%	37%
Upper Middle Quartile	63%	37%
Upper Quartile	65%	35%
Total	64%	36%

Friends of the Earth does not award bonuses.

Equality, Diversity & Inclusion

Friends of the Earth is fully committed to championing equality, diversity and inclusion and to continuously learning how to increase the diversity of our people and network, including our Trustees, staff, volunteers and supporters.

In collaboration with diversity and inclusion experts Full Colour, we are working towards becoming an actively anti-racist organisation and expect Friends of the Earth Limited to roll out a programme of work on this in 2021/22.



Our policies

Ethical policies

Friends of the Earth maintains a set of policies designed to ensure high ethical standards in all aspects of our operations. Following an external safeguarding review that we commissioned in 2019, our safeguarding team has successfully implemented 17 of the 19 recommendations, with one outstanding recommendation an ongoing process rather than a completable action and the other due to be completed by the end of 2021. We also commissioned a follow-up review from the same external consultant to assess progress, which was completed in April 2021, and are in the process of reviewing the further recommendations that came out of this. This year we have also updated our reserves, grant-making, expenses, procurement, data protection and anti-fraud, bribery & corruption policies. Of particular note is the change we have made to our grant-making policy, which now allows for multi-year grants, at this point in time to Friends of the Earth Limited as our largest grantee.

Environmental policies

Friends of the Earth is committed to practising what we preach. Alongside our Cycle to Work scheme, our Climate Perks policy, introduced in July 2019, provides staff with up to two days of paid annual leave per year if they opt for more carbon friendly travel options when on holiday. Other environmental policies include our travel policy, which encourages active travel and prohibits short haul flights unless the carbon emissions are demonstrably lower than other modes of transport, and our policy that our offices use 100% renewable energy. Our updated procurement policy ensures we are using suppliers with high ethical and environmental impact standards.



Governance

Structure, governance and management

Friends of the Earth comprises two separate legal entities operating under a regulated dual structure arrangement. Friends of the Earth Charitable Trust operates in England, Wales and Northern Ireland as a fundraising and grant-making charity. It is regulated by the Charity Commission and is registered with Companies House. During the year, it granted funds for charitable activities to Friends of the Earth Limited, a not-for-profit company with independent directors. Friends of the Earth Limited undertakes all campaigning and activism on behalf of Friends of the Earth and is responsible for people, finance and operations. The two entities share staff, certain resources and a brand, allowing both organisations to achieve their objectives in a cost-effective manner.

The charity is governed by a board of Trustees who meet to determine the strategic direction of the charity. Trustee decisions are made by majority vote at quorate meetings or unanimous decisions without a meeting. The day-to-day implementation of the strategy and running of the charity is delegated to the Co-Executive Directors via a delegated authority framework.

In 2018 the organisation conducted a salary review exercise and amended our pay scale structure against sector benchmarks, ensuring that staff are paid transparently and consistently. On appointment, the salaries of the Co-Executive Directors were decided by the Board of Friends of the Earth Limited with reference to comparable organisations, and any subsequent increases (such as cost of living) will be as negotiated with our recognised union, Unite.

Trustees serve a three-year term that can be renewed twice, so that a maximum of nine years can be served. Trustees typically serve two three-year terms and are the company members alongside being Trustees. Trustee recruitment is guided by the overall composition and skills mix of the Board; vacancies are advertised and a recruitment pack sent to all prospective candidates.

All new Trustees receive a comprehensive induction and an induction pack containing all key governance documentation for the charity as well as copies of Charity Commission guidance including (not exclusively) CC3 “The Essential Trustee”, CC20 on charitable fundraising, The Charity Commission Trustee welcome pack, Guidance on public benefit, guidance on charities connected with non-charities and CC9, Charities and Campaigning. Trustees are also provided with an introduction to the Charity Governance Code. Further training is offered as appropriate on an ongoing basis. During the period, all Trustees receive updates on relevant legal and regulatory issues.

The Board normally meets four times a year and has as its principal roles determining mission, policy and strategy and monitoring organisational and grantee performance.

Risk management

The Co-Executive Directors, Trust Director and Company Secretary working closely with their respective teams have identified the risks to which the organisation may be exposed and ranked these by significance and likelihood. Material risks, together with current mitigation actions, are reviewed each quarter by Trustees. The Trustees are satisfied that systems have been developed and are in place to mitigate identified risks to an acceptable level.

The principal risks and uncertainties facing the charity moving forward are as follows:

- Income generation and sustainability. The organisation has benefited to date from a loyal and generous core supporter base. We need to diversify our supporter base so that we can ensure resilience of our income in the medium to long term. The aim is to ensure that we attract new diverse supporters as well as ensuring that those who have supported us to date continue to engage with us on a variety of levels. As we move into a new strategic period, we will be reviewing our income generation strategy in 2021/22.
- As with many charities we are reliant on supporter and donor confidence, and so our reputation is important to maintain confidence in and support for our work. We ensure we are compliant with the relevant regulatory, advertising and fundraising standards.
- Grant giving. Achieving our charitable objectives is of course the reason for our existence. Ensuring that these are delivered with minimum risk by the organisations that we provide grants to is vital. We therefore have a grant making process that incorporates stringent conditions and reporting to ensure that the grantee uses the funds for our charitable purposes.

Disclosure of information to auditors

In so far as each of the Trustees of the charity at the date of approval of this report is aware, there is no relevant audit information (information needed by the charity's auditor in connection with preparing the audit report) of which the charity's auditor is unaware. Each Trustee has taken all of the steps that they should have taken as a Trustee in order to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

Trustees' responsibilities

The Trustees (who are also directors of Friends of the Earth Charitable Trust 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 period that 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:

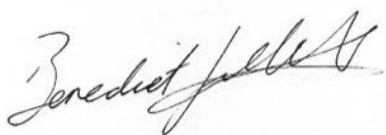
- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles in the Charities SORP and FRS102.
- Make judgments and estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

Auditors

Crowe UK LLP have indicated their willingness to continue in office and offer themselves for re-appointment in accordance with the Companies Act 2006.

This report was approved by the Trustees and signed on their behalf.



Benedict Southworth
Chair
25 November 2021

Independent Auditors Report to the Members and Trustees of Friends of the Earth Charitable Trust

Opinion

We have audited the financial statements of Friends of the Earth Charitable Trust for the period ended 30 June 2021, which comprise the Statement of Comprehensive Income and Retained Earnings, the Balance Sheet, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group and parent charitable company's affairs as at 30 June 2021 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Responsibilities of Trustees for the financial statements

As explained more fully in the Trustees' responsibilities statement set out on page 25, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Conclusions relating to going concern

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

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

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

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' and strategic report included within the Trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 25, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud, and non-compliance with laws and regulations are set out below.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those

risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were: General Data Protection Regulation (GDPR), Anti-fraud, bribery and corruption legislation, Taxation legislation, Employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income, and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

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

company's members as a body and the charitable company's Trustees as a body for our audit work, for this report, or for the opinions we have formed.



Tim Redwood
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

26 November 2021

Consolidated Statement of Financial Activities

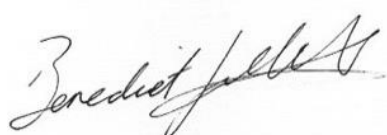
		Unrestricted Funds	Restricted Funds	2021	2020
	Notes	£	£	£	£
Income					
Donations and Legacies	2	12,257,403	234,860	12,492,263	9,740,443
Charitable activities	3	53,014	305,281	358,295	300,963
Other trading activities	4	3,094,915	-	3,094,915	70,788
Investments	5	12,603	-	12,603	12,765
Total Income		15,417,935	540,141	15,958,076	10,124,959
Expenditure					
Raising funds		955,562	-	955,562	947,634
Charitable activities	6,7	12,998,746	540,141	13,538,887	8,810,416
Total expenditure	8-11	13,954,308	540,141	14,494,449	9,758,050
Net movements in funds		1,463,627	-	1,463,627	366,909
Funds brought forward		2,193,092	-	2,193,092	1,826,184
Funds at 30 June 2021	18	3,656,719	-	3,656,719	2,193,093

Consolidated Balance Sheet

	Notes	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Fixed Assets					
Tangible Fixed Assets	13	615,546	639,688	615,546	639,688
Investments	14	248,029	248,029	248,029	248,029
		863,575	887,717	863,575	887,717
Current Assets					
Debtors	15	486,628	364,167	478,128	364,167
Short Term deposits and cash in hand		2,533,086	1,437,039	2,533,086	1,437,039
		3,019,714	1,801,206	3,011,214	1,801,206
Current Liabilities					
Creditors	16	(226,570)	(495,830)	(218,070)	(495,830)
		(226,570)	(495,830)	(218,070)	(495,830)
Net Current Assets		2,793,144	1,305,376	2,793,144	1,305,376
Net Assets		3,656,719	2,193,093	3,656,719	2,193,093
Funds					
Unrestricted general funds		2,156,719	2,193,093	2,156,719	2,193,093
Designated funds	18	1,500,000	-	1,500,000	-
Restricted funds	17	-	-	-	-
Total Funds	19	3,656,719	2,193,093	3,656,719	2,193,093

The surplus for the financial year dealt with in the financial statements of the parent charity was £1,463,627 (2020: £366,909).

The accounts on pages 33 to 51 were approved and authorised by the Trustees on 25 November 2021 and were signed on their behalf,



B Southworth
Chair

Consolidated Statement of Cash Flows

	Notes	2021 £	2020 £
Cash flows from operating activities			
<i>Net cash provided from / (used in) operating activities</i>		1,143,751	575,297
Cash flows from investing activities			
Dividends, interest and rents from investments		12,603	12,765
Purchase of property, plant and equipment		(60,307)	-
Proceeds from sale of property, plant and equipment		-	-
Net cash from investing activities		(47,704)	12,765
Net increase / (decrease) in cash and cash equivalents		1,096,047	588,062
Cash and cash equivalents at beginning of year		1,437,039	848,977
Cash and cash equivalents at end of year		2,533,086	1,437,039
Reconciliation of net income to net cash from / (used in) operating activities			
		2021 £	2020 £
Net income for the year		1,463,627	366,909
<i>Adjustments for:</i>			
Dividends, interest and rents from investments		(12,603)	(12,765)
Depreciation charges		84,449	84,619
(Increase) / decrease in debtors		(122,461)	(80,634)
Increase / (Decrease) in creditors		(269,261)	217,168
Net cash provided from / (used in) operating activities		1,143,751	575,297
Analysis of cash and cash equivalents			
		2021 £	2020 £
Cash at bank and in hand		2,533,086	1,437,039

Notes to the Accounts

Friends of the Earth Charitable Trust has taken exemption from presenting the unconsolidated profit and loss account under section 408 of the Companies Act 2006.

1. Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

Basis of preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP 2015), applicable to charities preparing their accounts in accordance with section 1A of the Financial Reporting Standard 102 applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Friends of the Earth Charitable Trust meets the definition of a public benefit entity under FRS 102 as set out on page 8.

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

This charity works closely with its sister company Friends of the Earth Limited. As at the balance sheet date, the boards of the two companies are separately controlled and no consolidation takes place in reflection of this arrangement.

Preparation of accounts on a going concern basis

The review of Friends of the Earth Charitable Trust's financial position, reserves levels and future plans gives Trustees confidence that the charity remains a going concern for the foreseeable future. There are no material uncertainties about the charity's ability to continue in operational existence.

We are operating in uncertain times, and the Covid-19 pandemic underlined the need to have a resilient, agile organisation. Due to the continued support of our donors, we managed to end the year with increased reserves, allowing us to invest for the future via strategic strengthening initiatives. The economic circumstances ahead mean we take a prudent approach to budgeting. As part of our going concern review, we have ensured we have a balanced budget for 2021/22 and a draft forecast for 2022/23. We are also in the process of completing longer-term financial projections with inbuilt scenario analysis so that we can plan and react to changing circumstances.

Critical accounting judgements and estimates

In the application of the charity's accounting policies, Trustees are required to make judgements, estimates and assumptions that affect the carrying value of assets, liabilities that are not readily apparent from other sources. The estimates and the assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Notes to the Accounts – cont.

Critical accounting judgements and estimates – cont.

The items in the accounts that are considered to involve critical judgements and sources of uncertainty through estimation, when applying FOECT accounting policies include:

- Revenue recognition where judgement is required to appropriately apply the income accounting policies explained in accounting policy note below from donors and for legacy income.
- Cost allocation methodology requires judgement as to the most appropriate bases to use to apportion overheads and governance costs between raising funds and the charitable expenditure.
- Expenditure relating to the development of the new CRM system has been capitalised as work in progress under fixed assets from the start of the project.

Income recognition

All income is recognised in the consolidated statement of financial activities. Once the charity has entitlement to income, it is probable that income will be received, and the amount of income receivable can be measured reliably. Unrestricted income is available for expenditure approved by the board. Restricted income is available for expenditure in accordance with the purpose specified by the donor.

Donations and legacies

These are included in full in the consolidated statement of financial activities. When there is entitlement, probability of receipt and the amount of income receivable can be measured reliably.

Pecuniary legacies are recognised when probate has been obtained and there is no evidence of insufficient assets. Residuary legacies are recognised when probate has been obtained, estate accounts approved and there are no outstanding claims against the estate.

Gifts in kind

Gifts in kind represent assets donated for distribution or use by the charity. Assets given for distribution are recognised as income only when distributed. Assets given for use by the charity are recognised when receivable. Gifts in kind are valued at the amount actually realised from the disposal of the assets or at the price the charity would otherwise have paid for the assets.

Grants

Grants are recognised in full in the consolidated statement of financial activities. In the period in which the charity has entitlement to the income, the amount of income receivable can be measured reliably and there is probability of receipt.

Notes to the Accounts – cont.

Income from charitable activities

Income from charitable activities is recognised as earned as the related services are provided. Income from other trading activities is recognised as earned as the related goods are provided.

Investment income

Investment income is recognised on a receivable basis once the amounts can be measured reliably.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required, and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

Cost of raising funds

Includes costs incurred in seeking voluntary donations, as well as those incurred in recruiting new financial supporters. It does not include the costs of disseminating information in support of the charitable activities.

Expenditure on charitable activities

Comprises all direct costs incurred in pursuance of the Trust's objectives, as well as the costs of disseminating information in support of the charitable activities, allocated costs and support costs. Allocated costs are those of capacity building and regional networks that are directly working towards achieving our aims. Support costs comprise those services provided centrally that are identifiable in support of direct charitable purposes, including staff, IT, premises, facilities and other office costs.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Allocation of costs

Staff costs are allocated between direct charitable expenditure and support costs based on the time spent on these activities. Other costs are allocated directly to the relevant heading.

Operating leases

Rental charges are charged on a straight-line basis over the life of the lease.

Notes to the Accounts – cont.

Investments

Investments are a form of basic financial instruments and are initially shown in the financial statements at market value. Movements in the market values of investments are shown as unrealised gains and losses in the consolidated statement of financial activities.

Profits and losses on the realisation of investments are shown as realised gains and losses in the consolidated statement of financial activities. Realised gains and losses on investments are calculated between sales proceeds and their opening carrying values or their purchase value if acquired subsequent to the first day of the financial period. Unrealised gains and losses are calculated as the difference between the fair value at the period end and their carrying value. Realised and unrealised investment gains and losses are combined in the consolidated statement of financial activities.

Fixed assets

Fixed assets are based on the substance of the asset rather than the value and stated at deemed cost (donated valuation at estimated fair value) less accumulated depreciation and impairment losses with a de-minimis limit of £100 on the cost of the asset. Assets are depreciated in equal annual instalments over their estimated useful lives as follows:

Fixtures, fittings and leasehold improvements	Over the term of the lease
Furniture	10 years
Office equipment	4 years
Computers	3 years
Computer software	4 years

Creditors and provisions

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

Cash at bank and in hand

Cash at bank and cash in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments, including trade and other debtors and creditors, are initially recognised at transaction value and subsequently measured at their settlement value.

Notes to the Accounts – cont.

Funds

Unrestricted funds comprise accumulated surpluses and deficits on general funds. They are available for use at the discretion of the Trustees for the objects of the charity. Restricted funds are those that are to be used according to specific instructions imposed by donor or trust deed. Designated funds are unrestricted funds earmarked by the Trustees for particular purposes.

Employee benefits

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

Friends of the Earth operates a defined contribution pension scheme for the benefit of its employees. The assets of the scheme are held independently from those of Friends of the Earth Charitable Trust in an independently administered fund. The pensions costs charged in the financial statements represent the contributions payable during the period.

Foreign currency translation

The charities functional and presentation currency is pound sterling. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are recognised in the consolidated statement of financial activities.

Legal status

Friends of the Earth Charitable Trust is a company limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

Notes to the Accounts – cont.

2. Income from donations and legacies

	2021	2020
	£	£
Gifts and Donations (a)	7,316,003	6,441,088
Legacies (b)	1,282,806	1,530,312
Grants (c)	3,556,072	1,406,059
Donated services and goods (Gifts in Kind) (d)	337,382	362,984
Total	12,492,263	9,740,443

(a) Included within Gifts and Donations are £234,860 of restricted donations (2019/20: £390,548).

(b) As at 30th June 2021 we have £1,425,376 (2019/20: £1,152,494) of legacies in the pipeline that do not meet the criteria for income recognition as set out in the accounting policy.

(c) We received a grant of £3,441,000 (2019/20: £700,000) from Friends of the Earth Limited.

(d) We continued to receive a gift in kind for our search engine advertising from Google Ireland, worth £337,382 (2019/20 £307,508).

3. Income from charitable activities

	2021	2020
	£	£
Restricted grants (a)	305,281	269,335
Other (b)	53,014	31,628
	358,295	300,963

(a) Restricted grants received during the period included those from the Big Lottery Fund for £118,589 (2019/20: £205,772).

(b) Included within other income are furlough grants of £47,513 (2019/20: £25,765) received under the Coronavirus Job Retention Scheme.

4. Income from other trading activities

The majority of income from other trading activities is made up of proceeds from the People's Postcode Lottery, which were received by the subsidiary Friends of the Earth Climate Action Limited. The amount received was £3,042,500 (2019/20: £0). The donations received as a result of the community events organised by Friends of the Earth Limited were £52,118 (2019/20: £61,887).

Notes to the Accounts – cont.

5. Income from investments

Investment income was bank interest of £12,146 (2019/20: £12,404) and dividends of £457 (2019/20: £361).

6. Analysis of direct charitable expenditure

	2021	2020
	£	£
Grants given (a)	11,859,115	7,540,000
Support costs	1,342,390	962,908
Gifts in Kind	337,382	307,508
	13,538,887	8,810,416

Charitable activities

- (a) This includes £11,854,000 as an operational grant to Friends of the Earth Limited. The remaining balances are small grants to local Climate Action Groups and to a school.

7. Analysis of support costs

	2021	2020
	£	£
Finance	1,312,802	929,000
Governance costs	29,588	33,908
	1,342,390	962,908

Governance costs include:

	2021	2020
	£	£
Board meetings, training, recruitment and Trustee expenses	-	540
Audit Fee	10,800	9,625
Legal & professional costs including Indemnity Insurance	16,628	23,743
	27,428	33,908

Notes to the Accounts – cont.

8. Employee costs

	2021	2020
	£	£
Salaries	831,035	789,346
National Insurance	80,288	76,557
Pension	44,270	41,485
	955,593	907,388

The average number of employees during the period was 173 (2019/20: 169). Employees are jointly employed with Friends of the Earth Limited and employee costs above represent Friends of the Earth Charitable Trust's share of employee costs corresponding to fundraising activity undertaken for the Charitable Trust by those jointly employed members of staff.

Friends of the Earth operates a Group Personal Pension Plan for the benefit of its employees. This is a defined contribution scheme and is administered separately from the Charitable Trust. In 2020/21 the Charitable Trust matched contributions made by employees up to 7% of their salary (2019/20: 7%) and these costs are charged to the consolidated statement of financial activities as incurred.

All of the members of staff with emoluments in excess of £60,000 were jointly employed by Friends of the Earth Charitable Trust and Friends of the Earth Limited and their salary costs were split between them according to time spent. The table below shows the range of total emoluments received by higher paid staff. Emoluments include gross pay, taxable benefits and benefits in kind.

	2021	2020
	No's	No's
Number of employees who earned		
- between £60,000 and £69,999	2	2
- between £70,000 and £79,999	2	1
- between £90,000 and £99,999	-	1

The Trustees consider that the senior management team are the key management personnel of the charity running and operating the charity on a day-to-day basis. These staff included the 2 x Joint Co-Executive Directors, Director of Finance & Operations, Interim Director of Fundraising, Interim Director of Campaigning Impact, Director of Communities and Networks and the Interim Director of Engagement. The total emoluments paid to the 11 senior management staff under their joint contracts of employment were £489,906 (2019/20: £700,363).

Notes to the Accounts – cont.

8. Employee costs – cont.

The Trustees' policy is to benchmark all staff salaries to the median point of the range for similar roles in similar charities of similar sizes. This includes the senior management team. In addition, we are an accredited living wage employer and we promote equality, inclusion and diversity at work. For more information, see our website: <https://www.foe.co.uk/page/our-commitment-diversity>.

9. Analysis of total expenditure

	2021	2020
	£	£
The surplus for the year is after charging:		
Depreciation	84,449	84,619
Auditors – audit	10,800	9,625
Auditors – other	-	3,300
Irrecoverable VAT	489,825	151,377
Payments under operating leases (note 12)	517,686	503,604

10. Trustees' remuneration and expenses

Trustees are not allowed to be paid for their services nor may they be paid employees. No Trustees have any interests in the company. During 2020/21 no Trustees were reimbursed for travel and incidental expenses in the period (2019/20: £540).

11. Corporation tax

Friends of the Earth Charitable Trust is a registered charity and as such can claim exemption from corporation tax on its income under Part 11 of the Corporation Taxes Act 2010 and on its capital gains under section 257 of the Taxation of Chargeable Gains Act 1992.

12. Operating leases

The company leases property on short-term leases. The rents paid on these leases, and a share of others, were £517,686 (2019/20: £503,604) and are subject to re-negotiation at various intervals specified in the leases. The total commitments remaining, up to the break clause, are as follows:

Notes to the Accounts – cont.

12. Operating leases – cont.

	2021	2020
	£	£
Payments due:		
Not later than one year	309,545	295,521
Later than one year and not later than five years	362,317	633,813
Later than five years	-	
Total	671,862	929,334

13. Fixed assets

Charity and Group balances

	Long Leasehold improvements	Fixtures, fittings and office furniture	Computer and Office Equipment	Computer Software	Work in progress New CRM system	Total
Cost	£	£	£	£	£	£
Balance as at 1 st July 2020	995,933	185,752	60,945	129,704	-	1,372,334
Additions	-	-	-	-	60,307	60,307
Disposals	-	-	(6,256)	-	-	(6,256)
Balance at 30 June 2021	995,933	185,752	54,689	129,704	60,307	1,426,384
Depreciation						
Balance as at 1 st July 2020	419,138	125,113	58,691	129,704	-	732,646
Charge in the period	66,796	15,399	2,254	-	-	84,449
Disposals	-	-	(6,256)	-	-	(6,256)
Balance as at 30th June 2021	485,934	140,512	54,689	129,704	-	810,839
Net Book Value						
As at 30 June 2021	509,999	45,240	-	-	60,307	615,546
As at 30 June 2020	576,795	60,639	2,254	-	-	639,688

Notes to the Accounts – cont.

13. Fixed assets – cont.

The Trust also owns approximately one acre of woodland, near Bathampton, which lies within an area of special scientific interest and is managed by Bath and Somerset Wildlife Trust. The land was assessed as having a fair value of nil when it was donated.

CRM system work in progress represents costs toward the development of a new CRM system replacing the current system Care, which is expected to be completed by autumn 2022.

14. Investments

We hold a shareholding of 1,200 in the Triodos Renewables fund, given to us as part of a legacy, held at £1.80 per share. In 2013/14, we invested in 5,869 shares from Spirit of Lanarkshire Energy Co-op at £1 per share, offered to the public to fund development of a wind farm. In 2015/16 we invested £200,000 in an Ecobond, from Ecotricity for building new sources of green energy, receiving 6% annual interest. In 2017/18, we invested in shares worth £40,000 (21.6% share) in Friends of the Earth (Birmingham) Limited. These are held at best estimate of fair value as there is no active market.

15. Debtors

	Group	Group	Charity	Charity
	2021	2020	2021	2020
	£	£	£	£
Trade debtors	3,680	1,615	3,680	1,615
Income tax recoverable (a)	105,900	91,422	105,900	91,422
Prepayments and accrued income	371,053	271,130	362,553	271,130
Other debtors	5,995	-	5,995	-
	486,628	364,167	478,128	364,167

(a) Gift Aid on donations received

Notes to the Accounts – cont.

16. Creditors – due within one year

	Group	Group	Charity	Charity
	2021	2020	2021	2020
	£	£	£	£
Trade creditors	175,988	449,267	167,488	449,267
Accruals	46,744	40,627	46,744	40,627
Other Creditors	3,838	5,936	3,838	5,936
	226,570	495,830	218,070	495,830

17. Restricted funds

Restricted funds (2020/21)

	Balance 1 July 2020	Income	Expenditure	Balance 30 June 2021
	£	£	£	£
Big Lottery Fund: Our Bright Future	-	118,589	118,589	-
Phil Michaels' Legal Intern Fund	-	44,588	44,588	-
Sainsbury's - Divestment	-	56,271	56,271	-
Climate Ambition	-	220,996	220,996	-
COP 26	-	52,754	52,754	-
Legal	-	14,213	14,213	-
Cumbria Coal Mine	-	30,625	30,625	-
Greener Streets	-	2,105	2,105	-
Total	-	540,140	540,140	-

Restricted funds are received to fund specific pieces of work – most commonly a specific campaigning strand. In the year the largest of these received related to the My World My Home project supporting and educating young people funded by the National Lottery Community Fund. By the end of the financial year all of these restricted funds had been granted to organisations to carry out the funded activity.

Notes to the Accounts – cont.

17. Restricted funds – cont.

Restricted funds (2019/20)

	Balance 1 July 2019	Incoming & Transfers	Resources Outgoing	Balance 30 June 2020
	£	£	£	£
Big Lottery Fund: Our Bright Future	-	204,797	204,797	-
Phil Michaels' Legal Intern Fund	-	33,313	33,313	-
Sainsbury's - Divestment	-	104,475	104,475	-
School of Sustainability	-	21,276	21,276	-
Climate Ambition	-	268,940	268,940	-
Plastics	-	10,000	10,000	-
Trees	-	16,250	16,250	-
Bees	-	500	500	-
Greener Streets	-	332	332	-
Total	-	659,883	659,883	-

The other restricted income included grants broadly restricted to our programmes. The restricted funds were received for the following charitable activities:

	2021	2020
Charitable activities	£	£
Climate	358,856	492,470
Nature	179,180	145,805
Other	2,105	21,608
	540,101	659,883

Notes to the Accounts – cont.

18. Designated funds

	2021	2020
	£	£
Customer Relationship Management (CRM) system (a)	1,000,000	-
Fundraising Investment Fund (b)	500,000	-
	1,500,00	-

As outlined in the reserves policy section above, the Trustees have agreed to designate funds for specific purposes:

(a) £1m has been designed for capital costs of the new CRM system, which will come into use in the autumn of 2022.

(b) The Fundraising Investment Fund of £500k will be used to develop an income generation strategy to provide investments in pilots and resourcing new initiatives.

19. Analysis of net assets between funds

Analysis of net assets between funds (2020/21)

	Unrestricted funds	Restricted funds	Total Funds
	£	£	£
Fixed Assets	863,575	-	863,575
Net current assets	2,793,144	-	2,793,144
	3,656,719	-	3,656,719

Analysis of net assets between funds (2019/20)

	Unrestricted funds	Restricted funds	Total Funds
	£	£	£
Fixed Assets	887,717	-	887,717
Net current assets	1,305,376	-	1,305,376
	2,193,093	-	2,193,093

Notes to the Accounts – cont.

20. Results of subsidiary

Friends of the Earth Climate Action Limited

The charity has a wholly owned subsidiary which is consolidated into the accounts. The company number is 12457385 and the registered office is The Printworks, 1st Floor, 139 Clapham Road, London, SW9 0HP.

	2021	2020
	£	£
Income		
People's Postcode Lottery	3,042,500	-
Expenditure		
Administrative Expenses	393,871	-
Surplus	2,648,629	-
Amount gift aided to Friends of the Earth Charitable Trust	(2,648,629)	-
	-	-

The assets and the liabilities of the subsidiary were:

	2021	2020
	£	£
Current Assets	8,500	-
Creditors: amounts falling due within one year	(8,500)	-
Total Net Assets	-	-
Total Reserves	-	-

In these consolidated accounts, turnover is consolidated in other trading activities and is £3,042,500, with the associated costs included under support costs.

21. Liability of members

In the event of a winding up, each member of the company is liable to contribute an amount not exceeding £1. At 30 June 2021 the number of members was 5 (2019/20: 4).

Notes to the Accounts – cont.

22. Related party transactions

There were no related party transactions in the period.

23. Comparative Consolidated Statement of Financial Activities 2019/20

		Unrestricted Funds	Restricted Funds	2020
	Notes	£	£	£
Income				
Donations and Legacies	2	9,349,895	390,548	9,740,443
Charitable activities	3	31,628	269,335	300,963
Other trading activities	4	70,788	-	70,788
Investments	5	12,765	-	12,765
Total Income		9,465,076	659,883	10,124,959
Expenditure				
Raising funds		947,634	-	947,634
Charitable activities	6,7	8,150,533	659,883	8,810,416
Total expenditure	8-11	9,098,167	659,883	9,758,050
Net movements in funds		366,909	-	366,909
Funds brought forward		1,826,184	-	1,826,184
Funds at 30 June 2020	18	2,193,093	-	2,193,093

