

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 2016

Institute for European Environmental Policy, London Trustees' Report for the 12 Months ended 30 June 2016

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 12 month period ended 30th June 2016, 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), effective from accounting periods commencing 1 January 2015 or later.

Objects and Policies of the Charity

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.

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 functional links with similar institutions across Europe.

Aims and Activities

The Institute's aims are both educational and to contribute to a better environment through improved policy initiatives and interventions, particularly within the European Union (EU). IEEP mainly pursues these two goals through carrying out projects for clients or funders, which address many different aspects of European policy-making and implementation. We look for practical and robust solutions in a complex policy environment based on our knowledge of European and related national and international policies, developed over more than forty years.

Policies developed at the EU level have widespread 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 to participation in the policy making process. There is an enduring role for independent and well-informed organisations to explain and interpret the policy-making process and policy measures themselves to improve their transparency and accessibility to the non-specialist citizen and voluntary organisations. This is an important strand in the Institute's work. It is pursued through the preparation of policy papers, briefings, newsletters, a general and more specialist public websites, presentations to conferences and university students, published reports and other means. We seek to broaden the understanding of European and related policies affecting the environment and improve access to decisions, which set standards and goals at a European and sometimes at a global level.

A second major strand of our work is the analysis of the issues confronting the environment and the most appropriate means of addressing them. This includes policy development, design and implementation. We cover not only 'traditional' environmental policies, such as pollution control, climate change, waste management, 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 policies, in particular at the European and national levels.

Many of the most important environmental issues, such as climate change, nature conservation and excessive natural resource use, cannot effectively be tackled by national policy alone. An emerging strand of our work on the UK Referendum was the identification of the ways in which cooperative decision-making on environmental issues through the EU had enabled Member States to deliver the sort of environmental progress their citizens say that they want to see, without short-term competitiveness pressures preventing optimum solutions. A more concerted European effort is therefore required, generally involving the formulation and practical application of well-designed and appropriate measures addressing the variety of conditions across Europe's geography. Work by the Institute considers inter alia:

- Which are the most important and pressing concerns for the environment;
- The evidence base available on which to consider and construct policy options;
- How effective existing measures have been in addressing the issues they were designed to tackle – taking account of the highly variable conditions to be found within Europe;
- Improvements in policy that are necessary or desirable; and
- Where policy needs to develop in the future.

By engaging actively with decision makers and the wider policy and stakeholder community, we aim to present information, analysis and arguments that will lead to better policy and a more sustainable Europe, increasingly 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 Period

Objectives and priorities for 2015/2016

The principal aims of the Institute, to contribute to improved understanding, stronger analysis and better policy decisions relating to the environment in Europe, will remain highly relevant. For 2015/2016 we identified a number of European policy challenges and debates that were likely to be of particular environmental significance. Priorities for our work were chosen on this basis.

The priorities that we set for 2015/2016 were to:

- Contribute to the case for the continuation of an ambitious and effective set of environmental policies in Europe engaging actively in the “smart regulation” debate.
- Contribute to a full appreciation of the role of and need for the EU nature conservation directives.
- Support the development of appropriate EU measures to implement the 2030 climate and energy targets, especially in the fields of energy efficiency, renewables and the Land Use and Forestry sectors.
- Help to build a stronger case for the sustainable use of bio-resources in Europe, with particular reference to policies on bioenergy and the circular economy.
- Contribute to a stronger understanding of the role of policy in fostering a “green economy”.
- Help to strengthen the focus of EU policy on the marine environment, notably with respect to reducing marine litter.
- Contribute to new thinking on the future of agricultural policy in Europe based on a strong analysis of the implementation of the 2013 CAP reform.

Achievements and performance in 2015/16

The Institute continued to inform the debate on different aspects of European Policy. Our work combined a focus on larger strategic issues and a variety of specific topics, helping to advance policy in several areas, set out in more detail below.

There was also a change of Executive Director, with Céline Charveriat taking over from David Baldock in June 2016. The Trustees wish to record their gratitude to David Baldock for his inspiring leadership of the Institute over 18 years and the immense contribution he has made to its standing and reputation. The Trustees are delighted that David will be continuing in a part time role as a Senior Fellow of IEEP.

Based in our Brussels office, Céline Charveriat comes to IEEP with many years of experience within Europe on sustainable development and climate change, a strong management track record and excellent communication skills.

Key achievements during the period in relation to the seven key priorities included:

- **Contribute to the case for the continuation of an ambitious and effective set of environmental policies in Europe.**
 - Supporting the publication and dissemination of findings from Nigel Haigh's book, 'EU Environmental Policy, its Journey to Centre Stage'
 - Making an authoritative contribution regarding the impact of Brexit on environmental legislation, regulation and standards in the UK, with the aim of ensuring the continued protection of the environment in a post-Brexit context.
 - Doing research on the effectiveness of the monitoring and reporting obligations of EU environmental legislation.
 - Engaging actively in the "smart regulation" debate: The Make it Work project brings together several Member States and attempts to identify implementation challenges for EU legislation and effective responses to these challenges e.g. examining smarter reporting obligations under EU environmental legislation.
 - Analysing potential impacts of the proposed Transatlantic Trade and Investment Partnership (TTIP) on Europe's environment and engaging stakeholders throughout Europe on this issue for DG Environment.
 - Publishing *Exploring how to establish an EU Guardian for Future Generations* for the World Future Council.
 - Researching how to tackle environmental crime in the EU more effectively (EFFACE project).
 - Continuing to support the Commission's Water Framework Directive Common Implementation Strategy to deliver high quality and sufficient quantity of water for Europe's citizens and ecosystems.
 - Evaluating the effectiveness of the European Pollutant Release and Transfer Register (E-PRTR) Regulation, which requires the development of pollution inventories in Member States and at the EU level.

- **Contribute to a full appreciation of the role of and need for the EU nature conservation directives and the EU Biodiversity Strategy.**
 - Informing the debate on The Fitness Check of the Nature Directives through our research and engaging stakeholders in public consultations.
 - Publishing a report on the potential impacts of measures to stem the long-term decline in biodiversity in Europe and achieve the goal of “No Net Loss” by 2020.
 - Launching our new study on the public health and social inclusion benefits of the Natura 2000 network at Green Week in Brussels.
 - Applying an evidence-based methodology for analysing potential causal links between the state of biodiversity and certain agricultural management practices in the EU
 - Improving biodiversity data use in key areas of policy such as Rural Development Programming, River Basin Management Planning, and EIA/spatial planning.
 - Working with civil society organisations to identify policy options to reduce the environmental and biodiversity impacts of pesticides in the UK.
 - Developing possible ideas for the post-2020 framework for EU biodiversity funding.

- **Support the development of appropriate EU measures to implement the 2030 climate and energy targets, especially in the fields of energy efficiency, renewables and the Land Use and Forestry sectors.**
 - Publishing an evaluation of EU supported investment in energy efficiency in public and residential buildings, which makes clear recommendations on how future EU support under the Structural Funds might be improved.
 - Exploring with the renewables subdivision of the International Energy Agency how to accelerate regional and rural development through investment in renewables.
 - Producing a report on Member State flexibilities under the Effort Sharing Decision on greenhouse gas (GHG) emissions for DG CLIMA
 - Contributing to the work of civil society organisations on designing a LULUCF pillar that works for forests and climate.
 - Identifying options for promoting renewable energy while protecting the wider environment as part of debates around the future of renewable energy policy in Europe post 2020.
 - Contributing to research on the future of low carbon transport fuel policy in Europe.

- **Help to build a stronger case for the sustainable use of bio-resources in Europe, with particular reference to policies on bioenergy and the circular economy.**
 - Together with the Dutch government for their presidency, we organised workshops for “like minded” governments on resource efficiency and the circular economy.
 - Showing how the principle of “cascading” the use of materials such as wood through the economy could be applied in practice and supported through well directed policy
 - Publishing a framework for Member States to support business in improving its resource efficiency
 - Publishing a report commissioned by the UK Department of Business, Innovation and Skills on bio-economy strategies with a focus on waste resources.
 - Researching and proposing sustainability criteria for advanced biofuels as part of an exercise involving industry and green NGO stakeholders in Brussels (Biofrontiers group).
 - Engaging with the private sector regarding their role in the sustainable use of bio-resources in Europe to minimise risk of carbon debt
 - Identifying regulatory options for improving standards for water re-use.
 - Taking part in ACES – the Alliance for Circular Economy Solutions – a project, which aims to support progressive industry’s voice in the circular economy, focussing on decisions in the EU over the next two years.

- **Contribute to a stronger understanding of the role of policy in fostering a “green economy”.**
 - Working with DG Environment to produce new evidence and engage with relevant stakeholders and build civil society capacity on ecological tax reform in Europe
 - Starting a study for the Secretariat of the Pacific Community (SCP), entitled *Towards greener taxes and subsidies in Pacific Island Countries and Territories (PICTs)*.
 - Leading the Beyond GDP Initiative on behalf of the European Commission.
 - Continuing our research on Natural Capital and Ecosystem Accounting
 - Informing the way rural development policy (under CAP) is implemented to contribute to green economy goals by leading discussions with member State authorities and hosting a successful conference via the European Network for Rural Development (ENRD) Contact Point

- **Help to strengthen the focus of EU policy on the marine environment, notably with respect to reducing marine litter.**
 - Tackling marine litter has become a priority for the G20. Our contribution has been completing a project for UNEP under the title of “the socio-economics of marine litter”. It contains a large number of case studies from different parts of the world and examples of initiatives to reduce levels of pollution. This work fed into the 2nd United Nations Environmental Assembly (UNEA-2) that was held in Nairobi (Kenya) in May.
 - Working with DG environment to assess the benefits of establishing Marine Protected Areas and to improve their effectiveness through adequate policies.
 - Contributing to a Massive Open Online Course (MOOC) on Marine Litter.

- **Contribute to new thinking on the future of agricultural policy in Europe based on a strong analysis of the implementation of the 2013 CAP reform.**
 - Publishing the outcomes of our research on “results based payment systems” to manage biodiversity on farmland, along with guidance materials and an associated website.
 - Providing advice for the design of a pilot results-based agri-environment scheme for High Nature Value (HNV) farmland in Romania
 - Undertaking the first independent survey of how greening the CAP is progressing in a sample of nine Member States treatment and exploring new models of green delivery in agricultural policy.

- Leading the environmental analysis of a first year review of CAP implementation for DG Agriculture, which will help inform debates on the future of the CAP post 2020.
- Contributing to a centrally strategic report entitled “feeding the planet, energy for life”, which appeared in the autumn, under the name of Franz Fischler, the Chairman of the Milan Expo Scientific Committee.
- Building an inventory of existing soil policies in Europe and seeking ways of improving them, particularly in the light of the growing focus on carbon sequestration in climate policy.
- Researching how best to transform approaches to the management of agricultural and forest land to deliver enhanced environmental and social outcomes (PEGASUS project).

Objectives, aims and plans for future periods

The Institute plans to continue with its principal aims; to contribute to improved understanding, stronger analysis and better policy decisions relating to the environment in Europe in 2016/2017.

In addition, we have identified a number of challenges and debates that are likely to be of particular environmental significance in 2016/2017.

Our priorities are the following:

- To contribute to the development of an appropriate set of new EU policies addressing the climate and energy goals of the EU for the period post 2030, within the context of a just transition and interdependence with other SDGs and planetary boundaries.
- To examine and explain the environmental implications of the post-Brexit debates, engaging constructively in the debate, making the relevant evidence available and providing a perspective on the wider European impacts.
- To deepen the understanding of the health, jobs and related ecosystem service benefits of nature conservation, including protected areas in Europe and assess the policy implications and options.
- To analyse and increase understanding of the role of “economic instruments” in environmental policy and to promote best practice.
- To contribute to the evolution of measures that result in genuinely “better” regulation in Europe whilst maintaining environmental objectives.
- 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.
- To expand our international work (relevant processes and fora, EU relations with key regions on environmental issues), and develop a higher profile on trade-related aspects of environmental policy
- To deepen understanding of the role and implementation of policies affecting the quality and integrity of soils in Europe.
- 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.
- To contribute to the development of suitable policies to meet the goals of the circular economy in Europe, including those relating to biological materials and the bio-economy.
- To contribute to key debates on cross-cutting issues (implementing the Sustainable Development Goals implementation, Multiannual Financial Framework)
- Contribute to the analysis of issues associated with the UK’s referendum and subsequent decision to leave the EU, including those affecting the UK environment, and the more general impact on policymaking and on environmental outcomes in the whole of Europe.

Public Benefit

The Trustees confirm that they have complied with section 17 (5) of the Charities Act 2011 and have 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.

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 including the Director (Average annual 2015/16 Full Time Equivalents FTE: 25, 2014 / 2015 FTE: 25). 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 2015/16 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 continued 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.

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.

As the financial statements last period were prepared for an 18-month period direct comparisons with prior period figures are not quite as meaningful as usual. In addition, the provisions of the accounting standard FRS 102 have been adopted. Where appropriate, prior period figures have been adjusted to reflect the changes. The comparative figures shown below refer to the updated figures for the prior period.

Total gross income in the year to 30 June 2016 was £2,408,694 (18 months to 30 June 2015: £2,533,909). Total expenditure on activities in the period was £2,327,551 (18 months to 30 June 2015: £2,579,240). Before taking into account gains on foreign currency exchange, the Institute made a surplus in 2015/2016 of £81,143 (18 months to 30 June 2015: deficit £45,331). The gain on exchange 2015/2016 was £53,154 (18 months to 30 June 2015: loss on exchange £80,768). The value of the Euro rose markedly in the period against Sterling, particularly as a result of the UK referendum decision. Many IEEP projects were denominated in Euros and so the consequent impact on Sterling results was considerable.

The share of the RURANET surplus was £20,214 (2014/2015 restated as nil, now 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 gains and losses on foreign exchange was net income of £134,297 (18 months to 30 June 2015: net expenditure £126,099).

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

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 limit IEEP from the most serious effects of this volatility. Exchange movements are regularly monitored by the Finance Committee.

At 30 June 2016, after adding foreign exchange gains of £53,154, total funds stood at £728,161 (30 June 2015: £593,864). 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 commitment is the lease on its London office which runs until a break clause in 2017.

Assets were held on behalf of one group of organisations as lead partner of a Horizon 2020 project, at 30 June 2016 £51,051 (30 June 2015: £43,435). No assets were held on behalf of any other charity or Trustee at 30 June 2016 (30 June 2015: nil). There have been no significant changes in accounting policy in the period except for the adoption of the requirements of FRS 102; further details are shown in the notes to the financial statements. The financial statements now incorporate the relevant share of the new 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.

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 £820,000, excluding designated reserves and net fixed assets, would be a reasonable target appropriate to the current scale of the Institute's activities. £820,000 represents approximately six months cover for forecast operating costs, excluding direct project costs, based on the 2016/17 budget.

At 30 June 2016, total funds were £728,161 (30 June 2015: £593,864). Of this £5,000 were designated for the costs which may arise on termination of the London and Brussels leases, £20,000 designated for exchange movements and £22,813 (2015: £39,416) were committed to fixed assets, leaving £680,348, broadly equivalent to 5 months expenditure cover based on 2016/17 budget, (2015: £524,448 and 4.4 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. However, further increases in future are necessary to reach the target reserve level of six months operating costs. The Trustees and staff are committed to increasing the reserves to the target level and 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 and by taking other measures to secure exchange rates in advance where this is felt to be prudent.

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 2016, 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	Implementation of Board Europeanisation strategy, including bolstering presence in Belgium and other Member States
Potential 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.
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
Potentially reduced payment or claw-back of certain funders.	Well understood and implemented internal control procedures to minimise risk of penalties or clawback. Reduction of value of work performed under the most onerous contracts
Recruitment and retention of suitably qualified staff	Ensuring work remains interesting and influential and that staff are encouraged to develop their skills. A well-established promotion procedure is in place for all staff.
Currency risks	Where possible, matching income and costs to currency of contract and using financial instruments to mitigate impact of major currency movements.
Loss of influence	Increasing communication of IEEP's work with existing customers and partners. Continuing to engage with major policy implementers, providing them with unbiased, evidence-based studies.

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 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 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 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.

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

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
 - Ralph Hallo * Retired 12 January 2017
 - Sir John Harman (Chair)
 - Patricia Henton *
 - Dr Christian Hey
 - Dr Caroline Jackson Retired 10 December 2015
 - Paul Meins *
 - Derek Osborn CB
 - Sir Graham Wynne
 - Herman Wolters Appointed 27 November 2016
- * Finance Committee Member. Finance Committee Chair was Paul Meins.

Officers

Executive Director of the Institute Céline Charveriat from 2 June 2016 (initially jointly with David Baldock)
Director of the Institute David Baldock retired 15 July 2016
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 continue to have a joint venture – “Alliance Environment”, owned jointly with a French partner, Oréade-Brèche.

We continued with the joint venture “RURANET EEIG”, owned jointly with three other partners.

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 2015/16:

- European Climate Foundation

- Callouste Gulbenkian Foundation and
- An individual donor

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.

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.

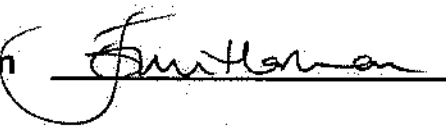
Auditor

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: 25 Feb 2017

Independent Auditor's 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 30th June 2016 which comprise the Statement of Financial Activities; the Balance Sheet; the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 which 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 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 Auditor

The trustees are also the directors of the Institute for European Environmental Policy, London for the purposes of company law. As explained more fully in the Statement of Trustees' Responsibilities set out in the Trustees' Report, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

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 2016 and of its incoming resources and application of resources, including 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;

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

Opinion on other matter 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. Also, in our opinion, in the light of the knowledge and understanding of the charitable company obtained in the course of the audit, we have identified no material misstatements in the trustees' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of trustees' remuneration specified by law are not made;
- 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 or take advantage of the small companies exemption in preparing the Trustees' Annual Report and take advantage of the small companies exemption from the requirement to prepare a strategic report.



Edward Finch, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London EC2V 6DL

Date: 14/3/17

Institute for European Environmental Policy, London
Statement of Financial Activities
(Incorporating the Summary Income and Expenditure Accounts)
For the year ended 30 June 2016

	Note	Unrestricted Funds £	Restricted Funds £	Total 12 months to 30.06.2016 £	Total 18 months to 30.06.2015 £
Income from:					
<i>Investments:</i>					
Interest received		117	-	117	1,175
Income received from joint venture	18	20,214	-	20,214	-
Income from property (surplus space)		27,132	-	27,132	48,776
<i>Charitable Activities:</i>					
Grants and donations	2	31,250	263,149	294,399	440,282
Research projects		2,049,641	-	2,049,641	2,027,539
Other income		17,191	-	17,191	16,137
Total Income		2,145,545	263,149	2,408,694	2,533,909
Expenditure on:					
<i>Raising funds</i>					
Property rental costs		27,132	-	27,132	48,776
<i>Charitable Activities:</i>					
Research Projects	3	2,037,270	263,149	2,300,419	2,530,464
Total Expenditure	3	2,064,402	263,149	2,327,551	2,579,240
Net Income / (Expenditure)		81,143	-	81,143	(45,331)
Other recognised gains and losses					
Net gains / (losses) on foreign exchange	3	53,154	-	53,154	(80,768)
Net Income/ (Expenditure) and net movement in funds for the year		134,297	-	134,297	(126,099)
Reconciliation of funds:					
Total Funds Brought Forward at 01.07.2015	13,14	593,864	-	593,864	719,963
Total Funds Carried Forward at 30.06.2016	13,14	728,161	-	728,161	593,864

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 20 to 32 form part of these Financial Statements.

Details of comparative information split between funds is given on page 32.

Institute for European Environmental Policy, London

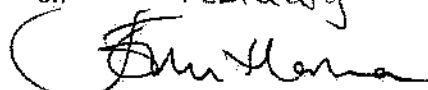
Balance Sheet as at 30 June 2016

	Note	As at 30.06.2016 £	As at 30.06.2016 £	As at 30.06.2015 £	As at 30.06.2015 £
Tangible Fixed Assets	7		22,813		39,416
Current Assets					
Debtors	8	1,080,806		777,820	
Cash at bank	9	<u>585,858</u>		<u>449,183</u>	
Total current assets		1,666,664		1,227,003	
Liabilities:					
Creditors: Amounts falling due within one year	10	<u>(925,169)</u>		<u>(641,800)</u>	
Net Current Assets			<u>741,495</u>		<u>585,203</u>
Provision for liabilities and charges					
Provisions for amounts that may result in present obligations as a result of past events	11		<u>(36,147)</u>		<u>(30,755)</u>
Total net assets			<u><u>728,161</u></u>		<u><u>593,864</u></u>
The funds of the charity:					
Unrestricted Funds	13		<u>728,161</u>		<u>593,864</u>
Restricted Funds	14		<u>-</u>		<u>-</u>
Total charity funds			<u><u>728,161</u></u>		<u><u>593,864</u></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 *25 February* 2017 and signed on its behalf by:



Sir John Harman
Chair

The notes on pages 20 to 32 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 2016

Statement of cash flows	12 months to 30.06.2016	18 months to 30.06.2015
Net cash provided by (used in) operating activities A	43,995	(258,243)
Cash flows from investing activities:		
Interest, joint venture income and rents from investments	47,463	49,951
Purchase of fixed assets	<u>(7,937)</u>	<u>(27,536)</u>
Net cash provided by (used in) investing activities	39,526	22,415
Change in cash and cash equivalents	<u>83,521</u>	<u>(235,828)</u>
Cash and cash equivalents brought forward	449,183	765,779
Change in cash and cash equivalents due to exchange rate movements	53,154	(80,768)
Cash and cash equivalents carried forward note 9	<u><u>585,858</u></u>	<u><u>449,183</u></u>
	12 months to 30.06.2016	18 months to 30.06.2015
A Net movement in funds	134,297	(126,099)
Net (gains) losses on foreign exchange	(53,154)	80,768
Depreciation	24,540	38,758
Net income from joint venture	(20,214)	-
(Increase) decrease in debtors	(302,986)	(3,682)
Increase (decrease) in creditors	283,369	(113,763)
Increase (decrease) in provisions	5,392	(87,245)
Loss on disposal of fixed assets	-	2,971
Interest received	(117)	(1,175)
Income from property	<u>(27,132)</u>	<u>(48,776)</u>
	<u>43,995</u>	<u>(258,243)</u>

The notes on pages 20 to 32 form part of these Financial Statements.

Institute for European Environmental Policy, London

Notes to the Financial Statements

For the year ended 30 June 2016

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 date of transition to FRS 102 was 1 January 2014. The end of the accounting reference date in respect to the charity's last annual financial statements determined in accordance with the previous financial reporting framework was 31 December 2014. This is the first set of the charity's Financial Statements prepared in accordance with the Charities SORP FRS 102.

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 2017, 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 recent referendum decision in the United Kingdom regarding membership of the European Union.

Institute for European Environmental Policy, London
Notes to the Financial Statements
For the year ended 30 June 2016

Reconciliation with previous Generally Accepted Accounting Practice

In preparing the financial statements, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102, a restatement of comparative items was needed.

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. In the previous set of Financial Statements, the joint venture was accounted for under the gross equity method. This option is no longer available under FRS 102.

In accordance with the requirements of FRS 102 a reconciliation of the opening balances and net income for the year is provided with the net income under previous GAAP adjusted for the presentation of investment gains as a component of reported net income, and the recognition of an accrual for employee benefit and the change in presentation of Joint Venture profit share:

Reconciliation of reported net income 18 months to 30.6.2015	2015
	£
Net income as previously stated	(92,484)
Recognition of accrual for employee benefits	(11,863)
Recognition of Joint venture profit share changing from the gross equity method to cash received basis	<u>(21,752)</u>
2015 net income as restated	<u>(126,099)</u>

As required by section 35 of FRS 102, the final balance sheet for 2015 has been restated as if FRS 102 were in force at the beginning of the previous accounting period. The reconciliation for 2015 has been shown in order to demonstrate the effect of the change in reporting framework for the opening balances as at 1 January 2014.

	2015	2014
	£'000	£'000
Total funds as previously stated	664,512	756,996
Effect of transitional adjustment (employee benefits)	(48,896)	(37,033)
Effect of transitional adjustment (Joint venture profit share)	<u>(21,752)</u>	-
	<u>593,864</u>	<u>719,963</u>

Institute for European Environmental Policy, London

Notes to the Financial Statements

For the year ended 30 June 2016

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.

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.

Institute for European Environmental Policy, London
Notes to the Financial Statements
For the year ended 30 June 2016

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 2016

2 Grants and Donations Receivable

	Donations Unrestricted £	Grants Restricted £	Year to 30.06.2016 £	18 months to 30.06.2015 £
European Commission various Grants	-	245,573	245,573	392,187
Esmée Fairbairn Foundation	-	-	-	28,671
European Climate Foundation	-	10,096	10,096	15,684
Callouste Gulbenkian	-	7,480	7,480	3,740
Others	31,250	-	31,250	-
	<u>31,250</u>	<u>263,149</u>	<u>294,399</u>	<u>440,282</u>

3 Total Expenditure

	Direct Project Costs £	Staff Costs £	Other Costs £	Year to 30.06.2016 Total £	18 months to 30.06.2015 Total £
Costs of raising funds: in respect of property income	-	-	27,132	27,132	48,776
Costs of charitable activities in furtherance of the objects:					
Grants	41,299	179,830	42,020	263,149	440,282
Projects	855,678	930,038	175,623	1,961,339	1,991,909
Support costs	-	49,748	26,183	75,931	98,273
<i>Sub Total expenditure on charitable activities</i>	<i>896,977</i>	<i>1,159,616</i>	<i>243,826</i>	<i>2,300,419</i>	<i>2,530,464</i>
	<u>896,977</u>	<u>1,159,616</u>	<u>270,958</u>	<u>2,327,551</u>	<u>2,579,240</u>

(note 4)

Institute for European Environmental Policy, London
Notes to the Financial Statements (continued)
For the year ended 30 June 2016

3 Total Expenditure (continued)

Other Costs include	Costs of raising funds	Projects	Support	Year to 30.06.2016 Total	18 months to 30.06.2015 Total
	£	£	£	£	£
Property occupancy costs:					
- operating leases	19,204	55,671	3,356	78,231	112,436
- other	8,230	43,293	2,951	54,474	66,604
Staff planning days	-	-	-	-	-
Telephone, postage, copying and stationery:					
- operating leases	-	-	-	-	534
- other	(302)	41,741	-	41,439	56,219
Auditors remuneration:					
- current year	-	-	9,000	9,000	8,000
- in respect of prior year	-	-	2,650	2,650	200
- accountancy and other assurance services	-	-	-	-	(3,700)
Payroll services	-	1,502	-	1,502	4,385
Legal and professional	-	-	-	-	1,804
Depreciation	-	23,486	1,053	24,539	38,758
Loss on disposal of fixed assets	-	-	-	-	2,971
IT and computer support	-	26,381	1,183	27,564	36,544
Irrecoverable VAT	-	257	-	257	10,605
Other costs	-	25,312	5,990	31,302	43,949
Total other costs	27,132	217,643	26,183	270,958	379,309

Institute for European Environmental Policy, London
Notes to the Financial Statements (continued)
For the year ended 30 June 2016

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 30.06.2016 Total £	18 months to 30.06.2015 Total £
Nature of expenditure	Allocation basis		
Staff salaries and pensions	Estimate of staff time	-	-
Property occupancy costs	Actual and estimated use	27,434	49,321
Services and other operating expenses	Actual and estimated use	(302)	(545)
Total		27,132	48,776

<u>Grant and Project expenditure and basis of allocation</u>		Year to 30.06.2016 Total £	18 months to 30.06.2015 Total £
Nature of expenditure	Allocation basis		
Staff salaries and pensions	Estimate of staff time	1,109,868	1,647,939
Property occupancy costs	Pro rata to staff cost allocation	98,964	121,715
Services and other operating expenses	Actual and estimated use	93,691	141,268
Professional fees	Actual and estimated use	1,502	2,489
Depreciation and loss on disposal	Pro rata to staff cost allocation	23,486	39,943
Total costs allocated		1,327,511	1,953,354
Direct project costs		896,977	478,837
Total resources expended on research projects		2,224,488	2,432,191

<u>Support expenditure and basis of allocation</u>		Year to 30.06.2016 Total £	18 months to 30.06.2015 Total £
Nature of expenditure	Allocation basis		
Staff salaries and pensions	Estimate of staff time	49,748	73,155
Property occupancy costs	Pro rata to staff cost allocation	6,307	8,004
Services and other operating expenses	Actual and estimated use	7,173	7,128
Professional fees	Actual cost main audit and governance	11,650	8,200
Depreciation and loss on disposal	Pro rata to staff cost allocation	1,053	1,786
Total		75,931	98,273

<u>Other recognised gains and losses</u>		Year to 30.06.2016 Total £	18 months to 30.06.2015 Total £
Gains /(losses) on foreign exchange		53,154	(80,768)

Institute for European Environmental Policy, London
Notes to the Financial Statements (continued)
For the year ended 30 June 2016

4 Employee information	Headcount		Full time equivalents	
	Year to 30.06.2016 No.	18 months to 30.06.2015 No.	Year to 30.06.2016 No.	18 months to 30.06.2015 No.
The average number of employees (Full time equivalents) during the period was:				
Director, management, research and writing	22	32	18	20
Finance and administration	7	5	7	5
	<u>29</u>	<u>37</u>	<u>25</u>	<u>25</u>
		Year to 30.06.2016	18 months to 30.06.2015	
The total costs of these employees were:		£	£	
Wages and salaries		969,897	1,424,538	
Social Security costs		134,151	211,797	
Pension		50,490	75,046	
		<u>1,154,538</u>	<u>1,711,381</u>	
Other staff costs		5,078	9,713	
Total staff costs		<u>1,159,616</u>	<u>1,721,094</u>	
		Year to 30.06.2016 No.	18 months to 30.06.2015 No.	
Number of employees who received annualised emoluments in the ranges between :				
£60,001 and £70,000		-	1	
£70,001 and £80,000		-	1	
£80,001 and £90,000		1	-	

The figures for the period of 18 months to 30.6.2015 has been adjusted to reflect the annualised emoluments of the staff rather than showing the totals for 18 months

Pension contributions in the year to 30.06.2016 for higher paid employees were nil (18 months to 30.06.2015: £12,539 of pension contributions were made during the period in relation to one of the higher paid employee).

Total remuneration (including pensions costs) of the key management team comprising the Executive Director and the Executive Management Group were: year to 30.06.2016 £ 415,789 (18 months to 30.6.2015 £ 590,540).

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 £6,548 (18 month period to 30.06.2015 - expenses relating to 9 Directors £4,380). 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 £
Cost	
Brought forward at 1 July 2015	155,987
Additions	7,937
Disposals	<u>(7,567)</u>
Carried forward at 30 June 2016	<u>156,357</u>
Depreciation	
Brought forward at 1 July 2015	116,571
Charge for the year	24,540
Eliminated on Disposal	<u>(7,567)</u>
Carried forward at 30 June 2016	<u>133,544</u>
Net Book Value	
At 30 June 2016	<u>22,813</u>
At 30 June 2015	<u>39,416</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 2016

	As at 30.06.2016	As at 30.06.2015
	£	£
8 Debtors		
Trade debtors	213,771	64,146
Prepayments and accrued income	846,250	622,637
Cash advance to joint venture	-	70,960
Other debtors	20,785	20,077
	<u>1,080,806</u>	<u>777,820</u>
All amounts fall due within one year.		
9 Cash at Bank	As at 30.06.2016	As at 30.06.2015
	£	£
Bank	585,858	449,183
	<u>585,858</u>	<u>449,183</u>
10 Creditors: Amounts falling due within one year	As at 30.06.2016	As at 30.06.2015
	£	£
Trade creditors	80,318	153,336
Taxation and Social Security	5,948	25,496
Holiday pay accruals	64,118	48,896
Amounts held for Third Parties (see note 16)	51,051	43,435
Rent deposits	3,189	3,809
Deferred income (see below)	233,093	325,583
Accruals	487,452	41,245
	<u>925,169</u>	<u>641,800</u>
<u>Deferred income</u>	As at 30.06.2016	As at 30.06.2015
	£	£
Balance brought forward:		
Research projects	1,236	78,321
Grants and donations	324,347	272,533
Released in the year	(325,583)	(350,854)
Deferred in the year:		
Research projects	35,757	1,236
Grants and donations	197,336	324,347
Balance carried forward	<u>233,093</u>	<u>325,583</u>
11 Provision for liabilities and charges	As at 30.06.2016	As at 30.06.2015
	£	£
Provisions brought forward at 01.07.2015	30,755	118,000
Increase / (decrease) in provision during the period	5,392	(87,245)
Provisions carried forward at 30.06.2016	<u>36,147</u>	<u>30,755</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 2016

12 Financial Commitments

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

	As at 30.06.2016	As at 30.06.2015	As at 30.06.2016	As at 30.06.2015
Property and equipment leases due to end in:				
	Property	Property	Equipment	Equipment
	£	£	£	£
Up to one year	49,530	23,821	-	450
One to five years	-	89,766	-	-

13 Unrestricted Funds

	Balance at 01.07.2015	Income & other gains	Expenditure	Funds transfers	Balance at 30.06.2016
	£	£	£	£	£
Unrestricted Reserves	563,864	2,145,545	(2,064,402)	58,154	703,161
Designated Foreign Exchange Fund	20,000	53,154	-	(53,154)	20,000
Designated Premises Fund	10,000	-	-	(5,000)	5,000
Total Unrestricted Funds	593,864	2,198,699	(2,064,402)	-	728,161

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 30.06.2016 is £20,000

Designated Premises Fund

The obligations that may arise under the Brussels lease have been agreed to be nil following the exercise of the break clause at 31.12.2014. The London office lease has a break clause in 2017. The designation has been reduced to £5,000 for both premises. This 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 2016 (30 June 2015: £nil).

Institute for European Environmental Policy, London
Notes to the Financial Statements (continued)
For the year ended 30 June 2016

15 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 the 30 June 2016 company had 8 members (30 June 2015: 9). The company is a registered charity number 802956.

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 2016 was £ 51,051 (30.06.2015: £43,435)

	£
Balance held at 1 July 2015	
Funds received in the period	43,435
Disbursements made	-
Revaluation to year end exchange rate for balance held in Euros	<u>7,616</u>
Balance held at 30 June 2016 (included in bank and in other creditors)	<u><u>51,051</u></u>

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 £50,490 (18 month period to 30.06.2015: £ 75,046).

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 loss for the year is £274 (18 months to 30.06.2015: £532) 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 2016

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 2016 are as follows:

Profit and loss account

	Total Year ended 30 June 2016	IEEP's share for Period 25%	Total 18 month Period ended 30 June 2015	IEEP's share for Period 25%
	£	£	£	£
Turnover	2,331,025	582,756	2,168,808	542,202
Cost of sales	<u>(2,044,476)</u>	<u>(511,119)</u>	<u>(1,969,623)</u>	<u>(492,406)</u>
Gross profit	286,549	71,637	199,185	49,796
Administration expenses	<u>(136,525)</u>	<u>(34,131)</u>	<u>(112,176)</u>	<u>(28,044)</u>
Profit on ordinary activities before tax	150,024	37,506	87,009	21,752
Taxation	-	-	-	-
Profit on ordinary activities after tax	<u>150,024</u>	<u>37,506</u>	<u>87,009</u>	<u>21,752</u>

Balance sheet

	Total Year ended 30 June 2016	IEEP's share for Period 25%	Total 18 month Period ended 30 June 2015	IEEP's share for Period 25%
	£	£	£	£
Fixed assets	40,851	10,212	46,569	11,642
Current assets	1,232,544	308,136	1,156,993	289,248
Creditors falling due within one year	<u>(1,273,395)</u>	<u>(318,348)</u>	<u>(1,203,562)</u>	<u>(300,890)</u>
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 £21,143 (30 June 2015: nil) treated as part of the gains and losses on exchange

The financial instruments related to forward contracts to sell Euros at certain rates within a specified time window of less than one year.

Institute for European Environmental Policy, London
Notes to the Financial Statements (continued)
For the year ended 30 June 2016

Institute for European Environmental Policy, London
Statement of Financial Activities
(Incorporating the Summary Income and Expenditure Accounts)
For the 18 month period ended 30 June 2015

21 Prior Period movements in funds	Note	Unrestricted Funds £	Restricted Funds £	Total 18 months to 30.06.2015 £
Income from:				
<i>Investments:</i>				
Interest received		1,175	-	1,175
Income received from joint venture	18	-	-	-
Income from property (surplus space)		48,776	-	48,776
<i>Charitable Activities:</i>				
Grants and donations	2	-	440,282	440,282
Research projects		2,027,539	-	2,027,539
Other income		16,137	-	16,137
		<u>2,093,627</u>	<u>440,282</u>	<u>2,533,909</u>
Total Income		<u>2,093,627</u>	<u>440,282</u>	<u>2,533,909</u>
Expenditure on:				
<i>Raising Funds:</i>				
Property rental costs		48,776	-	48,776
<i>Charitable Activities:</i>				
Research projects	3	2,090,182	440,282	2,530,464
		<u>2,138,958</u>	<u>440,282</u>	<u>2,579,240</u>
Total Expenditure	3	<u>2,138,958</u>	<u>440,282</u>	<u>2,579,240</u>
Net (Expenditure) / Income		(45,331)	-	(45,331)
Other recognised gains and losses				
Net (losses)/gains on foreign exchange	3	<u>(80,768)</u>	-	<u>(80,768)</u>
Net (Expenditure) / Income and net movement in funds for the year		(126,099)	-	(126,099)
Reconciliation of funds:				
Total Funds Brought Forward at 01.01.2014		<u>719,963</u>	-	<u>719,963</u>
Total Funds Carried Forward at 30.06.2015	13,14	<u><u>593,864</u></u>	<u><u>-</u></u>	<u><u>593,864</u></u>

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

A reconciliation of movements in reserves, having adopted FRS 102, to reserves previously stated is included in note 1 to the Financial Statements