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 **Kingston Smith**
Chartered Accountants

31/12/04

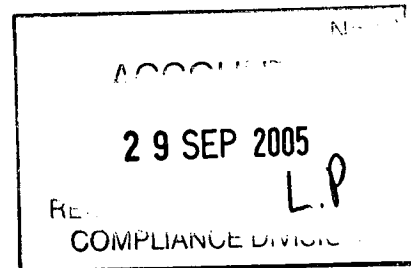


Institute ^{for}
**European
Environmental
Policy**

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

Company No. 2458951

Charity No. 802956



FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST DECEMBER 2004

Institute for European Environmental Policy, London

Trustees' Report

The Institute is a charity and a registered not-for-profit company limited by guarantee and, as such, is governed by its Memorandum of Understanding and Articles of Association. The Directors, who are also the charitable Trustees, present their annual report together with the audited financial statements for the year ended 31 December 2004, which have been prepared in accordance with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice for Charities (SORP 2000).

Objects and Policies of the Charity

The objects of IEEP are to advance the education of the public in the protection of the environment in the continent of Europe, 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 the provision of advisory services and preparation of commissioned reports, organising conferences and training courses, and by publishing manuals and other books, reports, articles and newsletters, utilising both digital and paper media. Offices are maintained in London and Brussels, and the Institute has associate colleagues and functional links with similar institutions across Europe.

The Trustees appoint the Director who is responsible for selecting other staff and for the day to day management of the charity. The Trustees also appoint the Company Secretary.

Review of the Year

During 2004, the number of research staff, in addition to the Director, grew from 16 to 20 and the number of administrative staff grew from three to four with the addition of a new finance post at the end of the year. Associates and an honorary fellow also contributed to the Institute's work throughout the year, working closely with research staff on a number of projects. Whilst the Institute is not dependent on unpaid volunteers, we welcomed a number of interns throughout 2004 who assisted us on a variety of projects and tasks.

Activities continued to expand during the year. Total income increased from £1,120,204 in 2003 to £1,387,897 in 2004. With total expenditure increasing from £1,154,471 to £1,310,378, the Institute made a surplus in 2004 of £81,126. Unrestricted reserves therefore stand at £351,596 at 31 December 2004.

The Institute continued to settle into and enjoy the benefits of its new London office, bordering St James' Park. The Brussels office, now in its third full year of operation, continues to go from strength to strength, growing in numbers and influence. A number of valuable reports were written by its staff during the year, and assistance was given with the holding of a number of conferences and workshops in Brussels at the end of 2004, notably the FISH CFP Conference in November.

The Institute continued to develop a range of different activities in pursuit of our core objectives during 2004. Our primary focus remains on EU policy in a broad sense, taking account of both the international setting and the major role of national and regional actors in determining the environmental outcome on the ground. With the increasing complexity of EU affairs, and the enlargement of the Union in May 2004, there is a growing need for explanation, interpretation and analysis of policy decisions affecting the environment in Europe. With others, we have sought to contribute creative and challenging ideas for meeting pressing environmental problems on both a national and a wider European scale.

There were approximately one hundred projects attracting funding for the Institute in 2004, in addition to which we produced a variety of pro bono papers and contributed to a number of activities and minor projects. The Institute worked hard to increase the range and depth of our audience and to engage a broader spectrum of stakeholders. Plans for a major re-development of the website began during the year, with a redesign to be completed in 2005.

Integrating the environment into other policy areas continues to be a priority for the Institute, and essential for establishing progress towards sustainability. Large projects for both the EEA and the Danish EPA on policy integration gave us a high level of exposure to some of the key issues, including the mechanisms needed to take forward the EU Sustainable Development Strategy, which was reviewed during the year. We contributed to the review both directly through meetings at the Economic and Social Committee in Brussels and via some of our projects. We paid increasing attention to the theme of 'sustainable production and consumption' which lies at the heart of the internal dimension of the SDS.

Institute for European Environmental Policy, London

Trustees' Report (Continued)

Review of the year (continued)

With a new emphasis on competitiveness, some of our work on more novel forms of EU environmental regulation and intervention was particularly relevant. The 'European Environmental Technology Action Plan' launched early in 2004 will be one of the major European initiatives on the environment over the next few years and we were pleased to begin work on a new DG Research project intended to contribute directly to it. A second DG Research project over two years will focus on 'integrated assessment', regarded as an important new tool for importing sustainability into EU policy. Another shorter term project for Defra examining the first generation of EU integrated assessments was a path finding study attracting considerable interest amongst policy makers including MEPs. It helped to strengthen the agenda on how the system should work.

We were given an opportunity to air our views on the future of EU environment policy by the All Party Parliamentary Environment Group in Westminster in November. Our report looked at the main environmental challenges and opportunities faced by the EU, not least enlargement, growing scepticism about regulation and the weight given to economic competitiveness rather than sustainability. It also reviewed the new institutions and personalities taking over key roles in Brussels. The report highlights the need to keep up momentum on environment policy and attracted some modest media attention. It will be a useful platform for our work in 2005.

We continued to produce weekly briefing notes for the benefit of environment agencies and were pleased to have a continued relationship with the Joint Nature Conservation Committee (JNCC) and the Countryside Agency, as well as a new agreement with the Energy Savings Trust.

We organised three conferences during the Autumn, on the Common Fisheries Policy (CFP), European waste policy and cross compliance under the CAP. All attracted a high level of support and were successful in their objectives. We also held a major conference on the future of sustainable fisheries in Brussels in November with support from the Commission, and with a Dutch Minister in attendance.

The Dutch presidency was actively engaged in the CFP conference and we contributed to three major events convened by the Dutch during their tenure of the presidency, which began on July 1st. One of these was a high level conference of environment agencies led by the Dutch Environment Ministry in October. This brought together a range of issues on the future of industrial environmental regulation, which the Ministry fed into the deliberations of the Environment Council in December. The Institute also provided background material and a presentation at a conference led by the Dutch Finance Ministry in October. This examined different items of EU legislation and their impact on business, particularly the administrative burden. Our focus was on IPPC where the burden did not seem disproportionate.

Climate change increasingly emerged as the most prominent issue on the EU as well as the domestic environmental agenda and will be central to the UK's leadership of G8 and the EU during 2005. The Institute created a new post of Research Fellow for Climate Change in 2004 in response to the growing prominence of the issue. The increasing volume of work in this area during 2004 included work on the prospects for and merits of liquid biofuels for transport in the UK, the operation of the new EU emissions trading scheme and alternative policy instruments in the UK, best practice in emissions trading amongst IMPEL members (agencies concerned with pollution control in the EU), and evaluation of the EU SAVE energy conservation programme. A major agriculture policy project funded by DG Research got underway examining ways of incorporating EU commitments under the Kyoto Protocol and the Convention on Biodiversity in the CAP.

We benefited from a second year of support for work on sustainable mobility from the Volvo Foundation. The Transport and Climate team has been active in submitting evidence to House of Commons enquiries on future vehicle technology and EU competence and transport policy. Evidence was also submitted to the recently initiated House of Lords enquiry on EU climate change policy – in parallel the Chairman organised a lunch with the new Chair of the Committee, Lord Renton. Vehicle emissions continues to be a strong theme and two new projects for the Commission have started addressing different aspects of the EU strategy for reducing CO2 emissions from the transport sector. On the other hand, emissions from railways in the UK attracted media attention, with Malcolm Fergusson appearing on the BBC Today programme and being extensively quoted in the Observer.

Institute for European Environmental Policy, London

Trustees' Report (Continued)

Review of the year (continued)

Our current Esmée Fairbairn Foundation funding for fisheries work will end in Spring 2005. An independent external review of the first year was both positive and insightful. One of the more novel initiatives for the Institute was the launch of 'Inshore Roundup', a project to encourage exchange and the flow of news in the fragile but more environmentally sensitive inshore fishing fleet. This works through both the IEEP website and regular space in the industry's main journal, 'Fishing News'. A new Fellow in Biodiversity and Nature Conservation was recruited at the end of the year to further extend and consolidate work in this area previously undertaken by a number of staff.

The Agriculture team completed a raft of projects during the year and contributed to the continuing discussion on CAP reform and the revival of rural development policy. Agriculture policy remained remarkably dynamic as important decisions were made about how to implement the Mid Term Review of the CAP. A new Research Fellow joined the team early in the year, initially as a maternity cover post, but subsequently permanently. The Institute focused strongly on cross compliance with a useful combination of EU level and England focused projects on the topic, including a major series of EU workshops. The team helped the Dutch Presidency to organise an event in Riga on land abandonment in Central and Eastern Europe and policies for addressing it. We brought to a conclusion a series of other projects in Central and Eastern Europe. A study in Croatia, largely carried out by a local team, seems to have made a significant impact, with the President giving his blessing for an agri-environment initiative. Work on biofuels and their environmental impact and on the future of hill farming in the UK were other important themes for the year.

Financial affairs

The Institute's funds have been applied in furtherance of the company's objects, detailed above. Its assets are held for the efficient operation of the company and there is no difference in value from that shown in the accounts.

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 accounts, the Institute's only significant outstanding commitments are the lease on its new London office which runs until October 2008, and the lease on its office in Brussels which runs until 2010. During the year the Institute concluded long running negotiations concerning the amount owing to the landlords of our previous London office in relation to our occupation, with a fair and final settlement.

There have been no changes in accounting policy and the charity has no subsidiary or associated undertaking.

No assets are held on behalf of any other charity or trustee.

The charity obtains the majority of its income from public sector organisations in European countries, including the UK, and is not financially dependent on the support of any particular individuals or organisations.

Reserves policy and risk management

Reserves are necessary for a number of reasons, and in particular as a buffer against fluctuations in cashflow, and to guard against the risk of a significant bad debt. The Trustees consider that unrestricted funds (free reserves) within the range £350,000-£400,000 would be prudent at the current scale of the Institute. Significant progress was made towards this goal in 2004, but with free unrestricted funds, after funds committed to fixed assets and designated funds, of £303,993 at the year end, a modest further increase in the future is therefore necessary to achieve the target.

A risk assessment exercise encompassing the strategic direction, operations, finances and staffing of the Institute has been carried out and reviewed by the Trustees, who are satisfied that systems are in place to mitigate the Institute's exposure to the major risks it faces. The Trustees are also aware that developing a thorough assessment of risk is an ongoing exercise and that further reviews will be required in future.

Institute for European Environmental Policy, London

Trustees' Report (Continued)

Legal and administrative information

Directors/Trustees

Gathorne, Earl of Cranbrook (Chairman)
Gareth Bendon (re-appointed 14 April 2003)
Sir Ken Collins
Dr Caroline Jackson, MEP
Derek Osborn, CB
Fiona Reynolds, CBE
Judith Ward

In accordance with the Articles of Association, Trustees/Directors are appointed by applying in writing to become members of the company, and an ordinary resolution is submitted to the Board to appoint them as Director, both of which proposals are voted upon by simple majority at the next meeting of the Board. Board Directors automatically become the charity's Trustees on appointment. Trustees/Directors serve for 6 years, and are eligible for re-appointment.

The Remuneration Committee, chaired by Gareth Bendon, which also includes the Earl of Cranbrook and Ms Ward, met once during the year. The Committee makes recommendations to the Board on staff remuneration each year. In the first half of 2005 the Remuneration Committee was absorbed into a new Board Finance Committee, which has an expanded membership and remit to maintain an overview of the financial operations and financial management of the Institute. It will provide help and advice for the Director, and have a duty to ensure the Institute's compliance with the relevant Charity Accounting obligations.

Registered Office

28 Queen Anne's Gate, London, SW1P 9AB

Bankers

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

Solicitors

Bates, Wells and Braithwaite, Cheapside House, 138 Cheapside, London EC2V 6BB

Auditors

Kingston Smith, Devonshire House, 60 Goswell Road, London EC1M 7AD

Relationships with Others

In the year IEEP London had two associate institutions - in Madrid (Instituto para la Política Ambiental Europea) and Berlin (Ecologic). The Stichting voor Europees Milieubeleid (STEM), a foundation registered in the Netherlands, ensures the European mission of associated institutes within the IEEP family. STEM's present chairman is Nigel Haigh, OBE. With the deepening and strengthening of the individual organisations within the group, the role of STEM has become increasingly redundant in recent years, and in recognition of this steps were taken to begin the winding up of the foundation in 2005, in full consultation with all interested parties.

Much of our work is sponsored by other charities, and we are particularly grateful to the following for their support of our work during 2004:

Esmée Fairbairn Foundation
The Volvo Foundation
Royal Society for the Protection of Birds
World Wide Fund for Nature

Institute for European Environmental Policy, London

Trustees' Report (Continued)

Relationships with Others (continued)

Many projects were funded by the European Commission, the European Environment Agency, the UK Department for the Environment, Food and Rural Affairs, the UK Environment Agency, the UK statutory countryside agencies, the Organisation for Economic Co-operation and Development, the United Nations, the Danish Environmental Protection Agency and the Dutch Ministry of Agriculture, Nature Management and Fisheries. Their continued support is appreciated.

Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the income and expenditure of the company for that period. In preparing those financial statements, the Directors are required to follow best practice and:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company, and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention of fraud and detection of other irregularities.

Auditors

A resolution will be proposed at the Annual General Meeting that Kingston & Smith be re-appointed as auditors to the company for the coming year.

On behalf of the Board


Cranbrook

22 - 09 - 05
Date:

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

We have audited the financial statements of the Institute for European Environmental Policy, London for the year ended 31st December 2004 which comprise the Statement of Financial Activities, the Balance Sheet and related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the charity's trustees, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken for no purpose other than to draw to the attention of the charity's trustees those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charity and charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Trustees and Auditors

The Trustees' (who also act as Directors of the company for the purposes of company law) responsibilities for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the statement of Trustees' responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law regarding trustees' remuneration and transactions with the charitable company is not disclosed.

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

Basis of Opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the charitable company's affairs as at 31st December 2004 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Devonshire House
60 Goswell Road
London EC1M 7AD

Kingston Smith

Kingston Smith
Chartered Accountants
and Registered Auditors

Date: 26/09/2005

Institute for European Environmental Policy, London
Statement of Financial Activities
For the year ended 31st December 2004

	Note	Unrestricted Funds £	Restricted Funds £	Total 2004 £	Total 2003 £
INCOME AND EXPENDITURE					
Incoming Resources					
Activities in furtherance of the objects					
Grants and donations received	2	-	181,174	181,174	134,923
Movement in Deferred Income		-	(20,751)	(20,751)	(373)
Research projects		1,356,188	-	1,356,188	1,011,161
Movement in Deferred Income		(136,800)	-	(136,800)	(38,346)
Publications		69	-	69	201
Interest received		3,454	-	3,454	4,973
Other income		4,563	-	4,563	7,665
Total Incoming Resources		<u>1,227,474</u>	<u>160,423</u>	<u>1,387,897</u>	<u>1,120,204</u>
Charitable Expenditure					
Costs of activities in furtherance of the objects					
Projects		827,117	160,423	987,540	845,073
Support costs		199,199	-	199,199	221,693
Management and administration of the charity		123,639	-	123,639	87,705
Total Resources Expended	3	<u>1,149,955</u>	<u>160,423</u>	<u>1,310,378</u>	<u>1,154,471</u>
Net Income/(Expenditure) before gains and losses		77,519	-	77,519	(34,267)
Other recognised gains and losses					
Net gains/(losses) on foreign exchange		3,607	-	3,607	10,341
Net movement in funds for the year		81,126	-	81,126	(23,926)
Funds brought forward		<u>270,470</u>	<u>-</u>	<u>270,470</u>	<u>294,396</u>
Funds carried forward		<u><u>351,596</u></u>	<u><u>-</u></u>	<u><u>351,596</u></u>	<u><u>270,470</u></u>

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

Institute for European Environmental Policy, London

(Company limited by guarantee and not having a share capital)

Balance Sheet as at 31st December 2004

	Note	2004 £	2004 £	2003 £	2003 £
Tangible Fixed Assets	7		27,603		21,936
Current Assets					
Debtors	8	532,739		334,949	
Cash at bank		<u>452,546</u>		<u>214,449</u>	
		985,285		549,398	
Creditors: Amounts falling due within one year	9	<u>(661,292)</u>		<u>(300,864)</u>	
Net Current Assets			<u>323,993</u>		<u>248,534</u>
Total Assets			<u><u>351,596</u></u>		<u><u>270,470</u></u>
 Represented by					
Unrestricted Funds	11		351,596		270,470
Restricted Funds	12		<u>-</u>		<u>-</u>
			<u><u>351,596</u></u>		<u><u>270,470</u></u>

The financial statements were approved by the board on 22/09/2005
and are signed on its behalf by:



Cranbrook - Director

Institute for European Environmental Policy, London
Notes to the Accounts
For the year ended 31st December 2004

1 Accounting Policies

Basis of Accounting

The financial statements have been prepared under the historical cost convention. The financial statements are presented in accordance with the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities", the Companies Act 1985 and applicable accounting standards

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

Income Classification

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

Income Recognition

Revenue grants are accounted for when receivable. Income for core research projects is recognised as costs are incurred, surpluses are recognised on completion of the project; advance payments in respect of uncompleted projects are carried forward in the accounts as deferred income.

Expenditure

Expenditure is included in the financial statements when it is incurred.

Charitable expenditure, support costs and management and administration consist of direct costs, and staff and office costs allocated on the basis of staff time occupied.

Foreign Currencies

Transactions during the year in foreign currencies have been translated into sterling at the rate ruling at the date of the transactions. Provision is made for significant losses arising on overseas debtors at the period end as a result of currency fluctuations since the invoice date. All differences on exchange are reflected in the Statement of Financial Activities.

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 £250 are capitalised at cost.

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

Stocks

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

Fund Accounting

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor.

Unrestricted funds are funds which are available for use at the discretion of the trustees in furtherance of the general objects of the charity.

Institute for European Environmental Policy, London
Notes to the Accounts
For the year ended 31st December 2004 (Continued)

2	Grants and Donations Receivable	2004	2003
		£	£
	JNCC	4,000	2,000
	Esmée Fairbairn Foundation	68,000	67,500
	The Volvo Foundation	64,838	64,148
	BIM	6,500	-
	WWF	950	-
	The Fisheries Secretariat	21,886	-
	Green Alliance	15,000	-
	The Great Britain Sasakawa Foundation	-	1,275
		<u>181,174</u>	<u>134,923</u>

3	Total Resources Expended	Direct Project Costs £	Staff Costs £	Other Costs £	2004 Total £	2003 Total £
	Costs of activities in furtherance of the objects					
	Projects	352,936	634,604	-	987,540	845,073
	Support costs	-	44,725	154,474	199,199	221,693
	Management and administration	-	83,694	39,945	123,639	87,705
		<u>352,936</u>	<u>763,023</u>	<u>194,419</u>	<u>1,310,378</u>	<u>1,154,471</u>

(note 4)

Other Costs include	Support Costs £	Management & Admin £	2004 Total £	2003 Total £
Property occupancy costs	78,225	8,006	86,231	87,933
Office relocation costs	-	-	-	42,133
Telephone, postage and stationery	23,325	2,387	25,712	31,906
Auditors remuneration	-	5,194	5,194	3,750
Accountancy and payroll	-	6,630	6,630	3,175
Legal and professional	-	7,723	7,723	1,064
Depreciation	19,112	1,956	21,068	15,551
Computer costs	15,560	1,593	17,153	13,287
Other costs	18,252	6,456	24,708	15,441
	<u>154,474</u>	<u>39,945</u>	<u>194,419</u>	<u>214,240</u>

Institute for European Environmental Policy, London
Notes to the Accounts
For the year ended 31st December 2004 (Continued)

4	Employee information	2004	2003
		No.	No.
	The average number of employees during the period was:		
	Director, research, teaching and writing	20	17
	Secretarial and administration	<u>3</u>	<u>3</u>
		<u>23</u>	<u>20</u>
		2004	2003
	The total costs of these employees were:	£	£
	Wages and salaries	666,985	552,327
	Social Security costs	62,027	52,972
	Pension	<u>18,649</u>	<u>19,436</u>
		747,661	624,735
	Other staff costs	<u>15,362</u>	<u>7,969</u>
	Total staff costs per note 3	<u>763,023</u>	<u>632,704</u>

One employee received emoluments between £50,001 and £60,000 (2003 - 1).

5 Transactions with Directors

The Directors, who are also the Trustees for the charitable activities of the Institute, received no remuneration for services rendered during the year. Two directors were reimbursed for expenses incurred attending meetings in the year totalling £107 (2002 -two directors received £281).

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	114,132
	Additions	<u>26,736</u>
	Carried forward	<u>140,868</u>
	Depreciation	
	Brought forward	92,196
	Charge for the year	<u>21,069</u>
	Carried forward	<u>113,265</u>
	Net Book Value	
	At 31st December 2004	<u>27,603</u>
	At 31st December 2003	<u>21,936</u>

All assets are in use for charitable purposes.

Institute for European Environmental Policy, London
Notes to the Accounts
For the year ended 31st December 2004 (Continued)

8 Debtors		2004	2003
		£	£
For work done and publications		329,162	186,613
Prepayments and accrued income		<u>203,577</u>	<u>148,336</u>
		<u><u>532,739</u></u>	<u><u>334,949</u></u>

All amounts fall due within one year.

9 Creditors: Amounts falling due within one year		2004	2003
		£	£
Bank overdraft		45,466	38,376
Trade creditors		99,359	49,698
Taxation and Social Security		34,258	32,727
Other creditors (see note 14)		191,524	-
Deferred income		228,637	71,086
Accruals		<u>62,048</u>	<u>108,977</u>
		<u><u>661,292</u></u>	<u><u>300,864</u></u>

10 Commitments

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

	2004	2003
	Property	Property
	£	£
Two to five years	57,000	57,000
Greater than five years	<u>18,200</u>	<u>18,200</u>
	<u><u>75,200</u></u>	<u><u>75,200</u></u>

11 Unrestricted Funds

	Balance at 01.01.2004	Income & other gains	Expenditure	Funds transfers	Balance at 31.12.2004
	£	£	£	£	£
Unrestricted Free Reserves	270,470	1,231,081	(1,149,955)	(20,000)	331,596
Designated Premises Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>20,000</u>
Total Unrestricted Funds	<u><u>270,470</u></u>	<u><u>1,231,081</u></u>	<u><u>(1,149,955)</u></u>	<u><u>-</u></u>	<u><u>351,596</u></u>

Designated Premises Fund

The Institute has set aside £20,000 in 2004 for future obligations on concluding its current office leases in both London and Brussels (delapidations, etc); and for initial costs (contribution towards feasibility studies and other preparatory work) in relation to the possibility of joining in the so called *GreenHouse* building project in London. A consortium of environmental organisations is exploring the possibility of jointly taking a landmark 'green' office building in a major central London building development. Further contributions to the fund may be made in future years when more information is available about these costs.

Institute for European Environmental Policy, London
Notes to the Accounts
For the year ended 31st December 2004 (Continued)

12 Restricted Funds

The restricted funds all relate to projects carried out as part of the core work. No amounts remained unspent at the end of 31st December 2004 (2003: £nil).

13 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. The company is a registered charity number 802956.

14 Amounts held for Third Parties

During the year the charity has worked with the European Commission Directorate-General Research and has been administering funds on their behalf. IEEP has no powers to make payments from these funds except as directed by the European Commission.

	£
Balance held at 1st January 2004	-
Funds received in the year	584,339
Disbursements made	<u>(392,815)</u>
Balance held at 31st December 2004 (included in bank and in other creditors)	<u><u>191,524</u></u>