

**Institute for European Environmental Policy, London**

**T/A:**



**Institute** for  
**European**  
**Environmental**  
**Policy**

**(COMPANY LIMITED BY GUARANTEE  
AND NOT HAVING A SHARE CAPITAL)**

**Company No. 2458951**

**Charity No. 802956**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31<sup>ST</sup> DECEMBER 2009**

## **Institute for European Environmental Policy, London Trustees' Report for 2009**

The Institute for European Environmental Policy, London (trading as the Institute for European Environmental Policy or IEEP) is a charity and a registered not-for-profit company limited by guarantee and, as such, is governed by its Memorandum of Association and Articles of Association. Directors, who are also the charitable Trustees, present their annual report together with the audited financial statements for the year ended 31 December 2009, which have been prepared in accordance with current statutory requirements, the Memorandum and Articles of Association and the Charity Statement of Recommended Practice issued in 2005.

### **Charitable Objects and Public Benefit**

The Institute is a leading centre for the analysis and development of environmental and related policies in Europe. The objects are "to advance the education of the public in the protection of the environment in the continent of Europe and in all forms of national and international policy relating thereto, and to carry out research and enquiry into all aspects of the environment and environmental policy".

The Institute pursues these objects and delivers public benefit mainly by creating wider and deeper public understanding of environmental and sustainability issues. These issues include fisheries and the marine environment, biodiversity, agriculture and land management, climate change and energy use, industry, waste and water, and related questions of policy, economics, best practice, risk assessment and effective and proportionate regulation. The majority of our work is financed under contracts with public authorities at national and European levels: many projects are undertaken on the Institute's own initiative to take forward matters that it considers of outstanding importance. Public benefit accrues from the whole range of the Institute's work, not solely because of the impact it has on environmental knowledge and opinion among the wider community, but also because the Institute's achievements and reputation have earned it the capacity to influence decision-makers in our areas of expertise. At the European and national levels, for example, we have recently helped to shape legislation on polluting emissions from cars in Europe and have been in the forefront of the debate about how to green the Common Agricultural Policy.

The means by which the Institute works include research, advisory services, consultancy projects, conferences, training courses, manuals, books, reports, articles and newsletters, utilising both digital and paper media. A large and growing amount of material produced by the Institute is publicly available on its website [[www.ieep.eu](http://www.ieep.eu)], which it will continue to develop as a means of information and consciousness raising. Offices are maintained in London and Brussels, and the Institute has associate colleagues and functional links with similar institutions across Europe.

The trustees confirm that they have complied with section 4 of the Charities Act 2006 and have had and continue to have due regard to the Charity Commission's general guidance on public benefit.

### **Aims and Activities**

The Institute's aims are both educational and to contribute to a better environment through improved policy interventions, particularly within the European Union. These two goals are pursued mainly through projects which address many different aspects of European policy making and implementation. We look for practical and reliable solutions in a complex legislative environment based on a knowledge of European and related national policies developed over thirty years.

## **Institute for European Environmental Policy, London Trustees' Report for 2009**

Policies developed at the EU level have enormous influence on decision making and outcomes on the ground throughout Europe. However, they are often formulated in terms which are bureaucratic and opaque to the non-specialist and this can be a major barrier to understanding and participation in the policy making process. There is an enduring role for independent and well informed organisations to explain and interpret both the policy making process and the policy measures themselves to make them more transparent and to improve their accessibility to the non-specialist citizen. This is an important strand in the Institute's work. It is pursued through the preparation of briefing notes, newsletters, a growing range of items on our website, presentations to conferences and university students, production of our *Manual of Environmental Policy*, published reports and other means. These seek to broaden the understanding of European policies affecting the environment and improve access to decisions which set standards and goals at a European and sometimes global level.

A second major strand of our work is the analysis of policy development, design, implementation and longer term evolution to meet future needs. We aim to cover not only environmental policy, concerned with pollution control, climate change, waste disposal, the regulation of chemicals and nature conservation but also many of the sectors with the greatest environmental impacts – such as transport, agriculture, fisheries and regional policy. Our objective is to contribute to the deployment of effective and relevant policies at the European and national levels in particular.

Many of the most important environmental issues arising in Europe, such as climate change and water pollution, cannot be tackled by national policy alone. A more concerted European effort is required, involving the formulation of appropriate measures addressing the variety of conditions within the continent and their respect and enforcement in practice. Work by the Institute considers inter alia:

- Which are the most important and pressing concerns for the environment;
- How far European policy is confronting the issues of the day;
- How effective existing measures have been in addressing the issues which they were designed to tackle – taking account of the highly variable conditions to be found within Europe;
- Improvements in policy that are required or could be made;
- Where policy needs to develop in future as agendas change.

By engaging actively with decision makers and the wider policy community we aim to present information, analysis and arguments that will lead to better policy and a more sustainable Europe attuned to environmental concerns. The right policy commitments in Europe are essential, not only to meet challenges in this continent but also those arising in the quest for a more sustainable planet.

## **Review of the Year**

### **Objectives and priorities for 2009**

During 2009 we remained committed to the broad goals of undertaking analysis designed to improve policies affecting the environment, advancing understanding of EU policy and facilitating the engagement of civil society in the policy debate. Work on a wide range of different issues of topical importance was balanced by an overview of the development of strategic policies in Europe.

It was a year of significant changes in the European Union (EU). A new Parliament was elected in June, the European Commission reached the end of its term and the Lisbon Treaty came into force on 1 December. Global attention to climate change escalated in the closing months of the year prior to the Copenhagen conference and this issue was again pre-eminent on the environmental agenda. For the

## **Institute for European Environmental Policy, London Trustees' Report for 2009**

Institute climate change was critical but only one of several issues of concern. During the year priorities for our work during the year included:

- Contributing to the development of a new political impetus and policy framework for addressing the loss of biodiversity at the global and European scale – through a major international project on The Economics of Ecosystems and Biodiversity (TEEB) and other activities;
- Helping to translate EU climate and energy policy objectives, including the 2020 package of agreed legislation, into effective measures at the Member State level;
- Helping to promote transatlantic understanding of climate policy objectives, particularly on comparability of effort to mitigate greenhouse gas emissions;
- To contribute to the debate on reform of the Common Fisheries Policy (CFP), particularly in the context of the Green Paper expected during the year from DG Marine of the European Commission. Effective measures to reduce fleet overcapacity remain a core challenge for the CFP;
- To contribute to the debate on implementation and enforcement of EU environmental law;
- To strengthen the case for the use of public funds to support the delivery of public goods through agriculture, by developing the evidence base and by playing a prominent role in steering and facilitating the debate on the future purpose of the Common Agricultural Policy (CAP);
- To build up a stronger environmental voice in the EU budget debate, particularly with respect to climate and agriculture.

### **Achievements and performance 2009**

The Institute was extremely active during the year, carrying out more than one hundred projects; these and the accompanying analysis and close study of European policy formed the cornerstone of the wider public policy work that we conducted. Projects covered topics as varied as water management, renewable energy, carbon capture and storage, invasive alien species and environmentally harmful subsidies. The principal focus was on EU policy but there were studies in a variety of national contexts, including Belgium, the UK and Serbia. Many of the projects consisted of policy research and analysis and the preparation of written reports. However, we also published newsletters, circulated briefings, participated in high level events, organised seminars and conferences, and engaged in capacity building and the provision of training.

Amongst the principal achievements of the year were:

- Our central contribution to a groundbreaking international study of The Economics of Ecosystems and Biodiversity (TEEB), which has been welcomed by many environment ministers and is generating an agenda for change.
- Our work on agriculture and public goods in Europe which forms an important plank in the forthcoming review of the CAP. Our work is widely quoted by Parliamentarians and civil society.
- A programme of activities to prepare MEPs for the climate change conference in Copenhagen and to train their assistants in European policy.
- Helping to establish a strong case for revising the EU budget to include a substantial commitment to assisting with the limitation of climate change.
- A study of wind power, its impacts on biodiversity and ways of addressing potential conflicts, which helped to change views in the UK in particular.

## **Institute for European Environmental Policy, London Trustees' Report for 2009**

Relationships with the European Parliament were further strengthened during the year. In addition to a range of research reports and briefings for MEPs, there were two special initiatives. One, undertaken with two partner organisations was a "Welcome Package" which was commissioned by the Parliament's secretariat and presented to all new MEPs taking up their places in the summer. This substantial document provides a guide to the range of European environmental policy, the achievements of the previous Parliament and the agenda ahead. The second initiative, described further below, was designed to help MEPs and their assistants to come up to speed on climate policy and the run up to the Copenhagen conference in December.

[http://www.ieep.eu/publications/pdfs/2009/env\\_welcomepack.pdf](http://www.ieep.eu/publications/pdfs/2009/env_welcomepack.pdf)

The most prominent environmental issue of the year was climate change, with Europe taking a leading position in the global debate about the steps needed to keep global warming below the critical threshold of 2°C. This gave particular importance both to the policy adopted within the EU to address global warming and to external policies, such as financial assistance to developing countries. The Institute contributed to this debate not only with respect to climate policy per se but also in relation to other policies impinging on the issue – such as the priorities for the future EU budget and the measures needed to adapt to climate change in Europe.

Amongst the notable projects and initiatives of the year were the following:

### **a.) Climate Change**

Climate policy was a thread running through much of the Institute's work in 2009. We undertook a range of studies, developed a communication programme for MEPs, attended meetings with a range of actors, including the British Prime Minister, and sought to keep climate in balance with other environmental priorities in policy debates. Amongst the issues tackled during the year were:

- The EU's position in the global negotiations on a future climate agreement, including the funds to be made available to developing countries to help with both mitigation and adaptation activities. The Institute has investigated the previous track record of European governments in this respect and published the results.
- The implementation within Europe of the major package of EU legislation on climate policy, including emissions trading and targets for renewable energy that was agreed in December 2008, with many commitments running to 2020. We undertook a survey to show which national governments were moving forward and which were still at an early stage.
- The role of the European Parliament in contributing to the development and implementation of EU policy on climate. We organised a series of workshops for MEPs in the Parliament with prominent external speakers, focussing on key issues prior to Copenhagen. This was accompanied by a further set of training seminars for a new generation of MEPs' assistants, many of whom have limited experience of EU policy but an active part to play, for example in writing draft Parliamentary opinions. This was backed up by a dedicated website for MEPs and their assistants and an attractively produced, printed pack of material on the current climate questions, aspects of European policy and potential ways forward. The website can be viewed here: <http://www.ieep.eu/climatebriefings/>. The future for wind power and policies to promote it. This included a study of the impact of wind farms on nature, particularly birds, drawing on research in five European countries. The study indicated that intelligent siting and land use planning could reduce conflicts to an acceptable minimum. However, this would require a proactive approach to planning for wind farms not yet in place in England. Recommendations were made on how to move forward. [http://www.ieep.eu/publications/pdfs/2009/positive\\_planning\\_for\\_onshore\\_wind.pdf](http://www.ieep.eu/publications/pdfs/2009/positive_planning_for_onshore_wind.pdf)
- Studies on the role of biofuels as a renewable energy source and issues of sustainability arising from the growing use of biofuels and other forms of bioenergy.

**Institute for European Environmental Policy, London**  
**Trustees' Report for 2009**

- A range of other subjects, such as the acceptability of carbon capture and storage technologies, the social consequences of climate policy and the potential for using the EU budget more actively to support climate priorities (see below).

**b.) Biodiversity**

The Institute's work on biodiversity expanded during the year, covering a larger range of topics than ever before. We played a central role in the high profile review of The Economics of Ecosystems and Biodiversity (the TEEB Review) and some of the studies supporting this global initiative which gained increasing recognition during the year, both in Europe and internationally. The nature and scale of threats from invasive alien species in Europe and the costs and benefits of the Natura 2000 network of protected sites were also important themes.

IEEP is part of the core group established by the European Commission to support the development of the TEEB Review with leading roles in respect to policy options and the economic cost of inaction. We have been very active in this area, helping to raise the profile of TEEB in many different fora in Europe and taking the lead in preparing one of the first major outcomes of the process, the initial report for policy makers published in November. The TEEB Review represents one of the most important developments in recent EU (and global) biodiversity policy and IEEP was pleased to play a major role in this initiative, which we will follow up in the next stage of the Review, which will run until the end of 2010. Details can be found at [http://www.ieep.eu/publications/pdfs/2009/teeb\\_summary.pdf](http://www.ieep.eu/publications/pdfs/2009/teeb_summary.pdf) or <http://www.teebweb.org/>

Our work, undertaken with partners for the European Commission featured quite prominently in the Commission's Communication "Towards an EU Strategy on Invasive Species" which appeared late in 2008. Subsequently we followed up with a further study pointing to some of the policy options available to contain this growing environmental threat, which continues into 2010.

The costs and benefits of the Natura 2000 network has been a priority topic for the Institute for several years and we worked with partners on a study for the Commission intended to gather evidence from all European Union countries for the first time. This involved an extensive programme of visits to interview key individuals and an active effort to increase awareness of the benefits of the network, with seminars in some countries and a major conference due in 2010. This will also contribute to work on how to fund biodiversity conservation in the EU, not least through the EU budget – the subject of a think piece that we wrote during the year with funding from WWF.

Looking ahead to the future of biodiversity policy there is a growing debate about the potential application of the concept of "ecosystem services" to operational policies on the ground. This is explored in TEEB but also emerged in a study for DG Environment on "The impacts of land use change on land services" which we conducted with partners over the year. We were discussing a further think piece on the implications of this new conceptual framework with WWF at year end.

**c.) Agricultural and rural policy**

It was an important year for the Institute's work on agriculture, rural development and land use. We were engaged in the heart of the European debate on the future of agricultural policy, preparing a pivotal study on public goods and agriculture, providing expertise to the European Network on Rural Development on the same topic, running a website on the future of the CAP, speaking at numerous conferences and events in different parts of Europe and working closely with a wide range of stakeholders.

## **Institute for European Environmental Policy, London Trustees' Report for 2009**

The report on public goods and agriculture was perhaps the most comprehensive examination of the subject to date, starting at the conceptual level, going on to examine the nature and scale of environmental public goods in particular, exploring the levels of demand and the implications for European policy. Published by DG Agriculture in 2010 it was prepared at a time when many were coming to believe that the provision of environmental and social public goods associated with various types of agriculture is the principal reason for providing significant long term funding for the sector through the CAP. With proposals for a new CAP being developed for public consultation during 2010, this was a subject of considerable political sensitivity as well as intellectual interest amongst European policy makers. The report's arguments were also taken up in work by the Institute for the new European Network for Rural Development, which set up a "Thematic Working Group" on public goods that was active throughout the year, with IEEP providing much of the expertise. [http://www.ieep.eu/publications/pdfs/2010/final\\_pg\\_report.pdf](http://www.ieep.eu/publications/pdfs/2010/final_pg_report.pdf)

Outside the Commission and the European institutions, other stakeholders were looking at how far agriculture provided environmental benefits and gave rise to costs and we were invited to participate in a number of initiatives. These included a panel and report by the RISE Foundation, seminars for environmental NGOs in Brussels, Paris, Edinburgh and elsewhere, a report by the Land Use Policy Group (LUPG) and several articles in our CAP 2020 website. Launched at the end of 2008 with financial support from the German Marshall Fund the website was visited by more than 3,700 people from 85 countries in the first three months. Between September and December 2009, CAP 2020 had received a total of 9,549 visits. <http://www.cap2020.ieep.eu/>

Work on alternatives to set-aside and a new generation of cross compliance requirements was also highly topical and we were commissioned by Defra to support them on a major consultation exercise, including facilitating stakeholder seminars in the UK. We also facilitated seminars on agri-environment policy, engaged in a capacity building project on this theme in Serbia and undertook a number of other projects, one concerned with land use policy in different countries as a contribution to a major Foresight exercise in the UK.

### **d.) The Common Fisheries Policy (CFP)**

The Common Fisheries Policy has moved forward in recent years; new regulations have introduced the idea of the "ecosystem approach" to managing the marine environment for example. However, progress in improving the sustainability of stock management has been disappointing for most species. In 2009 a "Health Check" of the current version of the CFP was launched to which the Institute contributed actively in several ways.

We published a series of papers on CFP reform in the spring and summer covering topics such as over-capacity, progress in implementing the ecosystem approach and questions of governance. These were used as the basis of discussions with stakeholders, including the European Commission, particularly DG Mare. With support from the Oak and Pew Foundations we made proposals of direct relevance to the CFP Health Check such as a proposed Ecosystem-based fisheries management plan and call for an amendment to the 2003 Regulation on balancing fishing capacity with fishing opportunities in the light of over capacity in the European fleet. There was interest in DG Mare and some of our ideas are under consideration in the reform process. In addition, IEEP is part of a consortium that has been contracted by DG Mare to undertake the impact assessment of the new CFP regulation which will be published in June 2010 and we will have an opportunity to participate the CFP reform process from inside.

Communication with those involved in fishing, inside and outside the industry is an important element of our fisheries work. We continue to publish our occasional free newsletter "El Anzuelo", now in an electronic format, and this is circulated widely in Europe. We also used our website to

**Institute for European Environmental Policy, London**  
**Trustees' Report for 2009**

generate interest in the CFP "Health Check" and its environmental significance with a batch of new reports on the topic. Please see [www.ieep.eu](http://www.ieep.eu) Water and Marine & Fisheries section.

**e.) The EU budget and the environment**

The future of the EU budget continued to be under environmental scrutiny during the year both because of the immediate potential for stimulating a green recovery from the recession and the opportunity to re-focus the budget from 2013 onwards. Spending under the various different funds already has a substantial impact at ground level and there is a historic opportunity to harness more of the budget to environmental goals in future, not least by funding measures to halt further global warming and strengthen biodiversity conservation. The Institute contributed to both strands of this debate during 2009.

Early in the year we wrote a paper for the European Parliament's Budget Committee on the opportunities for including a much larger focus on Climate Change in the EU budget from 2013 onwards. This was presented at a hearing of the Committee in Brussels and followed by other work including a paper in a volume assembled by Green Alliance. In February we prepared an analysis of the environmental significance of the budget review for the Environment Agency covering climate change, sustainable land use management and the implementation of European environmental legislation. This was followed up by work on biodiversity and the budget with WWF. Towards the end of the year a draft of the proposed Commission communication on the EU budget, which became available, reflected some of our arguments on both climate and agriculture. The report can be accessed here: [http://www.ieep.eu/publications/pdfs/2010/IEEP-WWF%20Scoping%20Paper%20EU%20Biodiversity%20Policy%20Post-2010\\_FINAL\\_Mar%202010.pdf](http://www.ieep.eu/publications/pdfs/2010/IEEP-WWF%20Scoping%20Paper%20EU%20Biodiversity%20Policy%20Post-2010_FINAL_Mar%202010.pdf)

**f.) Implementation and Enforcement of European Environmental Law**

Effective implementation of environmental law is often neglected but continues to be an important priority for the Institute. It is one of the themes of our comprehensive "Manual of Environmental Policy" which covers all the significant items of EU legislation on the environment, explaining their purpose, provisions and significance in an authoritative but accessible way. The Manual also examines implementation of EU law in the UK in detail and is updated every six months. However we are now in the process of systematically updating and revising the text, addressing implementation on a wider European scale and adopting an online rather than paper, loose-leaf, format. Experts in many different fields have been involved in reviewing and revising the text and the new version of the Manual will be launched in 2010 as the Manual of European Environmental Policy. <http://www.europeanenvironmentalpolicy.eu/>

As in previous years we produced a number of reports concerned with the implementation and enforcement of EU legislation in specific spheres, such as climate change, waste policy and pollution control. For example, we examined the practicality and enforceability of a proposed set of revisions to the main EU Directive concerned with waste electronic goods and equipment, supported by the network of competent environmental agencies in Europe, IMPEL. We examined the inspection procedures introduced by Member States to allow the effective implementation of the important Regulation on waste shipment, comparing current practice with the legal obligations on governments throughout Europe. By contrast, we were asked to analyse the obligations and commitments arising from one region in Europe, Flanders, from a group of multilateral environmental agreements such as the Basel Convention on transboundary waste transport and the Convention on Biological Diversity.



**Institute for European Environmental Policy, London**  
**Trustees' Report for 2009**

Sometimes it can be difficult to assess the impact of a particular legal measure on the ground. The Natura 2000 network of protected areas for example will only be effective as a conservation tool if the appropriate level of protection is given to sites in practice as well as in law and suitable management is secured on the ground. During the year we contributed to a project designed to provide tools and methodologies for public authorities to assess the impacts of the Natura network in practice.

We did not have funding for a broad overview of the policy implementation challenge in Europe this year, although this would have been useful. However, we did address the question both in our "Welcome Package" helping new MEPs to come to grips with the complexities of EU legislation and in our climate policy project for the European Parliament.

**g.) Other Issues**

Many other topics were addressed during the year including:

- A range of studies, carried out with Ecologic and other partners, of topics of direct concern to the Environment and Consumer Affairs Committee of the European Parliament. These included work on the EU Emissions Trading Scheme and on desertification and soil issues.
- A study of the possibilities for removing environmentally harmful subsidies in Europe focussing on methods for the identification and assessment of such subsidies, with case studies in the energy, transport and water sectors. This took forward work undertaken by the OECD and created interest in several governments. An EU "Roadmap" on the Reform of Environmentally Harmful Subsidies is expected.
- Projects contributing to the revision of the strategic Directive on Integrated Pollution Prevention and Control (IPPC). These included a study funded by the IMPEL network on how IPPC has been implemented for the regulation of intensive pig farms.
- An overview of the future of EU environmental policy prepared for the UK All-party Parliamentary Environment Group as a booklet and presented to a meeting of the Group in the Houses of Parliament in the summer.
- A series of projects started towards the end of the year designed to set the scene for a major event under the forthcoming Belgian Presidency of the EU in 2010 on the theme of the prospects for a Seventh Environment Action Programme. These studies were commissioned by the Brussels Capital Region and included both a review of the current, Sixth Action Programme and its strategic orientations and an examination of the external dimension of the Programme.
- An inventory of the tools and guidebooks on energy efficiency in industry, local energy management, renewable energy and energy in transport. This was launched as a fully searchable public online library with accompanying thematic publications during Sustainable Energy Week in Brussels to an audience of over 500 stakeholders. IEE Library can be accessed here: <http://www.iee-library.eu/index.php>. A project on the coherence of the EU waste recycling directives was completed, drawing conclusions on potential ways of reducing gaps and overlaps, and clarifying definitions while making recommendations on good practice in policy making in future.
- In January we organised an international conference in Brussels on the external dimension of the EU Sustainable Development Strategy with EGMONT, the Belgian Royal Institute of International Relations. This addressed several high profile issues such as the impacts of EU fisheries and biofuel policies on developing countries. The proceedings will be published in a special edition of "Studia Diplomatica".

**Communication**

## **Institute for European Environmental Policy, London Trustees' Report for 2009**

IEEP strives to publish and disseminate its work such that it is widely available and to encourage participation by the wider public in the debate on European policy. We aim to increase the accessibility of European policy questions and decision making processes to the wider community beyond those immediately involved. This is done by interpreting and explaining issues that are often debated in arcane and specialist language, by the publication of reports, the preparation of briefing notes, frequent presentations at seminars and conferences, our free on-line newsletter on fisheries issues (El Anzuelo), our dedicated website on the future of the Common Agricultural Policy and other pro bono activities.

Our website, ([www.ieep.eu](http://www.ieep.eu)) is a central part of our communication effort and is frequently updated to include additional publications and reports. It will be substantially redesigned and made more accessible to the non-specialist in 2010. A regular electronic newsletter provides a non-technical summary of key research findings to a wide range of individuals with an interest in policy questions and we aim to further increase our outreach over time with an active programme of publications and presentations at conferences. We contribute to both academic journals and more accessible publications, such as "The Environmentalist" for which we write a feature entitled "EU bytes".

Our series of joint policy seminars with the Free University of Brussels continued and was well attended during the year and we held a number of small scale events in the Brussels and London offices.

We received regular and positive feedback that our analysis and views reach key players in the policy domain and are taken seriously. Several of our reports during the year fed directly into EU policy decisions or helped to formulate ideas that will influence the evolution of policy in the longer term. For example, work over the last decade on establishing mandatory European standards for CO<sub>2</sub> from cars has helped to shape standards now influencing vehicle design and leading to tangible reductions in polluting emissions on a European scale.

### **Plans for the future**

The principal aims of the Institute, to contribute to improved understanding, stronger analysis and better policy decisions in Europe, will remain highly relevant in 2010. By helping to shape policies that are sustainable and to engage a wider range of people in the process we will contribute to the wider public benefit.

One of our priorities for the year will be the launch of our new online Manual of European Environmental Policy, which we expect to offer the most comprehensive overview of the topic in Europe. This will be a major investment for the Institute and will be kept updated on a regular basis. A launch date in the summer is being planned by the publisher, Earthscan. <http://www.europeanenvironmentalpolicy.eu/>

Climate and energy policy will be critical to the European agenda as targets agreed in recent years now need to be translated into more practical action at the national level and Europe continues to have an important role in the complex international negotiations over different aspects of mitigating climate change, developing renewable energy sources, reducing deforestation and the provision of financial assistance for developing countries. Work on meeting renewable energy policy targets will be one of our priorities, as will continued studies of the carbon capture and storage option. In biodiversity we will contribute to the next stage of the "TEEB" exercise described above, with a particular focus on actions for policy makers. The costs and benefits of the Natura 2000 network of key conservation sites will be the topic of a major conference in the summer. In agriculture the priority will be the generation of ideas for the overhaul of the CAP, building on our report on public goods and

## **Institute for European Environmental Policy, London Trustees' Report for 2009**

organising a conference in Brussels. In fisheries there are opportunities to contribute to the debate on major changes to the Common Fisheries Policy (CFP). This is time critical since a potentially fundamental review of the policy will be launched during the year.

### **Resources and thanks to staff**

During 2009, the number of research and management staff who worked for IEEP for all or part of the year was, thirty-six including the Director, (2009 Full Time Equivalents FTE: 27, 2008 FTE: 24 ) and they were supported by eight administrative staff (2009: FTE 6, 2008 FTE: 7). Associates and an honorary fellow also contributed to the Institute's work throughout the year, working closely with research staff on a number of projects. Whilst the Institute is not dependent on unpaid volunteers, we welcomed a number of interns throughout 2009 who assisted us on a variety of projects and tasks in both London and Brussels.

The Trustees would like to thank all the staff and interns who have worked so hard and so ably to deliver the work of the Institute over the past year.

The Institute continued to benefit from the convenience of its strategic London location, adjacent to Whitehall, Westminster and the heart of the policy community. The Brussels office, now in its seventh full year of operation, continues to go from strength to strength, growing in numbers and influence. Contributions from the Brussels office included a number of well received reports, as well as conferences and a series of workshops and seminars. The Brussels offices offer modern working space for the team and meeting rooms.

### **Financial Review**

The Institute's funds have been applied in furtherance of the company's objects, as detailed above and to a small extent for governance of the charity. Its assets are held for the efficient operation of the company.

Activities continued to expand during the year. Total income increased from £2,547,051 in 2008 to £2,872,524 in 2009. The increase in income was accompanied by a significant increase in sums paid to project partners who aided us in the delivery of the higher level of research that we contracted. With total expenditure on activities increasing from £2,448,440 to £2,775,196 and, before losses on foreign currency exchange, the Institute made a surplus in 2009 of £97,328 (2008: £98,611). Several significant new research projects were awarded during the year in addition to those continued from 2008. The Institute has been notified of the success of several proposals and tenders which will be undertaken in 2010 and beyond. IEEP contracts and grants are mainly denominated in Euros with some in Sterling and a small number in US Dollars or other currencies. Project costs are generally denominated in the currency of the contract while the majority of core costs are in Sterling. Following the exceptional gains in exchange in 2008 and particularly at the year end, 2009 saw losses due to currency movements. Losses also arose from converting bank, debtor and creditor year end balances denominated in currency to Sterling at the year end rate. The resulting net foreign exchange losses for the year were £40,576 (2008: £135,993 gain). It is expected that the volatility in exchange rates will continue and the Trustees have decided to continue to designate an exchange reserve of £100,000 to cover this eventuality. At 31 December 2009, after deducting foreign exchange losses, unrestricted reserves stood at £770,854 (2008: £714,102). Further details of the financial performance for the year and reserves are included elsewhere in the Financial Statements.

The Trustees are of the opinion that the assets of the charity at the accounting date are available and adequate, within the normal commercial meaning attributed to those words, to fulfil the obligations

## **Institute for European Environmental Policy, London Trustees' Report for 2009**

of the charity. Other than unfinished projects allowed for in the accounts, the Institute's only significant outstanding commitments are the lease on its London office which runs until 2013, and the lease on its office in Brussels which runs until a break clause in 2013.

No assets were held on behalf of any other organisation, charity or trustee at 31 December 2009 apart from a balance of £9,351 held for a partner of a Framework 6 project which IEEP led. There have been no significant changes in accounting policy in the year.

Due to the nature of the charity's work it obtains the majority of its incoming resources from public sector organisations within the European Union, and is not financially dependent on the support of any particular individuals or organisations.

### **Reserves policy**

The Trustees considered that a free reserve level of £1,100,000 (approximately six months cover for forecast operating costs, excluding direct project costs, based on 2010 budget) would be a reasonable target appropriate to the current scale of the Institute's activities. The Trustees believe that this level of reserves is necessary to fund work in progress in particular, as the Institute is subject to fluctuations in cash flow arising from the payment arrangements under certain contracts with the European Commission and as a guard against the risk of an uneven flow of income.

At 31 December 2009 total unrestricted reserves were £770,854 (2008: £714,102). Of this £100,000 were designated as a currency exchange movement reserve, £40,000 were designated for the costs which may arise on termination of the London and Brussels leases and £16,556 (2008: £24,026) were committed to fixed assets, leaving £614,298, 3.4 months cover, (2008: £534,083) of free reserves, as defined by the Charity Commission. These reserves are effectively the charity's working capital and the Trustees consider the level to be adequate at present. However further increases in future are necessary to reach the target free reserve level and the Trustees are actively pursuing policies to achieve this goal, in particular through close financial monitoring and management by the Finance Committee.

### **Treasury management policy**

IEEP operates principally in Sterling and Euros and has a policy of minimising the risk of adverse exchange rate fluctuations and the cost of transfer by retaining balances in either Sterling or Euros in their original currency for use in paying expenses in that currency to the extent required. Where possible any surplus balances are placed in interest bearing bank deposit accounts.

IEEP seeks to minimise exposure to currency risks in contracts by having sub-contract payments denominated in the currency of the main contract wherever possible.

### **Structure, governance and management**

The Institute for European Environmental Policy, London ("IEEP") is a Company Limited by Guarantee and not having a share capital and a registered charity. The charity's principal office is in London and there is also an office in Brussels.

In accordance with the Articles of Association and provisions of the Companies Act 2006, Trustees/Directors are appointed by applying in writing to become members of the company, and are proposed for election, by the members, as a Director and a member either by ordinary resolution at a general meeting or by written resolution and appointed, if the resolution is agreed by a simple

## **Institute for European Environmental Policy, London Trustees' Report for 2009**

majority of those eligible to vote. Board Directors automatically become the charity's Trustees on appointment. Trustees/Directors generally serve for 6 years, and are eligible for re-appointment.

The Trustees maintain responsibility for the charity's strategy, governance and risk management. The Board meets quarterly and there is in addition a Finance Committee which also meets quarterly. The Finance Committee of the Board has a remit to maintain an overview of the financial operations and management of the Institute. It also provides help and advice for the Director, and has a duty to ensure the Institute's compliance with the relevant Charity Accounting obligations.

The Trustees appoint the Director of the Institute and delegate to him responsibility for selecting other staff and for the day to day management of the charity. The Trustees also appoint the Company Secretary. Details of the Trustees and officers are shown below.

Trustees are recruited as individuals who bring relevant skills and experience to the Board. Recruitment takes place via contacts in organisations that have environmental interests and expertise or more widely when a particular type of more general management experience is sought.

Induction of Trustees includes being provided with relevant information about the charity and briefings from the Chair of Trustees, the Director of the Institute and meetings with staff and other Trustees as appropriate. Trustee training is made available to those new to trusteeship and where new issues arise.

Details of the charity's wider networks are given elsewhere in the Trustees' report.

### **Risk management**

A risk assessment and management exercise encompassing the strategic direction, operations, finances and staffing of the Institute has been carried out and reviewed by the Trustees, who are satisfied that the major risks to which the charity is exposed have been identified and reviewed and that systems are in place to mitigate the Institute's exposure to the major risks it faces. The Trustees review risks annually as part of an ongoing process. As part of their review in 2009 the Trustees considered that the major risks that IEEP might face were in the areas of potential loss of major funders, competition for funds, adverse project audit findings, adverse exchange rate fluctuations, recruitment and retention of suitably qualified staff and lower quality of reports. In respect of all of these matters the Trustees consider that IEEP has adopted policies to minimise any such risks.

### **Reference and administrative information:**

#### **Directors/Trustees**

The Directors of the company are also the Trustees of the charity.

Trustees who served during the year and since the year end were:

- Gareth Bendon \* (retired 19 March 2009)
- Domingo Jimenez Beltran (appointed 10 September 2009)
- Graham Dalton \*
- Nicholas Gay \* (resigned 29 July 2009)
- Ralph Hallo
- Sir John Harman
- Dr Caroline Jackson (Chair)

## Institute for European Environmental Policy, London Trustees' Report for 2009

- Paul Meins \*
- Derek Osborn CB
- Fiona Reynolds, DBE
- John Stoker \* (appointed 12 August 2009)
- Judith Ward

\* Finance Committee Member. Committee Chair was: Gareth Bendon to 19 March 2009  
Graham Dalton from 19 March 2009

### Officers

Director of the Institute      David Baldock  
Secretary                              Claire Froomberg

### Registration details

The Institute for European Environmental Policy, London is a Company Limited by Guarantee and not having a share capital with Company number 2458951.

It is also a registered charity with Charity number 802956.

### Registered Office and Principal office

15 Queen Anne's Gate, London SW1H 9BU

### Bankers

National Westminster Bank, Tavistock House, Tavistock Square, London WC1H 9XA

### Solicitors

Bates Wells and Braithwaite LLP, 2-5 Cannon Street, London, EC4M 6YH

### Auditors

Following a review of audit services the trustees appointed Buzzacott LLP as auditors and give their thanks to Kingston Smith LLP for many years of providing audit services to IEEP.

Auditors during 2009 and for 2010 were:

Buzzacott LLP, 12 New Fetter Lane, London EC4A 1AG; appointed 4 November 2009

Kingston Smith LLP, Devonshire House, 60 Goswell Road, London EC1M 7AD; resigned 3 November 2009

### Relationships with Others

In the year IEEP London had one significant associate institution - in Berlin (Ecologic, Institute for International and European Environmental Policy).

We continue to have a joint venture – "Alliance Environnement", owned jointly with a French partner, Oréade-Brèche. Further information can be found in Note 17 to the financial statements.

Much of our work is sponsored by other charities, and we are particularly grateful to the following for their support of our work during 2009:

## **Institute for European Environmental Policy, London Trustees' Report for 2009**

The German Marshall Fund  
Oak Foundation  
King Baudoin Foundation  
European Climate Foundation  
Executive Agency for Competitiveness and Innovation  
IEEA

Many projects were funded by the European Commission, the European Environment Agency, the Organisation for Economic Cooperation and Development, the United Nations, the UK Department for the Environment, Food and Rural Affairs, the Environment Agency, the UK statutory countryside agencies, the environment ministry in Belgium, and the Dutch Ministry of the Environment as well as the Ministry of Agriculture, Nature Management and Fisheries. Their continued support is appreciated.

### **Statement of Directors' Responsibilities**

The Trustees (who are also directors of Institute for European Environmental Policy 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 Standards).

Company law require Trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity 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 Statement of recommended Practice (Accounting and Reporting by Charities) (the Charities' SORP);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Trustees confirms that:

- so far as the Trustee is aware, there is no relevant audit information of which the charity's auditors are unaware; and
- the Trustee has taken all steps that he/she ought to have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

**Institute for European Environmental Policy, London  
Trustees' Report for 2009**

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The Trustees are responsible for the maintenance and integrity of the financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Auditors**

Kingston Smith LLP have acted as auditors to the company during 2009. Following a review by IEEP of audit services Kingston Smith LLP resigned with effect from 3 November 2009 and Buzzacott LLP were appointed as auditors from 4 November 2009. As auditors in office, Buzzacott LLP will automatically be deemed to be re-appointed under the provisions of the Companies Act 2006 until further notice.

**Small Companies Exemption**

The above report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

On behalf of the Board:

**Caroline Jackson**  
Chair

Caroline Jackson

Date 23/09/2010



# **Independent Auditors' Report To the Members of Institute for European Environmental Policy, London**

We have audited the financial statements of the Institute for European Environmental Policy, London for the year ended 31st December 2009 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective April 2008).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken for no purpose other than to draw to the attention of the charitable company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective Responsibilities of Trustees and Auditors**

The responsibilities of trustees (who are also the directors of the Institute for European Environmental Policy, London for the purposes of company law) for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006. We also report to you whether, in our opinion, the information given in the Trustees' Report is consistent with the financial statements. In addition we report to you if, in our opinion, the charitable company has not kept proper accounting records, if the charity's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and other transactions is not disclosed.

We read other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Trustees' Annual Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to other information.

## **Basis of Audit Opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

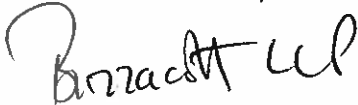
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Independent Auditors' Report  
To the Members of  
Institute for European Environmental Policy, London**

**Opinion**

In our opinion:

- the financial statements give a true and fair view of the state of the charitable company's affairs as at 31st December 2009 and of its incoming resources and application of resources, including the income and expenditure of the charitable company for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the Companies Act 2006; and
- the information provided in the Trustees' Annual Report is consistent with the financial statements.



Edward Finch, Senior Statutory Auditor  
for and on behalf of Buzzacott LLP, Statutory Auditor  
12 New Fetter Lane  
London

Date: 24 September 2010

**Institute for European Environmental Policy, London**  
**Statement of Financial Activities**  
**(Incorporating the Summary Income and Expenditure Accounts)**  
**For the year ended 31st December 2009**

	Note	Unrestricted Funds £	Restricted Funds £	Total 2009 £	Total 2008 £
<b>Incoming Resources</b>					
<i>Incoming resources from generated funds:</i>					
Investment income - interest received		1,080	-	1,080	4,242
<i>Incoming resources from Charitable Activities:</i>					
Grants and donations	2	393	332,788	333,181	253,569
Research projects		2,538,113	-	2,538,113	2,288,422
Other incoming resources		150	-	150	818
<b>Total Incoming Resources</b>		<u>2,539,736</u>	<u>332,788</u>	<u>2,872,524</u>	<u>2,547,051</u>
<b>Resources Expended</b>					
<i>Charitable Activities:</i>					
Research projects		2,376,054	332,788	2,708,842	2,391,159
<i>Governance costs</i>		66,354	-	66,354	57,281
<b>Total Resources Expended</b>	3	<u>2,442,408</u>	<u>332,788</u>	<u>2,775,196</u>	<u>2,448,440</u>
<b>Net Incoming Resources before other recognised gains</b>		97,328	-	97,328	98,611
<b>Other recognised gains</b>					
Net gains on foreign exchange	3	(40,576)	-	(40,576)	135,993
<b>Net movement in funds for the year</b>		56,752	-	56,752	234,604
<b>Fund Balances Brought Forward</b>		<u>714,102</u>	<u>-</u>	<u>714,102</u>	<u>479,498</u>
<b>Fund Balances Carried Forward</b>	12,13	<u><u>770,854</u></u>	<u><u>-</u></u>	<u><u>770,854</u></u>	<u><u>714,102</u></u>

All gains and losses arising in the year have been recognised above and arise from continuing operations.

The notes on pages 20 to 26 form part of these Financial Statements.

# Institute for European Environmental Policy, London

## Balance Sheet as at 31st December 2009

	Note	2009 £	2009 £	2008 £	2008 £
<b>Tangible Fixed Assets</b>	7		16,556		24,026
<b>Current Assets</b>					
Debtors	8	809,015		731,096	
Cash at bank	9	<u>1,011,558</u>		<u>651,540</u>	
		1,820,573		1,382,636	
<b>Creditors: Amounts falling due within one year</b>	10	<u>(1,066,275)</u>		<u>(692,560)</u>	
<b>Net Current Assets</b>			<u>754,298</u>		<u>690,076</u>
<b>Total Assets</b>			<u><u>770,854</u></u>		<u><u>714,102</u></u>
<b>Represented by:</b>					
Unrestricted Funds	12		770,854		714,102
Restricted Funds	13		<u>-</u>		<u>-</u>
			<u><u>770,854</u></u>		<u><u>714,102</u></u>

The accounts have been prepared under the special provisions of Part 15 of the Companies Act 2006 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the board and authorised for distribution on 23/09/2010 and signed on its behalf by:

  
**Dr Caroline Jackson**  
 Chair

The notes on pages 20 to 26 form part of these Financial Statements.

**Institute for European Environmental Policy, London**  
**Notes to the Accounts**  
**For the year ended 31st December 2009**

**1 Accounting Policies**

**Basis of Accounting**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), the Companies Act 2006 and follow the recommendations in Accounting and Reporting by Charities: Statement of Recommended Practice issued in March 2005 (SORP 2005).

The charity has taken advantage of the provisions of Schedule 4 of the Companies Act and adapted the Companies Act formats to reflect the special nature of the charity's activities.

The following principal accounting policies have been consistently applied in preparing these financial statements.

**Income Classification**

Grants are considered to be restricted where the donor attaches conditions to the use of funds and where the outcome will remain in the public domain. Research project income is where the funder is the principal recipient of the project findings and income is considered to be part of the core activities.

**Income Recognition**

Incoming resources are recognised when the Institute becomes entitled to the income and the amount can be measured with reasonable certainty.

Grant income is recognised in full when the Institute becomes entitled to the income unless it either relates to a grant for a specific future period or is a performance related grant.

Incoming resources receivable under performance related grants and contracts for services provided are recognised to the extent that the relevant work has been performed. Income received in advance of work performed is deferred.

**Expenditure**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Wherever possible costs are directly attributed to these headings. Costs common to more than one area are apportioned on the basis described in Note 3.

Indirect costs are those costs incurred in support of the charitable objectives. These have been allocated to the resources expended on a basis that fairly reflects the true use of those resources within the organisation.

Governance costs are those incurred in the governance of the charity and are primarily associated with the constitutional and statutory requirements.

**Foreign Currencies**

Transactions during the year in foreign currencies have been translated into sterling at an average rate for the period and closing balance sheet year end balances have been revalued at the exchange rate ruling at that date where applicable. All differences on exchange are reflected in the Statement of Financial Activities. A designated reserve has been set up as part of the unrestricted funds to recognise the possibility that exchange gains may be reversed in future periods.

**Pension Scheme Arrangements**

The company makes contributions to personal money purchase pension schemes for each eligible employee, the assets of the schemes being held separately from the assets of the company. The pension cost charge represents contributions payable to the schemes. Where employees prefer to make contributions to their own schemes additional remuneration is paid to enable them to be treated on an equal basis. These additional payments are included in gross pay in note 4.

**Tangible fixed assets**

Tangible fixed assets costing more than £500 are capitalised at cost.

Depreciation is provided on a basis which will write off the cost of fixed assets over their estimated useful lives by equal annual instalments. The estimated life of the fixed assets is four years.

**Stocks**

No value has been ascribed to the stocks of publications on the basis that the majority of these are given away and it is therefore considered prudent to account for all production costs in the period they were incurred.

**Fund Accounting**

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor. Unrestricted funds are funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the charity. Designated funds are those where the Trustees have set funds aside for particular purposes.

# Institute for European Environmental Policy, London

## Notes to the Accounts (continued)

For the year ended 31st December 2009

2	Grants and Donations Receivable	Donations Unrestricted £	Grants Restricted £	2009 £	2008 £	
	European Commission various Grants	-	251,195	251,195	152,673	
	German Marshall Fund	-	43,197	43,197	129,355	
	Oak Foundation	-	-	-	14,442	
	King Baudoin Foundation	-	20,400	20,400	-	
	European Climate Foundation	-	54,852	54,852	-	
	Executive Agency for Competitiveness and Innovation	-	36,071	36,071	-	
	IEEA	-	15,349	15,349	-	
	Christofferson, Robb & Company (UK) LLP and others	393	-	393	50,000	
		393	421,064	421,457	346,470	
	Movement in deferred income	-	(88,276)	(88,276)	(92,901)	
		393	332,788	333,181	253,569	
3	Total Resources Expended	Direct Project Costs £	Staff Costs £	Other Costs £	2009 Total £	2008 Total £
	Costs of activities in furtherance of the objects:					
	Grants	74,352	213,628	44,808	332,788	203,569
	Projects	881,639	1,230,555	263,860	2,376,054	2,187,590
	Governance	-	44,896	21,458	66,354	57,281
	Other resources expended	-	-	-	-	-
		955,991	1,489,079	330,126	2,775,196	2,448,440
			(note 4)			
	Other Costs include		Projects £	Governance £	2009 Total £	2008 Total £
	Property occupancy costs - operating leases		115,168	3,580	118,748	103,419
	Property occupancy costs - other		39,642	2,991	42,633	56,118
	Staff planning days		2,435	-	2,435	8,613
	Telephone, postage, copying and stationery - operating leases		4,500	-	4,500	3,052
	- other		48,615	-	48,615	35,090
	Auditors remuneration - current year		-	6,500	6,500	5,650
	Auditors remuneration - in respect of prior year		-	-	-	(4,330)
	Auditors remuneration - accountancy and other		-	1,450	1,450	6,554
	Payroll services		9,551	-	9,551	5,539
	Legal and professional		-	-	-	9,672
	Depreciation		21,944	682	22,626	18,837
	Computer costs		32,165	1,000	33,165	28,028
	Irrecoverable VAT		5,483	-	5,483	6,807
	Other costs		29,165	5,255	34,420	38,719
			308,668	21,458	330,126	321,768
	Other resources expended				-	-
	Total other costs				330,126	321,768

**Institute for European Environmental Policy, London**  
**Notes to the Accounts (continued)**  
**For the year ended 31st December 2009**

**3 Total Resources Expended (continued)**

Basis of allocation of staff and other costs

Grant and Project costs and basis of allocation

		<b>2009</b>	<b>2008</b>
		<b>Total</b>	<b>Total</b>
		<b>£</b>	<b>£</b>
Nature of cost	Allocation basis		
Staff salaries and pensions	Estimate of staff time	1,444,183	1,222,526
Property occupancy costs	pro rata to staff cost allocation	154,810	153,113
Services and other operating expenses	Actual and estimated use	122,363	114,401
Professional fees	Actual and estimated use	9,551	19,815
Depreciation	pro rata to staff cost allocation	<u>21,944</u>	<u>18,225</u>
<b>Total</b>		<b><u>1,752,851</u></b>	<b><u>1,528,080</u></b>

Governance costs and basis of allocation

		<b>2009</b>	<b>2008</b>
		<b>Total</b>	<b>Total</b>
		<b>£</b>	<b>£</b>
Nature of cost	Allocation basis		
Staff salaries and pensions	Estimate of staff time	44,896	41,067
Property occupancy costs	pro rata to staff cost allocation	6,571	6,424
Services and other operating expenses	Actual and estimated use	6,255	5,908
Professional fees	Actual cost main audit and governance	7,950	3,270
Depreciation	pro rata to staff cost allocation	<u>682</u>	<u>612</u>
<b>Total</b>		<b><u>66,354</u></b>	<b><u>57,281</u></b>

Other recognised gains and losses

	<b>2009</b>	<b>2008</b>
	<b>Total</b>	<b>Total</b>
	<b>£</b>	<b>£</b>
(Losses)/gains on foreign exchange	<u>(40,576)</u>	<u>135,993</u>

**Institute for European Environmental Policy, London**  
**Notes to the Accounts (continued)**  
**For the year ended 31st December 2009**

<b>4 Employee information</b>	<b>2009</b>	<b>2008</b>
	<b>No.</b>	<b>No.</b>
The average number of employees (Full time equivalents) during the period was:		
Director, management, research and writing	27	24
Finance and administration	<u>6</u>	<u>7</u>
	<u>33</u>	<u>31</u>
	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
The total costs of these employees were:		
Wages and salaries	1,230,524	1,045,739
Social Security costs	183,631	162,796
Pension	<u>57,577</u>	<u>46,037</u>
	1,471,732	1,254,572
Other staff costs	<u>17,347</u>	<u>9,021</u>
Total staff costs per note 3	<u>1,489,079</u>	<u>1,263,593</u>
	<b>2009</b>	<b>2008</b>
	<b>No.</b>	<b>No.</b>
Number of employees who received emoluments in the ranges between :		
£70,001 and £80,000	1	1
£80,001 and £90,000	1	-

**5 Transactions with Directors**

The Directors, who are also the Trustees for the charitable activities of the Institute, received no remuneration for services rendered during the year. Properly approved expenses were incurred relating to 9 Directors in respect of their duties as trustees of the charity in the year totalling £4,827 (2008 - expenses relating to 7 Directors £1,477). These expenses covered travel, accommodation and subsistence associated with attending Board meetings and Finance Committee meetings and other meetings associated with Governance in London and Brussels. Some of these expenses were incurred directly by IEEP, others were reimbursed to the Directors.

**6 Taxation**

The company is taking advantage of the reliefs available for registered charities from tax charges and, therefore, no provision for taxation has been made.

**7 Tangible Fixed Assets**

	<b>Furniture &amp; Equipment</b>
	<b>£</b>
<b>Cost</b>	
Brought forward at 1st January 2009	102,086
Additions	15,157
Disposals	<u>(15,856)</u>
Carried forward at 31st December 2009	<u>101,387</u>
<b>Depreciation</b>	
Brought forward at 1st January 2009	78,060
Charge for the year	22,627
Eliminated on Disposal	<u>(15,856)</u>
Carried forward at 31st December 2009	<u>84,831</u>
<b>Net Book Value</b>	
At 31st December 2009	<u>16,556</u>
At 31st December 2008	<u>24,026</u>

All assets are in use for charitable purposes.



**Institute for European Environmental Policy, London**  
**Notes to the Accounts (continued)**  
**For the year ended 31st December 2009**

<b>8 Debtors</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Trade debtors	351,436	273,128
Prepayments and accrued income	452,290	454,722
Other debtors	5,289	3,246
	<u>809,015</u>	<u>731,096</u>

All amounts fall due within one year.

<b>9 Cash at Bank</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Bank	1,011,558	651,540
	<u>1,011,558</u>	<u>651,540</u>

<b>10 Creditors: Amounts falling due within one year</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Trade creditors	184,919	160,700
Taxation and Social Security	62,171	55,195
Amounts held for Third Parties (see note 15)	9,351	-
Rent deposits	7,602	7,602
Deferred income (see below)	501,489	336,527
Accruals	300,743	132,536
	<u>1,066,275</u>	<u>692,560</u>

<u>Deferred income</u>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Balance brought forward:		
Research projects	201,224	234,361
Grants and donations	135,303	42,402
Released in the year	(336,527)	(276,763)
Deferred in the year:		
Research projects	277,910	201,224
Grants and donations	223,579	135,303
	<u>501,489</u>	<u>336,527</u>
Balance carried forward	<u>501,489</u>	<u>336,527</u>

**11 Financial Commitments**

The company is committed to making the following operating lease payments within the next twelve months.

	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Property and equipment leases due to end in:	<b>Property</b>	<b>Property</b>	<b>Equipment</b>	<b>Equipment</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Less than one year	-	-	-	1,470
One to five years	134,798	136,640	5,105	-
Greater than five years	-	-	-	-
	<u>134,798</u>	<u>136,640</u>	<u>5,105</u>	<u>1,470</u>

**Institute for European Environmental Policy, London**  
**Notes to the Accounts (continued)**  
**For the year ended 31st December 2009**

**12 Unrestricted Funds**

	Balance at 01.01.2009	Income & other gains	Expenditure	Funds transfers	Balance at 31.12.2009
	£	£	£	£	£
Unrestricted Reserves	558,109	2,539,736	(2,442,408)	(24,583)	630,854
Designated Foreign Exchange Fund	135,993	(40,576)	-	4,583	100,000
Designated Premises Fund	20,000	-	-	20,000	40,000
<b>Total Unrestricted Funds</b>	<b>714,102</b>	<b>2,499,160</b>	<b>(2,442,408)</b>	<b>-</b>	<b>770,854</b>

**Designated Foreign Exchange Fund**

The Institute reports in Sterling but conducts its operations in Euros, Sterling, US Dollars and other currencies and accounts for foreign exchange gains and losses which may arise on those transactions during the year. In addition the Institute re-values its bank, creditor and debtor balances denominated in currency at 31 December each year at the year end conversion rate to Sterling. In 2008 exceptional exchange gains were made due to the fall in the value of Sterling against the other currencies and in particular the low value of Sterling at 31 December 2008. The Trustees have considered the exchange losses recorded in 2009 part of which arose due to the reversal of the exceptional gains for 2008 as Sterling strengthened again. Given the continuing volatility in currency values the Institute has set aside a reserve of £100,000 against the possibility of future exchange losses.

**Designated Premises Fund**

The Institute has set aside a further £20,000 for future obligations which may arise on concluding its current office leases in both London and Brussels (dilapidations, etc).

**13 Restricted Funds**

The restricted funds all relate to projects carried out as part of the core work. No amounts remained unspent at 31st December 2009 (2008: £nil).

**14 Legal status**

Institute for European Environmental Policy, London is a company limited by guarantee, and not having a share capital, governed by its Memorandum and Articles of Association. Every member undertakes to contribute to the assets of the company, if it is wound up, a sum not exceeding £1. At 31st December 2009 the company had 12 members (2008 : 12). The company is a registered charity number 802956.

**Institute for European Environmental Policy, London**  
**Notes to the Accounts (continued)**  
**For the year ended 31st December 2009**

**15 Amounts held for Third Parties**

During the year the charity has worked with the European Commission Directorate-General Research and has been administering funds on their behalf. IEEP has no powers to make payments from these funds except as directed by the European Commission. The balance held at 31 December was 2009 £9,351 (2008: nil)

	£
Balance held at 1st January 2009	-
Funds received in the year	238,561
Disbursements made	<u>(229,210)</u>
Balance held at 31st December 2009 (included in bank and in other creditors)	<u>9,351</u>

**16 Accounting for retirement benefits**

The charity makes contributions to individual money purchase schemes on behalf of its staff as described in note 1. Contributions in the year to these schemes were £57,577 (2008: £ 46,037)

**17 Investment in Joint Venture**

During 2006 the Institute established a joint venture, Alliance Environnement GEIE, a company incorporated in Belgium. The cost of this to the Institute was £3,400 which consisted only of the acquisition of 50% of the ordinary share capital of the joint venture. The joint venture was incorporated to act as a collection agent for its shareholders. The costs of establishing the venture have been treated as expenditure in 2006 as there is no expectation of recovering the initial outlay. The Institute's share of the loss for the period is £757 (2008: £448) and, due to the fact that it is immaterial, it has not been consolidated into these accounts.