

**Institute for European Environmental Policy, London**  
also Trading As:



**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**

**30th JUNE 2018**



## **Institute for European Environmental Policy, London Trustees' Report for the year ended 30 June 2018**

The Institute for European Environmental Policy, London (trading as the Institute for European Environmental Policy or IEEP) is a registered charity and 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 report together with the audited financial statements for the year ended 30 June 2018, which have been prepared in accordance with current statutory requirements; the Memorandum and Articles of Association and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

### **1 Objects and Policies of the Charity**

The Institute is a leading environmental sustainability think tank 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.

These objects are achieved by all appropriate means, including research, the provision of advisory services and preparation of commissioned reports, the organisation of conferences and training courses, and the publication of manuals and other books, reports, articles and newsletters, utilising both digital and paper media. IEEP has offices in London and Brussels. The Institute has associate colleagues and partnerships with similar institutions across Europe.

### **2 Aims and Activities**

The Institute has continued with its principal aims; to contribute to the improved understanding, stronger analysis and better policy decisions relating to the environment in Europe in 2017 – 18 including environmental implications in the UK post Brexit.

In addition, we identified a number of challenges and debates that were felt to be of particular environmental significance in the year.

Our strategic objectives for 2017-18 were:

- To ensure better integration of the environment and sustainability into Europe's post 2020 agenda;
- To promote improvements in key sectoral policies – including agriculture, the circular economy, biodiversity, and climate change;
- To encourage better alignment of Europe's resources to sustainability objectives;
- To contribute to better governance of the EU so as to improve environmental outcomes.

## 3 Review of the Period

### 3.1 Achievements and performance in 2017/18

Thanks to the excellent work of our staff, we continued to strengthen our reputation as a trusted and independent adviser on environmental sustainability in Europe as well as globally, carrying out research, informing debates, convening diverse stakeholders across member states, and building the capacity of decision-makers and influencers regarding key legislative and evaluation processes.

Following the establishment in the previous reporting period of a stand-alone, not-for-profit legal entity in Belgium, IEEP Association Internationale Sans But Lucratif (IEEP AISBL), we have been working to finalise the terms of a partial transfer of resources and activity from IEEP London to ensure that our objects can be pursued effectively after the UK's departure from the European Union.

The Strategic Advisory Council, whose role is to advise IEEP regarding its programmatic focus, was established with its first meeting being held on 28 June 2018.

Our financial health was strong in the year and we generated a net income of £248,448. The surplus has allowed us to build our reserves. The Board has identified the need to increase reserves to provide working capital needed to fund our operations and to act as a buffer during the uncertain times that may be associated with UK's plan to leave the European Union in 2019.

During this financial year, we worked on 90 research projects for a total value of: £3,042,000 on a large range of topical environmental issues, working with a diverse set of clients, including the European Commission, the European Parliament, civil society, local authorities, the private sector and foundations. Our international work continues to expand beyond Europe's borders, with engagement with International Governmental Organisations such as the OECD, UNEP and the G20, and a major focus of the Think 2030 preparations on global and Sustainable Development Goal issues.

The detailed work on our goals is set out below:

### 3.2 A year in review: Key Achievements

IEEP contributed to key sustainability debates by producing timely and relevant research, by playing the role of a convener, by building the capacity of key stakeholders, and by raising awareness around key challenges. To contribute to this, we have also been working to strengthen our intellectual leadership by strengthening our work on global issues and to enhance our external profile – through improved communications work on our research projects, better engagement with key policymaking discussions in Brussels and beyond, and preparation of the Think2030 conference in October 2018.

IEEP's four specific goals for the year and their outcomes were as follows:

**GOAL 1: Better integration of the environment and sustainability into Europe's post 2020 agenda**

- Identify how best to use the Sustainable Development Goals framework and debates around the future of Europe to strengthen Europe's environmental ambition and accountability and to create positive synergies between the economic, social, environmental and security agendas of the EU:

- o Working with E3G, IEEP wrote an influential paper presented in the European parliament focused on the links between climate action and debates around the future of Europe.
- o IEEP supported the Estonian presidency in its multi-stakeholder dialogue on SDG

implementation in Europe and participated in a number of debates around SDGs, including at the EESC, the Italian Festival for Sustainable Development, and with the private sector, including the European Business Summit.

**Main outputs: Better integration of the environment and sustainability into Europe's post 2020 agenda**

- Report on The future of Europe and the future of climate action: Reflections and scenarios for the EU27 (IEEP, E3G)
- Sustainable Development Goals (SDGs) briefing for the European Parliament
- IEEP-led study for the Pacific Community entitled Towards greener taxes and subsidies in Pacific Island Countries and Territories
- IEEP contribution to the expert working group on Green and Circular Economy in the Outermost Regions
- Presentations by Celine Charveriat at the EESC on The 2030 Agenda and Societal Change in Europe
- Presentation by Celine Charveriat at the European Business Summit on Mainstreaming sustainability: what role for innovation?

- **Contribute to identification of opportunities to support sustainability through trade, as well as to mitigate environmental challenges:** IEEP made a strong contribution to the debate through its report on the effectiveness of Sustainability Impact Assessments in addressing impacts of trade liberalisation on biodiversity.

- **Ensure Europe addresses its global environmental footprint and supports sustainability abroad:**

- o IEEP provided support to various stakeholders, including the Committee of Regions, regarding Europe's role in achieving the objectives of UN's Convention on Biodiversity.
- o IEEP's produced a briefing to EP ENVI Committee to support their attendance at the SDG high-level Political forum in July 2018 and started a new research project for the European Commission on Environmental Diplomacy to G7/G20
- o IEEP made contributions to papers to be submitted to the Think 20 process on agriculture and food systems as well as sustainability in agriculture and trade.
- o Together with UNIDO and the EIB, IEEP organised a meeting at the EESC to explore how the EU could export its circular economy model in a way that could

support the delivery of SDGs in third countries. IEEP also wrote a report on the impact of the Circular Economy for EU's outermost regions.

- o IEEP completed its research on environmental fiscal reform in the Pacific.

## GOAL 2: Improvement in key sectoral policies

To contribute to the development of an appropriate set of new EU policies addressing the climate and energy goals of the EU as well as the sustainability of its bioenergy policies for the period post 2020 including in agricultural and land use sectors.

- Research for the European Commission on Member State action to reduce net emissions from land, land-use change and forestry (LULUCF) helped to identify and promulgate positive approaches.
- IEEP created a ground-breaking European platform on net zero agriculture, leading a multi-stakeholder dialogue including farms, the food industry, NGOs and other key players in exploring credible pathways for Europe to achieve net zero agriculture and presented initial outcomes at a COP23 event, contributing to build bridges between the agricultural and climate change expert communities.
- IEEP reacted to the publication of the legislative proposals on the CAP post 2020 in June 2018 and was quoted in many newspapers.
- IEEP contributed to a major evaluation for the European commission of the EU climate adaptation strategy.

Main outputs: Improvement in key sectoral policies

- For the European Parliament Committee for agriculture on the CAP post 2020 communication: 'Towards the CAP post 2020 Appraisal of the EC Communication on 'The Future of Food and Farming' of 29 November'
- A study for DG ENVI on Climate action in Land Use, Land Use Change, and Forestry in the EU Member States
- The EU Stakeholder Platform on Agriculture net-zero 2050 funded by the European Climate Foundation (ECF)
- Organising two events at COP23 on net zero emissions in 2050 in the context of agriculture and Member State implementation of LULUCF commitments
- A report for WWF Germany on Measuring the CAP's environmental and climate performance
- Final Conference of the PEGASUS project, summarising the results of over 3 years of research on concrete ways to enhance the provision of public goods and ecosystem services by agriculture and forestry, and what this means for policy and practice
- The briefing on ISOAPER: Exploring plastic pollution in soil
- A background paper for OECD on Policy Approaches to incentivise sustainable plastic design
- A research by IEEP for Zero Waste Europe and Friends of the Earth on Plastic Packaging and Food Waste
- A report for DG ENVI on EU Pollinator Initiative informed by EU Member States initiatives: successes and gaps

To contribute to a robust analysis of the implementation and environmental consequences of the 2013 CAP reform and play an active role in developing future policy options for the CAP post 2020.

- IEEP wrote a timely report for WWF Germany following the CAP legislative proposals, proposing a new performance-based delivery system, whose findings were discussed first with NGOs, then with Permanent representations of the member States, German Parliamentarians (Greens, Socialists, Conservatives) and then with the COMAGRI committee of a parliament.
- IEEP led a ground-breaking research project called Pegasus. The project aimed to develop innovative approaches and new ways of thinking about the way farmland and forests are managed in order to stimulate a long-lasting improvement in the provision of public goods and ecosystem services from agricultural and forest land in the EU. This was achieved by engaging a series of stakeholders including agricultural Ministries of Member States, several services of the European Commission, NL bank and food industry representatives farm advisers, NGOs, and UK stakeholders, NGOs, as well as research partners from across Europe. The project led to concrete proposals of relevance to the future of the CAP such as collective approaches and market-based mechanisms.
- IEEP continued to contribute to debates around rural development through its animation of European Network of Rural Development.

To ensure linkages between debates regarding agricultural policy, food and health

- IEEP participated in the IPES Food project on the potential transition to an agro-ecological food system in 2030, providing inputs on the future of agricultural production.

To promote a more efficient and sustainable use of natural resources through the development, governance and appropriate implementation of policies including through a more circular economy.

- Contributing to break silos among different policy files, sectors and stakeholders, IEEP participated in debates around the contribution of a sustainable bioeconomy to climate action and to the circular economy. We also contributed to raise awareness around plastic pollution within soils within our ISQAPER project.
- We produced research for the OECD on Policy approaches to incentivise sustainable plastic design focusing on approaches that are already in place or could be developed to incentivise a shift towards sustainable chemistry thinking at the product design stage - 'benign by design' and engaged governments, the private sector and civil society in the process.
- Working with the zero waste coalition, we wrote a paper on the links between food packaging and food waste whose findings were widely disseminated in Member States, for instance in Spain through a conference in Barcelona and media coverage in La Vanguardia.

To identify and assess the options to achieve the EU's 2020 and 2050 biodiversity targets, particularly in relation to funding and achieving no net loss.

- IEEP made important contributions to the debates around target 2 of the EU Biodiversity strategy, through capacity building of MS authorities directly responsible for Rural Development Programming and by doing research on concrete best practice examples of how Rural Development Programmes can support biodiversity and nature conservation. Follow up elements are being submitted to DG ENV, who praised IEEP for the outcome of the event.
- IEEP contributed to several debates on the Post-2020 EU biodiversity strategy, together with other experts from NGOs, the European Commission and Member States.
- IEEP contributed to discussions leading to the EC's pollinators initiative as well as the debate on pollinators within the parliament for instance by attending ELO/EP Intergroup 'biodiversity, hunting, countryside' event on EU pollination.

### GOAL 3: Aligning Europe's resources to sustainability

- Greater mobilisation of public and private funding for the environment including a greener Multiannual Financial Framework (MFF), Environmental tax reform and private funding: Our work on environmental tax reform, Extended Producer Responsibility and price modulation was received as a positive and constructive contribution to the debate in the context of the plastics strategy. We also contributed significantly to an evaluation for the European Commission of the mainstreaming of climate policy objectives in the EU Budget, a key contribution to the development of the Commission's proposals for the 2021-2027 financial framework.

#### Main outputs: Aligning Europe's resources to sustainability

- An analysis of 40 case studies on Building civil society capacity to support environmental tax reform
- IEEP held a one-day conference in Brussels on 5 October 2017 to present the findings of a major study for the European Commission on the use of market-based instruments to address pollution and resource use.
- A report for DG CLIMA on Climate mainstreaming in the EU budget: preparing for the next MFF



#### GOAL 4: More effective governance of the EU

- Develop policy ideas on the most effective mechanisms for encouraging Member State compliance with environmental legislation: IEEP was chosen to facilitate a discussion among Member State environment ministers at the Bulgarian Presidency's informal council in Sofia on how to improve national implementation of environment policy, including better use of citizens' actions and better sharing of information.

Main outputs: More effective governance of the EU

- Facilitating discussion at the Informal Meeting of EU Environment Ministers under the Bulgarian Presidency in Sofia
- The Make It Work project, developing drafting principles for EU environmental law for selected subjects including on environmental reporting, contributing to Commission Fitness Check on the issue
- IEEP presented evidence at UK House of Lords for maintaining an environmental watchdog post-Brexit.
- A report on Brexit negotiations: Equivalence, environmental standards and risks
- A paper on Brexit: Single Market, Customs Union, and the environment
- An article on Brexit and chemicals policy: No good alternatives to a European process

- Contribute to the evolution of measures that result in genuinely "better" regulation in Europe which furthers environmental objectives: Through our Make It Work project, we continued to

explore how participating member States could achieve the goals set in the better regulation agenda, looking more particularly at how best to streamline environmental reporting and continued by examining how to promote eco-innovation to help deliver a circular economy.

- Ensure post-Brexit arrangements do not lead to environmental damage in the UK or a weakening of environmental standards in the EU27: In collaboration with leading environmental NGOs, IEEP wrote a number of highly influential reports on various aspects of the Brexit file, including governance arrangements, whose findings were disseminated widely and well received by key stakeholders, including EU's Article 50 task force and relevant MEPs as well as the UK environmental minister, the Environmental Audit Committee at the House of Commons and representatives from the devolved administration. We contributed responses to the consultations on post-Brexit governance issues organised by the Scottish Government, and by the UK Department for the Environment, Food and Rural Affairs.

#### 4 Objectives, aims and plans for future periods

IEEP's overarching goal for 2018-2019 is to contribute to ensuring that Europe's post-2020 agenda brings greater environmental sustainability to the continent, in line with science, European Treaties and Europe's international commitments, including the Sustainable Development Goals and Multilateral Environmental Agreements.

2018/19 will be a critical year for environmental policy in Europe, and for the Institute. Our key priorities are therefore:

- To complete the partial transfer of activity, staff and assets to the IEEP AISBL in Belgium, to enable IEEP's charitable objects to continue to be met following the UK's departure from the EU in March 2019. IEEP London will continue working in cooperation with IEEP AISBL to achieve their common objectives.
- Continue to focus on key environmental policy issues,
- Contribute to highlight and inform key strategic choices for the EU, through our Think2030 conference and other activities, in the process of electing a new European Parliament and in setting a future direction through the European Council discussions at the Sibiu summit, and the appointment of a new Commission.
- Continue to advise on impacts on Europe-wide and UK environmental issues that may arise as a result of Brexit.

## 5 Public Benefit

The Trustees confirm that they have complied with section 17 (5) of the Charities Act 2011 and have had due regard to the Charity Commission general guidance on public benefit. The Institute believes that its independent work helps to inform those developing and implementing European policy in such a way that the results are to the benefit of the public as a whole as well as the environment. A large and growing number of our reports are freely available on our website, the accessibility of which we seek to improve progressively over time.

## 6 Resources and thanks to staff

During the 12 month period, the number of staff who worked for IEEP for all or part of the year, was twenty nine Full Time Equivalent (FTE) including the Executive Director (2016/17 FTE: 27). 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 volunteer "interns" throughout 2017/18 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 volunteer interns who have worked so hard and so ably to deliver the work of the Institute over the past year.

The Institute continues to have offices in central London and Brussels, which are also used for conferences and a series of workshops and seminars. In addition, our work is supported by a network of partners and consultants in other European countries.

## 7 Financial Review

The Institute's funds have been applied in furtherance of the company's objects, as detailed above. In addition, some surplus office space was rented out and the financial statements reflect this income and associated costs. Its assets are held for the efficient operation of the company.

Total gross income in the year to 30 June 2018 was £3,115,056 (year to 30 June 2017: £3,134,405). Total expenditure on activities in the period was £2,863,009 (2017: £2,911,091). The gross income and expenditure on activities were similar to the previous period as IEEP continued to take responsibility as the lead in projects, supported by sub-contractors. Before taking into account losses on foreign currency exchange, the Institute made a surplus in 2017/2018 of £252,047 (2016/2017: £223,314). The loss on exchange 2017/2018 was £3,599 (2016/2017: loss on exchange £223). The net income saw the benefit of the strong Euro in the year, as many IEEP projects were denominated in Euros.

The share of the RURANET surplus was £44,627 (2016/2017: £44,685) taken on a received, rather than accrued basis and is included with income under the requirements of FRS 102.

The net movement in funds for the period, after taking in losses and gains on foreign exchange was net income of £248,448 (2016/2017: £223,091).

It was pleasing to record a surplus in the period. This was accounted for by the continuing impact of cost saving measures and focus on the mix of income streams and also favourable exchange rates.

It is expected that the volatility in exchange rates will continue and the Trustees feel it is appropriate to continue to designate reserves for this eventuality. The Trustees have put mechanisms in place to try to protect IEEP from the most serious effects of this volatility. Exchange movements are regularly monitored by the Board.

At 30 June 2018, after foreign exchange losses of £3,599, total funds stood at £1,199,700 (30 June 2017: £951,252). Further details of the financial performance for the period and reserves are included 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 of the charity. Other than unfinished projects allowed for in the financial statements, the Institute's only significant outstanding commitments are to the lease on its London office which runs until 2021.

Assets were held on behalf of one group of organisations as lead partner of a Horizon 2020 project, at 30 June 2018: £27,135 (30 June 2017: £26,837). No assets were held on behalf of any other charity or Trustee at 30 June 2018 (30 June 2017: nil). There have been no significant changes in accounting policy in the period. The financial statements incorporate the relevant share of the Joint Venture, RURANET which has been included using the cost method. Notes providing further information are included elsewhere in the Financial Statements.

Due to the nature of the charity's work, it obtains the majority of its income from public sector organisations within the European Union. The Board has considered the implications of this on the Charity and a separate not-for-profit entity IEEP AISBL has been set up based in Belgium. Further information is included in the notes to the accounts and below.

## 8 Reserves policy

The Trustees consider that it is appropriate for the Institute to hold reserves in order to fund work in progress and as a guard against the risk of an uneven flow of income. The need to fund work in progress is particularly important as the Institute is subject to fluctuations in cash flow arising from the payment arrangements under certain contracts with the European Commission. The Trustees believe that an unrestricted reserve level in the region of £1,050,000, excluding designated reserves and net fixed assets, would be a reasonable target appropriate to the current scale of the Institute's activities. £1,050,000 represents approximately six months cover for forecast operating costs, excluding direct project costs, based on the 2018/19 budget. The figure takes into account the partial transfer of activities to IEEP AISBL during early 2019.

At 30 June 2018, total funds were £ 1,199,700 (30 June 2017: £951,252). Of this £5,000 (30 June 2017: £5,000) were designated for the costs which may arise on termination of the London lease, £20,000 (2017: £20,000) designated for exchange movements and £ 32,552 (2017: £32,443) were committed to fixed assets, leaving £1,142,148, broadly equivalent to 6.5 months expenditure cover based on 2018/19 budget, (2017: £893,809 and 5.4 months based on the budget at that time). These reserves are effectively the charity's working capital and the Trustees consider the level to be adequate at present as they cover six months' expenditure. Further consideration will be given by the Trustees to the most suitable level of reserves once the partial transfer of undertakings to IEEP AISBL has taken place in early 2019. The appropriate level of reserves will be determined according to the needs of the charity and its commitments post partial transfer. The Trustees and staff are committed to ensuring that the level of reserves is adequate and that any reserves are utilised in accordance with the objects of the charity. This will be reviewed and monitored through strong financial control by management and by the Board.

## 9 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 and by taking other measures to secure exchange rates in advance where this is felt to be prudent.

## 10 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. They 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 on-going process.

As part of their review in 2018, the Trustees considered what major risks IEEP might face and steps to mitigate those risks. In respect of all of these matters, the Trustees consider that IEEP has adopted policies to minimise any such risks. Details of the major presumed risks and mitigation measures are detailed below.

Risk	Mitigation Measures
Impact on income streams of Brexit and transitional arrangements	Implementation of Board Europeanisation strategy, including bolstering presence in Belgium and other Member States. Careful planning to implement partial transfer of undertakings to allow the objects of IEEP to be furthered through IEEP AISBL and also in the charity by building income for IEEP London from UK and other sources
Potential retrenchment and / or loss of major funders and competition for funds	Rigorous adherence to high standards of work and objectivity and establishment of longer term contractual arrangements where possible. Planning for costs savings should retrenchment occur
Need to address cash flow challenges including longer payment terms imposed by some funders and liquidity	Strong credit control routines; seeking to improve payment terms where possible and seeking short term funding arrangements
Currency risks	Where possible, matching income and costs to currency of contract and using financial instruments to mitigate impact of major currency movements
IT systems being hacked with risk to security of data and / or attempted fraud	Maintain strong anti-virus software, ensure back-up systems provide regular secure back-ups. Strong financial controls to prevent fraud. Regularly taking and implementing expert advice on IT security

## 11 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 offices are in London and 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 majority of those eligible to vote. Board Directors automatically become the charity's Trustees on appointment. Trustees/Directors generally serve for 4 to 6 years, and are eligible for re-appointment.

The Trustees maintain responsibility for the charity's strategy, governance and risk management. The Board reviewed its governance model in the light of the anticipated organisational changes, the creation of IEEP AISBL, and the formation of a Strategic Advisory Council (SAC). The new model consists of a common core of trustees who serve on both the London and Brussels entities, supported by two independent trustees in each territory. This will allow the trustees to continue to operate as a Unitary board for most decisions but also to be able to rely on independent trustees where there might be a conflict of interest. The Unitary Board, including all 4 independents, will provide financial and governance oversight and support for the executive, while the SAC contributes more to the environmental priorities of the Institute. To fulfil this responsibility the board has decided to dispense with standing committees (the Finance Committee being the only current example). A trustee will be designated to give special attention to financial matters but they will remain the responsibility of the whole board, which will continue to meet quarterly or more frequently as required.

The Trustees appoint the Executive Director of the Institute and delegate to her (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.

During the year the Board has taken advice on suitable governance arrangements in respect of the operation of IEEP London and the recently formed IEEP AISBL, a not for profit entity based in Belgium. As a result the Board has identified the need for the Boards of the two organisations to have both common and independent trustees. The composition of the Board and those who serve on the AISBL Board is detailed below.

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

## 12 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:

- Domingo Jimenez Beltran Retired 6 September 2018
- **Sir John Harman (Chair)**
- **Patricia Henton MBE**
- Dr Christian Hey Retired 31 August 2018

- Paul Meins Retired 22 October 2018
- Derek Osborn CB Retired 6 September 2018
- Claudia Soares Retired 17 September 2018
- **Sir Graham Wynne**
- **Herman Wolters**
- **Dale Chadwick** Appointed 17 September 2018
- **Adam Gillingham** Appointed 6 September 2018

Those shown in bold were in position at the date the accounts were approved

For information the members of the Board of IEEP AISBL as at the date of approving the accounts are shown below:

- Domingo Jimenez Beltran
- Sir John Harman (Chair)
- Patricia Henton MBE
- Claudia Soares
- Herman Wolters
- Dale Chadwick

#### **Officers**

Executive Director of the Institute Céline Charveriat  
 Secretary Claire Froomberg

#### **Key Management and setting their Remuneration**

In addition to the Board of Directors / Trustees mentioned above, an Executive Management Group, comprising the Executive Director, the Programme Heads and the Head of Finance and Operations and Company Secretary, operates as the executive management of the Charity, with authorities delegated to them by the Board.

The Trustees are not remunerated. The salaries and terms and conditions of the Executive Management Group are set with reference to their responsibilities, comparative remuneration in similar not-for-profit organisations and affordability by the Institute for European Environmental Policy, London.

#### **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.

VAT number GB 648 7001 33

#### **Registered Office and Principal office**

11 Belgrave Road, IEEP Offices, Floor 3, London, SW1V 1RB, UK

### **Bankers**

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

### **Solicitors**

Bates Wells and Braithwaite LLP, 10 Queen Street Place, London, EC4R 1BE

### **Auditor**

Buzzacott LLP, 130 Wood Street, London EC2V 6DL

### **Relationships with Others**

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

We continued to have a joint venture – Alliance Environnement GEIE, owned jointly with a French partner, Oréade-Brèche. Alliance Environnement has been awarded a framework contract by DG Agriculture for the European Commission.

We continued with the joint venture “RURANET EEIG”, owned jointly with three other partners. RURANET provides the Rural Development Contact Point under a contract with the European Commission.

In addition the Institute for European Environmental Policy AISBL, a not for profit organisation, was established in Belgium on 20 July 2017 (Registered in Belgium as an Association Internationale Sans But Lucratif, No 0678767990, VAT No. BE-0678.767.990, branch office registered in UK as Company No. FC035126 UK establishment No. BR 020220). It was agreed that during 2019 a partial transfer of undertakings will be made from IEEP London to IEEP AISBL to facilitate the work of the charity being continued post Brexit. The Boards of the two organisations envisage that they will work closely together pursuing their objects which have much in common.

At the time of approval of the accounts, the charity was in the process of novating various contracts to the AISBL. A cash amount of £684,000 will also be transferred to assist with the AISBL's working capital requirements. The transfer of the staff currently employed by the charity will take place from the beginning of the April 2019 payroll month. The charity will continue to monitor the AISBL's work in order to ensure that funds transferred are being utilised in accordance with its charitable objects.

Further information relating to the joint ventures can be found in Note 18 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 2017/18:

- European Climate Foundation
- Callouste Gulbenkian Foundation



- MAVA foundation and
- Henrich Boll Foundation

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 and other European ministries, NGOs and Environmental Agencies. Their continued support is highly appreciated.

### 13 Fundraising

The charity does not carry out any public fundraising.

## **Statement of Trustees' Responsibilities**

The trustees (who are also directors of the Institute for European Environmental Policy for the purposes of company law) are responsible for preparing the trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the 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 Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102);
- 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 charitable company will continue in operation.

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.

Each of the trustees confirms that:

- so far as the trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustee has taken all the 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 charitable company's auditor is aware of that information.

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 corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

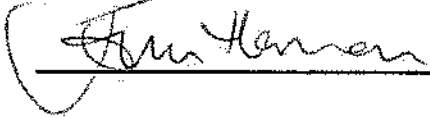
## **Auditor**

Buzzacott LLP was appointed as auditor from 4 November 2009. As auditor 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 FRS 102

On behalf of the Board:

**Sir John Harman**   
Chair

Date: 10 March 2019



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

## **Opinion**

We have audited the financial statements of Institute of European Environmental Policy, London (the 'charitable company') for the year ended 30 June 2018 which comprise the statement of financial activities, the balance sheet, statement of cash flows, the principal accounting policies and notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 June 2018 and of its 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 of 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **Other information**

The trustees are responsible for the other information. 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.

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

We have nothing to report in this regard.

## **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

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

## **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

## **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Use of our report**

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

Edward Finch (Senior Statutory Auditor)  
For and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London EC2V 6DL  
Date:

**Institute for European Environmental Policy, London**  
**Statement of Financial Activities**  
**(Incorporating the Summary Income and Expenditure Accounts)**  
**For the year ended 30 June 2018**

	Note	Unrestricted Funds £	Restricted Funds £	Total Year to 30.06.2018 £	Total Year to 30.06.2017 £
<b>Income from:</b>					
<i>Investments:</i>					
Interest received		44	-	44	225
Income received from joint venture	18	44,627	-	44,627	44,685
Income from property (surplus space)		4,852	-	4,852	8,259
<i>Charitable Activities:</i>					
Grants and donations	2	-	312,249	312,249	207,226
Research projects		2,729,803	-	2,729,803	2,854,782
Other income		23,481	-	23,481	19,228
<b>Total Income</b>		<b>2,802,807</b>	<b>312,249</b>	<b>3,115,056</b>	<b>3,134,405</b>
<b>Expenditure on:</b>					
<i>Raising funds</i>					
Property rental costs		4,853	-	4,853	8,259
<i>Charitable Activities:</i>					
Research Projects	3	2,545,907	312,249	2,858,156	2,902,832
<b>Total Expenditure</b>	3	<b>2,550,760</b>	<b>312,249</b>	<b>2,863,009</b>	<b>2,911,091</b>
<b>Net Income / (Expenditure)</b>		<b>252,047</b>	<b>-</b>	<b>252,047</b>	<b>223,314</b>
<b>Other recognised gains and losses</b>					
Net (losses) /gains on foreign exchange	3	(3,599)	-	(3,599)	(223)
<b>Net Income/ (Expenditure) and net movement in funds for the year</b>		<b>248,448</b>	<b>-</b>	<b>248,448</b>	<b>223,091</b>
<b>Reconciliation of funds:</b>					
Total Funds Brought Forward at 01.07.2017	13,14	951,252	-	951,252	728,161
Total Funds Carried Forward at 30.06.2018	13,14	1,199,700	-	1,199,700	951,252

All of the charity's activities derived from continuing operations during the above two financial periods. All recognised gains and losses are included in the above statement of financial activities.

The notes on pages 23 to 34 form part of these Financial Statements.

Details of comparative information split between funds is given on page 34

# Institute for European Environmental Policy, London

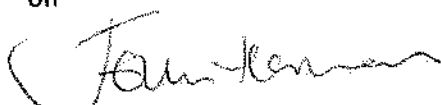
## Balance Sheet as at 30 June 2018

	Note	As at 30.06.2018 £	As at 30.06.2018 £	As at 30.06.2017 £	As at 30.06.2017 £
<b>Tangible Fixed Assets</b>	7		32,552		32,443
<b>Current Assets</b>					
Debtors	8	2,170,520		1,804,537	
Cash at bank	9	<u>444,483</u>		<u>619,048</u>	
<b>Total current assets</b>		2,615,003		2,423,585	
<b>Liabilities:</b>					
Creditors: Amounts falling due within one year	10	<u>(1,409,501)</u>		<u>(1,466,770)</u>	
<b>Net Current Assets</b>			<u>1,205,502</u>		<u>956,815</u>
<b>Provision for liabilities and charges</b>					
Provisions for amounts that may result in present obligations as a result of past events	11		(38,354)		(38,006)
<b>Total net assets</b>			<u>1,199,700</u>		<u>951,252</u>
<b>The funds of the charity:</b>					
Unrestricted Funds	13		1,199,700		951,252
Restricted Funds	14				
<b>Total charity funds</b>			<u>1,199,700</u>		<u>951,252</u>

The financial statements have been prepared under the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board and authorised for distribution

on 10 March 2019 and signed on its behalf by:



Sir John Harman  
Chair

The notes on pages 23 to 34 form part of these Financial Statements.

Institute for European Environmental Policy, London  
Company registration number : 2458951 (England and Wales)



# Institute for European Environmental Policy, London

## Statement of Cash Flows for the year ended 30 June 2018

Statement of cash flows	12 months to 30.06.2018	12 months to 30.06.2017
Net cash provided by (used in) operating activities <span style="float: right;">A</span>	(201,844)	14,037
Cash flows from investing activities:		
Interest, joint venture income and rents from investments	49,523	53,169
Purchase of fixed assets	<u>(18,645)</u>	<u>(33,793)</u>
Net cash provided by (used in) investing activities	30,878	19,376
Change in cash and cash equivalents	<u>(170,966)</u>	<u>33,413</u>
Cash and cash equivalents brought forward	619,048	585,858
Change in cash and cash equivalents due to exchange rate movements	(3,599)	(223)
Cash and cash equivalents carried forward note 9	<u>444,483</u>	<u>619,048</u>
	<b>12 months to 30.06.2018</b>	<b>12 months to 30.06.2017</b>
<b>A</b>		
Net movement in funds	248,448	223,091
Net (gains) losses on foreign exchange	3,599	223
Depreciation	18,536	24,163
Net income from joint venture	(44,627)	(44,685)
(Increase) decrease in debtors	(365,983)	(723,731)
Increase (decrease) in creditors	(57,269)	541,601
Increase (decrease) in provisions	348	1,859
Loss on disposal of fixed assets	-	-
Interest received	(44)	(225)
Income from property	(4,852)	(8,259)
	<u>(201,844)</u>	<u>14,037</u>

The notes on pages 23 to 34 form part of these Financial Statements.

# Institute for European Environmental Policy, London

## Notes to the Financial Statements

### For the year ended 30 June 2018

#### 1 Accounting Policies

##### Basis of Accounting

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

The Financial Statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these Financial Statements.

The Financial Statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their Financial Statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (Charities SORP FRS 102) issued on 16 July 2014 and Update Bulletin 1 issued on 2 February 2016, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

##### Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the trustees to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- ◆ Estimating the useful economic life of tangible fixed assets for the purposes of calculating the depreciation charge;
- ◆ Estimating the recoverability of debtors and determining any necessary provision for bad or doubtful debts;
- ◆ Estimating the liability for recovery of income by funders, as detailed in note 11; and
- ◆ Determining the basis for the allocation of support and governance costs across the charitable key areas of activity.

##### Assessment of going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these Financial Statements. The trustees have made this assessment in respect to a period of one year from the date of approval of these Financial Statements.

The trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. The most significant areas of judgement that affect items in the financial statements are detailed above. With regard to the next accounting period, the year ending 30 June 2018, the most significant issues that affect the carrying value of the assets held by the charitable company are the availability of grants and funding from institutions, especially given the referendum decision in the United Kingdom regarding membership of the European Union.

##### Recognition of income and expenditure under FRS 102

Under Section 7 of SORP 2015 Recognition of expenditure, charities must recognise a liability for the cost of all benefits to which employees are entitled at the reporting date that have yet to be paid. This includes annual leave earned but not taken at each reporting date. Employee benefits include all costs incurred by the charity in exchange for the services of its employees.

The charity has adopted the cost method of accounting for its joint ventures under FRS 102.

# **Institute for European Environmental Policy, London**

## **Notes to the Financial Statements**

**For the year ended 30 June 2018**

### **Income Classification**

#### **Income Recognition**

Income is recognised when the Institute becomes entitled to the income, it is probable the amounts will be received 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.

Income 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.

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.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Income from property is recognised when it is earned by the charity under short term leasing arrangements.

#### **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.

All support costs, including governance costs, have been allocated to charitable activities, because any apportionment between expenditure headings would be immaterial.

#### **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. All fixed assets relate to furniture and equipment.

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.

**Institute for European Environmental Policy, London**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2018**

**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.

**Provisions**

Provisions are recognised when the charitable company has a legal or constructive present obligation as a result of a past event, it is likely that a transfer of economic benefits will be required to settle the obligation, and the value of the obligation can be reliably estimated.

**Accounting for Joint Venture**

The Charity's investment in Ruranet EEIG has been accounted for as a joint venture and the cost method has been adopted under FRS 102. The charity does not have control of the entity, as the agreement dictates that the key decisions require the consent of all partners. Ruranet's profit is recharged to the four partners equally.

**Debtors**

Debtors are recognised at their settlement amount, less any provision for non recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

**Cash at bank and in hand**

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short term deposits. Cash placed on deposit for more than one year is disclosed as a fixed asset investment.

**Creditors and provisions**

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt.

**Institute for European Environmental Policy, London**  
**Notes to the Financial Statements (continued)**  
**For the year ended 30 June 2018**

**2 Grants and Donations Receivable**

	Donations Unrestricted £	Grants Restricted £	Year to 30.06.2018 £	Year to 30.06.2017 £
European Commission various Grants	-	189,647	189,647	169,989
MAVA Foundation	-	36,983	36,983	14,954
European Climate Foundation	-	71,918	71,918	10,782
Callouste Gulbenkian	-	10,720	10,720	9,138
Henrich Boll Foundation	-	2,981	2,981	-
Others (Donations)	-	-	-	2,363
	-	<u>312,249</u>	<u>312,249</u>	<u>207,226</u>

**3 Total Expenditure**

	Direct Project Costs £	Staff Costs £	Other Costs £	Year to 30.06.2018 Total £	Year to 30.06.2017 Total £
Costs of raising funds:					
in respect of property income	-	-	4,853	4,853	8,259
Costs of charitable activities in furtherance of the objects:					
Grants	76,508	187,724	48,017	312,249	204,863
Projects	944,228	1,225,904	282,090	2,452,222	2,594,620
Support costs:		53,400	40,285	93,685	103,349
<i>Sub Total expenditure on     charitable activities</i>	<i>1,020,736</i>	<i>1,467,028</i>	<i>370,392</i>	<i>2,858,156</i>	<i>2,902,832</i>
	<u>1,020,736</u>	<u>1,467,028</u>	<u>375,245</u>	<u>2,863,009</u>	<u>2,911,091</u>

(note 4)

**Institute for European Environmental Policy, London**  
**Notes to the Financial Statements (continued)**  
**For the year ended 30 June 2018**

**3 Total Expenditure (continued)**

Other Costs include	Costs of raising funds	Projects	Support	Year to 30.06.2018 Total £	Year to 30.06.2017 Total £
	£	£	£		
Property occupancy costs:					
- operating leases	3,397	71,448	2,827	77,672	58,895
- other	1,456	50,317	3,734	55,507	88,435
Staff planning days:	-	7,476	-	7,476	4,404
Telephone, postage, copying and stationery:					
- operating leases	-	-	-	-	-
- other	-	51,926	-	51,926	45,590
Auditors remuneration:					
- current year	-	-	8,040	8,040	9,500
- in respect of prior year	-	-	(1,700)	(1,700)	(175)
- accountancy and other assurance services	-	14,167	-	14,167	-
Payroll services	-	6,633	-	6,633	3,436
Legal and professional	-	2,620	19,776	22,396	26,405
Depreciation	-	17,861	675	18,536	24,163
Loss on disposal of fixed assets	-	-	-	-	-
IT and computer support	-	21,170	800	21,970	29,023
Irrecoverable VAT	-	1,713	-	1,713	4,865
Other costs	-	84,776	6,133	90,909	49,962
<b>Total other costs</b>	<b><u>4,853</u></b>	<b><u>330,107</u></b>	<b><u>40,285</u></b>	<b><u>375,245</u></b>	<b><u>344,503</u></b>

**Institute for European Environmental Policy, London**  
**Notes to the Financial Statements (continued)**  
**For the year ended 30 June 2018**

**3 Total Expenditure (continued)**

Basis of allocation of staff and other expenditure

<u>Costs of raising funds: expenditure and basis of allocation</u>		Year to 30.06.2018 Total £	Year to 30.06.2017 Total £
Nature of expenditure	Allocation basis		
Staff salaries and pensions	Estimate of staff time	-	-
Property occupancy costs	Actual and estimated use	4,853	8,259
Services and other operating expenses	Actual and estimated use	-	-
<b>Total</b>		<b>4,853</b>	<b>8,259</b>
<u>Grant and Project expenditure and basis of allocation</u>		Year to 30.06.2018 Total £	Year to 30.06.2017 Total £
Nature of expenditure	Allocation basis		
Staff salaries and pensions	Estimate of staff time	1,413,628	1,291,803
Property occupancy costs	Pro rata to staff cost allocation	121,765	131,906
Services and other operating expenses	Actual and estimated use	167,061	125,367
Professional fees	Actual and estimated use	23,420	4,542
Depreciation and loss on disposal	Pro rata to staff cost allocation	17,861	23,225
<b>Total costs allocated</b>		<b>1,743,735</b>	<b>1,576,843</b>
Direct project costs		1,020,736	1,222,640
<b>Total resources expended on research projects</b>		<b>2,764,471</b>	<b>2,799,483</b>
<u>Support expenditure and basis of allocation</u>		Year to 30.06.2018 Total £	Year to 30.06.2017 Total £
Nature of expenditure	Allocation basis		
Staff salaries and pensions	Estimate of staff time	53,400	52,145
Property occupancy costs	Pro rata to staff cost allocation	6,561	7,165
Services and other operating expenses	Actual and estimated use	6,933	8,477
Professional fees	Actual cost main audit and governance	26,116	34,624
Depreciation and loss on disposal	Pro rata to staff cost allocation	675	938
<b>Total</b>		<b>93,685</b>	<b>103,349</b>
<u>Other recognised gains and losses</u>		Year to 30.06.2018 Total £	Year to 30.06.2017 Total £
(Losses) / gains on foreign exchange		(3,599)	(223)

**Institute for European Environmental Policy, London**  
**Notes to the Financial Statements (continued)**  
**For the year ended 30 June 2018**

4 Employee information	Headcount		Full time equivalents	
	Year to 30.06.2018 No.	Year to 30.06.2017 No.	Year to 30.06.2018 No.	Year to 30.06.2017 No.
The average number of employees (Full time equivalents) during the period was:				
Director, management, research and writing	32	26	22	19
Finance and administration	9	12	7	8
	<u>41</u>	<u>38</u>	<u>29</u>	<u>27</u>
			Year to 30.06.2017	
The total costs of these employees were:		£	£	
Wages and salaries		1,211,378	1,102,609	
Social Security costs		176,240	167,628	
Pension		69,292	64,539	
		<u>1,456,910</u>	<u>1,334,776</u>	
Other staff costs		10,118	9,172	
Total staff costs		<u>1,467,028</u>	<u>1,343,948</u>	
		Year to 30.06.2018 No.	Year to 30.06.2017 No.	
Number of employees who received annualised emoluments in the ranges between :				
£60,001 and £70,000		-	1	
£70,001 and £80,000		1	1	

Pension contributions in the year to 30.06.2018 for higher paid employees were £3,779 (year to 30.06.2017: £12,783). Pension contributions were made during the period in relation to the one higher paid employee. Total remuneration (including social security and pensions costs) of the key management team comprising the Executive Director and the Executive Management Group were: year to 30.06.2018: £505,249 (year to 30.6.2017: £488,228 as restated).

During the year to 30 June 2018 no payments were made to members of staff relating to redundancy. The amount was therefore nil. (Year to 30.06.2017 one staff member cost: £958)

**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 8 Directors in respect of their duties as trustees of the charity in the year totalling £ 6,068 (year to 30.06.2017 - expenses relating to 9 Directors £5,938). 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**

	Furniture & Equipment £
<b>Cost</b>	
Brought forward at 1 July 2017	147,434
Additions	18,645
Disposals	(5,440)
Carried forward at 30 June 2018	<u>160,639</u>
<b>Depreciation</b>	
Brought forward at 1 July 2017	114,991
Charge for the year	18,536
Eliminated on Disposal	(5,440)
Carried forward at 30 June 2018	<u>128,087</u>
<b>Net Book Value</b>	
At 30 June 2018	<u>32,552</u>
At 30 June 2017	<u>32,443</u>

All assets are in use for charitable purposes.



**Institute for European Environmental Policy, London**  
**Notes to the Financial Statements (continued)**  
**For the year ended 30 June 2018.**

<b>8 Debtors</b>	<b>As at 30.06.2018</b>	<b>As at 30.06.2017</b>
	£	£
Trade debtors	667,415	577,648
Prepayments and accrued income	1,446,274	1,192,104
Cash advance to joint venture	29,203	876
VAT debtor	330	15,884
Other debtors	27,298	18,025
	<u>2,170,520</u>	<u>1,804,537</u>
All amounts fall due within one year.		
<b>9 Cash at Bank</b>	<b>As at 30.06.2018</b>	<b>As at 30.06.2017</b>
	£	£
Bank	444,483	619,048
	<u>444,483</u>	<u>619,048</u>
<b>10 Creditors: Amounts falling due within one year</b>	<b>As at 30.06.2018</b>	<b>As at 30.06.2017</b>
	£	£
Trade creditors	161,878	289,576
Taxation and Social Security	30,128	48,868
Holiday pay accruals	81,007	67,645
Amounts held for Third Parties (see note 16)	27,135	26,837
Rent deposits	-	-
Deferred income (see below)	168,769	276,701
Accruals	940,584	757,143
	<u>1,409,501</u>	<u>1,466,770</u>
<u>Deferred income:</u>	<b>As at 30.06.2018</b>	<b>As at 30.06.2017</b>
	£	£
Balance brought forward:		
Research projects		35,757
Grants and donations	276,701	197,336
Released in the year	(276,701)	(233,093)
Deferred in the year:		
Research projects	52,807	-
Grants and donations	105,962	276,701
Balance carried forward	<u>168,769</u>	<u>276,701</u>
<b>11 Provision for liabilities and charges</b>	<b>As at 30.06.2018</b>	<b>As at 30.06.2017</b>
	£	£
Provisions brought forward at 01.07.2017	38,006	36,147
Increase / (decrease) in provision during the period	348	1,859
Provisions carried forward at 30.06.2018	<u>38,354</u>	<u>38,006</u>

The provision relates to the potential recovery of income on certain projects where there exists some uncertainty in what the final figure recoverable might be. This may arise because of the findings of project audits by funders or where estimated amounts have been used in calculating revenue which can only be confirmed when project accounts are finalised or where guidelines have been clarified during the period of a project by funders on what may be recoverable under certain funding schemes. There are also certain matters which are still to be clarified by funders.

**Institute for European Environmental Policy, London**  
**Notes to the Financial Statements (continued)**  
**For the year ended 30 June 2018**

**12 Financial Commitments**

The company is committed to making the following operating lease payments over the life of the leases.

	As at 30.06.2018	As at 30.06.2017	As at 30.06.2018	As at 30.06.2017
Property and equipment leases: amounts payable over the remaining life of the leases:	Property £	Property £	Equipment £	Equipment £
Up to one year	77,144	66,974	-	-
One to five years	138,547	155,944	-	-
<b>Total</b>	<u>215,691</u>	<u>222,918</u>	<u>-</u>	<u>-</u>

**13 Unrestricted Funds**

	Balance at 01.07.2017 £	Income & other gains £	Expenditure £	Funds transfers £	Balance at 30.06.2018 £
Unrestricted Reserves	926,252	2,802,807	(2,550,760)	(3,599)	1,174,700
Designated Foreign Exchange Fund	20,000	(3,599)	-	3,599	20,000
Designated Premises Fund	5,000	-	-	-	5,000
<b>Total Unrestricted Funds</b>	<u>951,252</u>	<u>2,799,208</u>	<u>(2,550,760)</u>	<u>-</u>	<u>1,199,700</u>

**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 30 June each year at the year end conversion rate to Sterling. The Trustees have decided that they would like to continue to designate a foreign exchange fund given the uncertainties in exchange rates. The balance designated at 30.06.2018 is £20,000

**Designated Premises Fund**

Obligations may arise when the office leases terminate. The London office lease is due to end in 2021 and the Brussels office lease was terminated during the period when the office moved and the new lease was taken out in the name of IEEP AISBL. The designated sum is for future obligations which may arise on concluding its current office lease in London (dilapidations, etc).

**14 Restricted Funds**

The restricted funds all relate to projects carried out as part of the core work. No amounts remained unspent at 30 June 2018 (30 June 2017: £nil).

**15 Legal status and post balance sheet event**

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 the 30 June 2018 company had 9 members (30 June 2017: 9). The company is a registered charity number 802956.

**Institute for European Environmental Policy, London**  
**Notes to the Financial Statements (continued)**  
**For the year ended 30 June 2018**

**15 Legal status and post balance sheet event (continued)**

During the period the Board reviewed the potential implications on the activities of the Charity of the referendum decision for the United Kingdom to withdraw from the European Union (Brexit). As it was clear that the Charity might not be eligible for some sources of European funding once UK leaves the EU, it was decided to establish a Not for Profit entity based in Belgium. The Institute for European Environmental Policy AISBL (IEEP AISBL) was established with its Head Office in Brussels. The registered number of IEEP AISBL is 0678.767.990 and the VAT number is BE 0678.767.990. The Objects of IEEP AISBL and Articles are similar to those of IEEP, London. Several Board members serve on both Boards but the two entities are separate statutory entities. At the time of the approval of the accounts, the charity was in the process of novating various contracts to the AISBL under a partial transfer of undertakings. A cash amount of £684,000 will also be transferred to assist with the AISBL's working capital requirements. The transfer of the staff currently employed by the charity will take place from the beginning of April payroll month. The charity will continue to monitor the AISBL's work in order to ensure that funds are being utilised in accordance with its charitable objects. This will allow for the objects of IEEP London to be continued for those projects funded by European Institutions. The Boards will continue to consider how the two IEEP entities may best work together to further their common objects.

**16 Amounts held for Third Parties**

During the period 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 30 June 2018 was £ 27,135 (30.06.2017: £26,837)

	£
Balance held at 1 July 2017	26,837
Funds received in the period	-
Disbursements made	-
Revaluation to year-end exchange rate for balance held in Euros	298
Balance held at 30 June 2018 (included in bank and in other creditors)	27,135

**17 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 £69,292 (year to 30.06.2017: £ 64,539).

**18 Investments in Joint Ventures**

**a Alliance Environnement GEIE**

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 profit for the year is £493 (year to 30.06.2017: loss of £206) and, due to the fact that it is immaterial, it has not been consolidated into these Financial Statements.

# Institute for European Environmental Policy, London

## Notes to the Financial Statements (continued)

For the year ended 30 June 2018

### 18 Investments in Joint Ventures (continued)

#### b Ruranet EEIG

##### Investment in joint venture

The charity has 25% of the voting rights in Ruranet EEIG. The other 75% of voting rights are held in equal shares by three other members. No member has control of the company and on this basis it has been accounted for as a joint venture.

Ruranet EEIG is a company registered in Belgium, number 0547.717.824. The company was incorporated on 24 February 2014 and its stated business is the operation of the Rural Development Contact Point under a contract with the European Commission

The results of Ruranet EEIG for the period ended 30 June 2018 are as follows:

##### Profit and loss account

	Total Year ended 30 June 2018	IEEP's share for Period 25%	Total Year ended 30 June 2017	IEEP's share for Period 25%
	£	£	£	£
Turnover	3,002,467	750,617	2,825,366	706,342
Cost of sales	(2,417,801)	(604,450)	(2,278,420)	(569,605)
Gross profit	584,666	146,167	546,946	136,737
Administration expenses	(398,507)	(99,627)	(367,482)	(91,871)
Profit on ordinary activities before tax	186,159	46,540	179,464	44,866
Taxation	-	-	-	-
Profit on ordinary activities after tax	<u>186,159</u>	<u>46,540</u>	<u>179,464</u>	<u>44,866</u>

Note: IEPP's share of Ruranet net income is included in IEPP's results when it is received in accordance with the cost method adopted under FRS 102.

##### Balance sheet

	Total Year ended 30 June 2018	IEEP's share for Period 25%	Total Year ended 30 June 2017	IEEP's share for Period 25%
	£	£	£	£
Fixed assets	27,418	6,854	33,951	8,487
Current assets	1,763,827	440,957	1,677,432	419,358
Creditors falling due within one year	(1,791,245)	(447,811)	(1,711,383)	(427,845)
Net assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

### 19 Contingent Liability

The Institute enters into a variety of funding arrangements under which it is accountable to the funders for the application of resources provided. Where these are subject to audit, this may occur in a period subsequent to that in which the project was delivered and income recognised. There is an ongoing risk that funder audits may disallow income previously claimed.

### 20 Impact of financial instruments

The impact of financial instruments in place at the year end was estimated to be a cost of £ nil (30 June 2017: £nil) treated as part of the gains and losses on exchange.

There were no financial instruments at 30 June 2018 or 30 June 2017.

**Institute for European Environmental Policy, London**  
**Notes to the Financial Statements (continued)**  
**For the year ended 30 June 2018**

Institute for European Environmental Policy, London  
Statement of Financial Activities  
(Incorporating the Summary Income and Expenditure Accounts)  
For the year ended 30 June 2017

21. Prior Period movements in funds	Note	Unrestricted Funds £	Restricted Funds £	Total year to 30.06.2017 £
<b>Income from:</b>				
<i>Investments:</i>				
Interest received		225	-	225
Income received from joint venture	18	44,685	-	44,685
Income from property (surplus space)		8,259	-	8,259
<i>Charitable Activities:</i>				
Grants and donations	2	2,363	204,863	207,226
Research projects		2,854,782	-	2,854,782
Other income		19,228	-	19,228
		<u>2,929,542</u>	<u>204,863</u>	<u>3,134,405</u>
<b>Total Income</b>		<u>2,929,542</u>	<u>204,863</u>	<u>3,134,405</u>
<b>Expenditure on:</b>				
<i>Raising Funds:</i>				
Property rental costs		8,259	-	8,259
<i>Charitable Activities:</i>				
Research projects	3	2,697,969	204,863	2,902,832
		<u>2,706,228</u>	<u>204,863</u>	<u>2,911,091</u>
<b>Total Expenditure</b>	3	<u>2,706,228</u>	<u>204,863</u>	<u>2,911,091</u>
<b>Net (Expenditure) / Income</b>		223,314	-	223,314
<b>Other recognised gains and losses</b>				
Net (losses)/gains on foreign exchange	3	(223)	-	(223)
<b>Net (Expenditure) / Income and net movement in funds for the year</b>		223,091	-	223,091
<b>Reconciliation of funds:</b>				
Total Funds Brought Forward at 01.07.2016		<u>728,161</u>	-	<u>728,161</u>
Total Funds Carried Forward at 30.06.2017	13,14	<u>951,252</u>	-	<u>951,252</u>

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

