

Institute for European Environmental Policy, London
also Trading As:



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

Company No. 2458951
Charity No. 802956

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30th JUNE 2019

Institute for European Environmental Policy, London Trustees' Report for the year ended 30 June 2019

The Institute for European Environmental Policy, London (trading as the Institute for European Environmental Policy or IEEP) is a registered charity and not-for-profit company limited by guarantee and, as such, is governed by its Memorandum of Association and Articles of Association. Directors, who are also the charitable Trustees, present their report together with the audited financial statements for the year ended 30 June 2019, which have been prepared in accordance with current statutory requirements; the Memorandum and Articles of Association and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

1 Objects and Policies of the Charity

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

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

2 Aims and Activities

IEEP's overarching goal for 2018-2019 was to contribute to ensuring that Europe's post-2020 agenda brings greater environmental sustainability to the continent, in line with science, European Treaties and Europe's international commitments, including the Sustainable Development Goals and Multilateral Environmental Agreements. This while continuing to contribute to the improved understanding, stronger analysis and better policy decisions relating to the environment in Europe in 2018–19, including environmental implications in the UK post Brexit.

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

- To complete the partial transfer of activity, staff and assets to the IEEP AISBL in Belgium, to enable IEEP's charitable objects to continue to be met following the UK's, intended, departure from the EU in March 2019 or whenever agreement is

reached. IEEP London will continue working in cooperation with IEEP AISBL to achieve their common objectives.

- Continue to focus on key environmental policy issues, – including agriculture, the circular economy, biodiversity, and climate change;
- Contribute to highlight and inform key strategic choices for the EU, through our Think2030 conference and other activities, in the process of electing and informing the developments of the new European Parliament, as well as setting a future direction through the European Council discussions at the Sibiu summit, and the appointment of a new Commission.
- Continue to advise on impacts on Europe-wide and UK environmental issues that may arise as a result of Brexit.

3 Review of the Period

3.1 Achievements and performance in 2018/19

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

Following the establishment in the previous reporting period of a stand-alone, not-for-profit legal entity in Belgium, IEEP Association Internationale Sans But Lucratif (IEEP AISBL), we have expanded our Brussels operations and we now have 15 members of staff based in Belgium. The first year of IEEP AISBL ended on 30 June 2018 and **staff and many activities were transferred to the Belgian entity from April 2019** in accordance with UK and Belgian legislation implementing the Transfer of Undertakings Directive 2001. IEEP AISBL will in future tender for any contracts with the European institutions, but will have full access to the experience and intellectual property developed over IEEP London's long track record of carrying out such work.

IEEP London continues to work closely with IEEP AISBL and some information about the development of IEEP AISBL is shown below for information.

The Strategic Advisory Council, whose role is to advise IEEP regarding its programmatic focus, **held its second meeting on 19 November 2018**, giving a steer about the Think2030 project and follow up initiatives.

Together with the organisation of pre-election events in four countries (BE, DE, SE, FR) , and following the publication of the Think 2030 report and its 30 key recommendations for a more sustainable Europe ahead of 2030, the Institute for European Environmental Policy carried out an **analysis of the manifestos of European parties for the European parliamentary elections** in May 2019 which gained visibility and impact on policy-makers and scholars. After analysing each party's programme, an overall analysis was made.

In 2019, the board of IEEP decided to make IEEP AISBL a membership organisation with the following objectives:

- Create a pan-European network of sustainability think tanks as the “engine room” of Think2030;
- Support evidence-based decision-making in Europe and at Member State level in the field of sustainability;
- Share information about key environmental debates and opportunities for change in Brussels and at the Member State level;
- Explore and conduct joint strategies and activities at Member State, EU level (research, awareness raising, capacity building, and fundraising) and other European countries.

In accordance with the statutes of the AISBL, members are consulted on our priorities on an annual basis during the General Assembly. Members also participate in IEEP’s Strategic Advisory Council, a body of highly respected professionals headed by IEEP’s Honorary Chair MEP Sirpa Pietikainen whose role is to advise IEEP regarding the focus of its programmes.

IEEP AISBL currently has two member organisations (IDDRI and TMG) located in France and Germany, with whom we already have many projects in common such as Think2030, Net-zero agriculture, Agricultural R&D, as well as our recent work on European elections, during which we co-organised flagship events in Germany and France. IDDRI and TMG will be actively involved in the operational implementation of the bi-annual strategic plan: their contribution will include intelligence gathering and engagement of policy makers at the national level, the organisation of events, as well as the dissemination of IEEP’s work. We aim at increasing our membership to 15 members by June 2022, covering a diverse set of Member States.

During this financial year, IEEP London, **in conjunction with IEEP AISBL, worked on just over 100 research projects for a total value jointly of: £1,762 k** on a large range of topical environmental issues, working with a diverse set of clients, including the European Commission, the European Parliament, civil society, local authorities, the private sector and foundations. Our international work continues to expand beyond Europe’s borders, with engagement with International Governmental Organisations such as the OECD, UNEP and the G20. A **2019-2020 strategy** started from which two new cross cutting areas emerged (sustainable consumption and sustainable innovation).

For what concerns the financial **year 2019-20, the forecasts** are pretty good due to a number of projects having been won but also significant tendering. Hence, at this stage of the year, we have already secured 68.5% of our total expected costs (for IEEP London and AISBL), i.e. £1,438k of secured income to cover our total cost of £2,097k. The level of secured income for 2019-20 (68.5%) is higher compared to our historical data on the same period in prior years same period (typically 50%-55%).

A new COO started on June 3rd 2019, considering the financial aspects in an organisation such as IEEP and the need to continue the setup of the AISBL (Belgian accounting software and Belgian auditor), the new COO and the former Head of Finance will work jointly but any new major contract or project will fall under the new COO’s responsibility. Her appointment also follows the accomplishment of a long transitional recruitment process that has led to the **establishment of an operative Executive team** (new Communication manager and new Executive assistant) and to complete IEEP teams with a **new Head of Programme on**

Biodiversity. IEEP London staff transferred under TUPE to AISBL on 31 March 2019. They continue to be available to work on IEEP London projects.

The detailed work on our goals is set out below:

3.2 A year in review: Key Achievements

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

IEEP's four specific goals for the year, in line with the two-years strategy approved for 2017-2019, and their outcomes were as follows:

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

- **Identify how best to use the Sustainable Development Goals framework and debates around the future of Europe to**

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

- CAP 2020 using the ecoschemes to maximise environmental and climate benefits
- Evaluation of the CAP contribution to climate action
- A pivotal moment for sustainable bioenergy policy: Reflections from IEEP's session at EUSEW 2019
- IEEP sustainable bioenergy & biogas event at EU Sustainable Energy Week
- IEEP at COP24 – Agriculture's Future, Delivering Net Zero GHG Emissions – Reflections from Katowice
- Contribution to Global Soil week in Nairobi 2019
- Contribution to CAP and climate conference 2018
- Sustainable Development Goals & the EU: uncovering the nexus between external and internal policies
- Links between circular economy, trade and sustainable development
- Agriculture in a 1.5 °C world
- Promoting a circular, sustainable bioeconomy – delivering the bioeconomy society needs
- Sustainable Development Goals & the EU: uncovering the nexus between external and internal policies
- Assessing and accelerating the EU progress on Sustainable Development Goals (SDGs) in 2019 Article: Greening the EU's foreign and security policy
- Blog: Global SDG assessment shows the EU needs to step up its efforts
- Blog: Eurostat 2019 report shows mixed picture of EU's progress on SDGs
- Blog: Towards post-2020 regime for biodiversity: making EU trade deliver for conservation
- Webinar: Towards a Sustainable Europe by 2030: Reflections on the EC SDG Reflection paper
- IEEP hosted event: How can trade contribute to make the world economy more circular? At WTO public forum in Geneva (Oct 2018)
- IEEP side event: Exploring the interlinkages between circular economy, trade and sustainable development at World Circular Economy Forum in Helsinki (June 2019)
- Co-hosted event: public consultation on the EU SDG Index at the European Economic and Social Committee (ECSC) in June 2019
- Co-hosted event: "Improving Policy Coherence for Climate and Sustainable Development "(Climate COP in Katowice, Dec 2019)
- Co-hosted event: Implementing European Climate and Security Policies (Brussels April 2019)
- "Presentation: From growth paradigm to sustainable development paradigm, a presentation at EP Progressive Society Conference
- Presentation: Reinforcing Environmental Dimensions of European Foreign and Security Policy at 8th meeting of Brussels Dialogue on Climate Diplomacy (Jan 2019)

strengthen Europe's environmental ambition and accountability and to create positive synergies between the economic, social, environmental and security agendas of the EU:

- Our new project for the Think tank of the EP (FEPS), will mean we will be involved in the NYC summit on climate change on the 20-21st of September and helped us to get in touch with UN SG advisor on mitigation and social political drivers. Our contribution on Climate Justice will be used as basis of the discussion and final outcome of the meeting.
- **Contribute to identification of opportunities to support sustainability through trade, as well as to mitigate environmental challenges:**
- **Ensure Europe addresses its global environmental footprint and supports sustainability abroad:**

GOAL 2: Improvement in key sectoral policies

- **To contribute to the development of an appropriate set of new EU policies addressing the climate and energy goals of the EU as well as the sustainability of its bioenergy policies for the period post 2020 including in agricultural and land use sectors.**
- **To contribute to a robust analysis of the implementation and environmental consequences of the 2013 CAP reform and play an active role in developing future policy options for the CAP post 2020.**

Main outputs: Improvement in key sectoral policies

- Rethinking Decarbonisation Incentives: Sectoral Assessment for Agriculture, Forestry and Other Land Use
- Developing sustainability criteria and thresholds for Agriculture in the EU's taxonomy regulation
- alternatives to meat and dairy
- Study on the use of biofuels in the EU
- Understanding the drivers of biofuel and bioenergy use in the EU
- Study on identifying the drivers of successful implementation of the Birds and Habitats Directives - Drivers of Success project for DG ENV final report
- European Commission (2018) Europe's cultural and natural heritage in Natura 2000 (brochure) - support for implementation of the Nature Directives for DG ENV
- Improving the environmental ambition of the future CAP
- Improving the environmental impact of the CAP
- ENRD Thematic group on bioeconomy
- Mapping HNV farmland in Germany
- Turtle dove species action plan workshop
- TMG CAP workshop in Germany
- Paris workshop on stakeholders engagement in the CAP
- Building on the know-how from the results-based payment scheme (RBPS) pilots
- Presentation at the Civil Dialogue Group on the future Bioeconomy
- Contribution to IFOAM Summit in Vienna
- What is the fate of environmental ambition in the proposed EU agricultural policy?
- A meaty challenge: What would a just transition for Europe's livestock sector look like?
- Marine litter: what role for EPR?
- Circular products in a digital age
- Digitalization and the circular economy
- EPR in the EU Plastics Strategy and the Circular Economy – A focus on plastic packaging
- Seminar on environment and climate in 2019 EU elections
- Presentation: 2019 EU elections–implications for the environment.

- To ensure linkages between debates regarding agricultural policy, food and health
- To promote a more efficient and sustainable use of natural resources through the development, governance and appropriate implementation of policies including through a more circular economy.
- 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.

GOAL 3: Aligning Europe’s resources to sustainability

- **Greater mobilisation of public and private funding for the environment including a greener Multiannual Financial Framework (MFF), Environmental tax reform and private funding:**

<p>Main outputs: Aligning Europe’s resources to sustainability</p> <ul style="list-style-type: none">• Pathways to advocacy on agriculture R&D (France)• Pathways to advocacy on agriculture R&D (Germany)• Pathways to advocacy on agriculture R&D in Europe• Aligning fiscal policy with the Circular Economy Roadmap in Finland• Beyond GDP Newsletter on inequality• Study on Economic benefits of MPAs• Innovative mechanisms for financing biodiversity conservation: Policy highlights, in the context of the project “Innovative financing mechanisms for biodiversity in Mexico• Marine Litter Socio Economic Study, United Nations Environment Programme, Nairobi. Kenya• Economic Thinking in the WFD: Costs and Benefits.

GOAL 4: More effective governance of the EU

- **Develop policy ideas on the most effective mechanisms for encouraging Member State compliance with environmental legislation:**

- Success of the Manifesto Analysis: Our work on manifestoes was used and disseminated at different level, from political parties to the EC and other non-governmental organisations. Positive feedback on it were received from NGOs, from 2 EC Commissioners'

Cabinets and political advisors for European parties as well as media (Euractiv, Bloomberg, Politico, NYT asked for interviews and quoted IEEP in their articles).

- IEEP named as partner organisation to DG environment for Green week, with the organisation by IEEP of a panel on the role of the EP in closing the implementation gap and participation in two other seminars.
- Think2030 events took place in Sweden, France and Germany led by our Think2030 partners.
- New IEEP AISBL members: a membership scheme was created and two partners submitted their application (TMG – GER and IDDRI - FR) that was approved from the Chair of the Board. The new applications were finalised on the occasion of LIFE application and both the members will be active players for the 2-year programme of activities in case of success.
- IEEP created a ground-breaking European platform on net zero agriculture, leading a multi-stakeholder dialogue including farms, the food industry, NGOs and other key players in exploring credible pathways for Europe to achieve net zero agriculture.

- **Contribute to the evolution of measures that result in genuinely “better” regulation in Europe which furthers environmental objectives:**

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

- **Ensure post-Brexit arrangements do not lead to environmental damage in the UK or a weakening of environmental standards in the EU27:** In collaboration with leading environmental NGOs, IEEP wrote a number of highly influential reports on various aspects of the Brexit file, including governance arrangements, whose findings were disseminated widely and well received by key stakeholders, including EU's Article 50 task

Main outputs: More effective governance of the EU

- Development of an assessment framework for environmental governance in the EU Member States
- Environmental policy risks and opportunities of different outcomes from the Brexit negotiations
- Non-regression and environmental legislation in the future EU-UK relationship
- Net Zero agriculture and how to get there
- Making the Circular Economy Work – Guidance for regulators
- Blue 2 study: assessing the costs and benefits of EU water policy

force and relevant MEPs as well as the UK environmental minister, the Environmental Audit Committee at the House of Commons and representatives from the devolved administration. We contributed responses to the consultations on post-Brexit governance issues organised by the Scottish Government, and by the UK Department for the Environment, Food and Rural Affairs.

4 Objectives, aims and plans for future periods

IEEP's central aim for IEEP London, working together with IEEP AISBL, for 2020-22 will be to contribute to **ensuring that Europe's post-2020 agenda is designed and implemented to kick start a transition towards sustainable living within the means of our planet and in line with SDGs** focusing on the following goals:

- **Prosperity:** translate into action Europe's vision for a new low-carbon and resource-efficient production and consumption model;
- **Nature:** embark on a post-2020 ambitious and credible restoration pathway of Europe's ecosystems;
- **Well-being:** promote a European vision for a people-centred sustainability transition for better health, and social justice, which leaves no one behind;
- **Peace and security:** Ensuring the EU supports a worldwide transition towards greater sustainability.

Exploiting our unique position at the interface of policy, science and society, IEEP will produce ground-breaking research, and will engage with policy-makers, sustainability think tanks, progressive businesses, civil society and the media across Europe, to help inform the priorities of the political debate following the 2019 European Parliament elections as well as before and after the formation and programme of the new European Commission.

Our key priorities are therefore:

- While completing the transfer of activity, staff and assets to the IEEP AISBL in Belgium, to control IEEP overall costs, reducing fixed costs including premises, IT infrastructures (based on IT review), salary structure (based on the salary review) and other core costs (travel).
- Continue the transition towards becoming a membership organisation, getting new members in order to strengthen IEEP's presence in EU member states and fostering our reputation of an evidence-based research think tank towards policy-makers
- Continue to focus on key environmental policy issues, building on the green wave and the post-election period, including outreach to new MEPs and new Commissioners' cabinets, with the right products and proposals for change at multiple levels.
- Presentation of Life operational grant application and other projects: Building on the LIFE application, together with our members and partners, IEEP will have a direct and positive impact on a number of EU policies by engaging policy-makers and stakeholders at the EU level but also in strategic Member States, such as Germany and

France. IEEP's particular strength resides in our capacity to work across many environmental issues, contributing to reduce policy silos.

IEEP's priorities during 2020-2022 therefore will be shaped by a number of policy change opportunities, including the presidencies of the EU (with a special emphasis on the French and German presidency given our membership and issues likely to be on the agenda), through cross cutting processes such as the 8th European Environmental Action Plan (EAP), thematic policy reviews, relevant international events as well as the development process for the post-2020 legislative and regulatory agenda of the EU. IEEP London will focus on these matters as they affect the UK and, where appropriate, the wider world. IEEP AISBL will work in the EU as well as globally.

In the light of the Coronavirus situation which occurred right before the submission of our annual accounts, it is too early to assess the full impact of the pandemic but we can reasonably conclude that, notwithstanding the extent of disruption is still not fully knowable, IEEP can continue as a going concern.

5 Public Benefit

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

6 Resources and thanks to staff

During the 12 month period , the number of staff who worked for IEEP for all or part of the year, was 23.8 Full Time Equivalent (FTE) including the Executive Director for the 9 months to 31 March 2019 when staff transferred to IEEP AISBL (2017/18 FTE: 29 for the full 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 volunteer "interns" throughout 2018/19 who assisted us on a variety of projects and tasks in both London and Brussels.

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

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

7 Financial Review

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

Total gross income in the year to 30 June 2019 was £1,394,079 (year to 30 June 2018: £3,115,056). Total expenditure on activities in the period was £1,403,678 (2018: £2,863,009). The gross income and expenditure on activities were lower than the previous year as projects were transferred to IEEP AISBL and some projects were won in the name of IEEP AISBL as this not for profit organisation submitted tenders. Also IEEP London took the lead onfer projects so the level of sub- contracting was reduced and so the gross income for the period was also lower. Before taking into account gains on foreign currency exchange, the Institute made a loss in 2018/2019 of £9,599 (2017/2018 surplus : £252,047). The gain on exchange 2018/2019 was £16,109 (2017/2018: loss on exchange £3,599). The net income was lower due to increased focus on developing the Think 2030 conference , diversifying income sources and the restructuring needed as a result of the UK decision to leave the EU.

The share of the RURANET surplus was £ 46,418 (2017/2018: £44,627) taken on a received, rather than accrued basis and is included with income under the requirements of FRS 102. IEEP London , in anticipation of the UK departure from the European Union resigned as a member of the Ruranet EEIG as of 30.06.2018 as non- EU organisations cannot be member of an EEIG, IEEP AISBL was invited to be a member of Ruranet from 1.7.2018

The net movement in funds for the period, after taking in gains and losses on foreign exchange was net income of £ 6,510 (2017/2018: £248,448).

It is expected that the gross income and eexpenditures for IEEP London will be significantly lower in the year 2019/2020 following the partial transfer of undertakings to IEEP AISBL.

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

As part of the partial transfer of undertakings, a sum of £684,000 was transferred to IEEP London in stages to cover the transfer in financial responsibilities for staff and completion of projects transferred. At 30 June 2019, after foreign exchange gains of £16,109 and the transfer of £684,000, total funds stood at £522,210 (30 June 2018: £1,199,700). 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 to the lease on its London office which runs until 2021.

Assets were held on behalf of one group of organisations as lead partner of a Horizon 2020 project, had all been cleared at 30.06.2019, at 30 June 2018 these had been £27,135 . A bank balance held on behalf of IEEP AISBL had a balance of £504 at year end (30 June 2018: nil). No assets were held on behalf of any other charity or Trustee at 30 June 2019 (30 June 2018: nil). There have been no significant changes in accounting policy in the period. The financial statements incorporate the relevant share of the Joint Venture, RURANET which has been included using the cost method. Notes providing further information are included elsewhere in the Financial Statements.

Due to the nature of the charity's work, it obtains the majority of its income from public sector organisations within the European Union. The Board has taken action to allow for the continuance of the objectives of IEEP London to be met by making a partial transfer of undertakings to IEEP AISBL, a separate not-for-profit entity based in Belgium. The Board of IEEP London will monitor the use of the assets transferred to IEEP AISBL to ensure they are used in the furtherance of the objectives of IEEP London. Further information is included in the notes to the accounts and below.

8 Reserves policy

The Trustees consider that it is appropriate for the Institute to hold reserves in order to fund work in progress and as a guard against the risk of an uneven flow of income. The need to fund work in progress is particularly important as the Institute is subject to fluctuations in cash flow arising from the payment arrangements under certain contracts with the European Commission. Following the partial transfer of undertakings to IEEP AISBL the Trustees have reconsidered the level of reserves needed. The Trustees believe that an unrestricted reserve level in the region of £240,000, excluding designated reserves and net fixed assets, would be a reasonable target appropriate to the current scale of the Institute's activities. £240,000 represents approximately six months cover for forecast operating costs (£129,000) plus an allowance for office costs to the end of the lease in March 2021 (£111,000),, excluding direct project costs, based on the 2019/20 budget. The figure takes into account the partial transfer of activities to IEEP AISBL during early 2019.

The level of unrestricted reserves at the end of the period was £476,230 which was more than the level outlined above. The Trustees may discuss whether it would be appropriate to transfer some more reserves to IEEP AISBL, in furtherance of IEEP London's objects.

9 Treasury management policy

IEEP operates principally in Sterling and Euros and has a policy of minimising the risk of adverse exchange rate fluctuations and the cost of transfer by retaining balances in either Sterling or Euros in their original currency for use in paying expenses in that currency to the

extent required. Where possible any surplus balances are placed in interest bearing bank deposit accounts.

IEEP seeks to minimise exposure to currency risks in contracts by having sub-contract payments denominated in the currency of the main contract wherever possible and by taking other measures to secure exchange rates in advance where this is felt to be prudent.

10 Risk management

A risk assessment and management exercise encompassing the strategic direction, operations, finances and staffing of the Institute has been carried out and reviewed by the Trustees. They are satisfied that the major risks to which the charity is exposed have been identified and reviewed and that systems are in place to mitigate the Institute's exposure to the major risks it faces. The Trustees review risks annually as part of an on-going process.

Risk	Mitigation Measures
Impact on income streams of Brexit and transitional arrangements	Implementation of Board Europeanisation strategys. Careful planning to implement partial transfer of undertakings to allow the objects of IEEP to be furthered through IEEP AISBL and also in the charity by building income for IEEP London from UK and other sources
Potential retrenchment and / or loss of major funders and competition for funds	Rigorous adherence to high standards of work and objectivity and establishment of longer term contractual arrangements where possible. Planning for costs savings should retrenchment occur
Need to address cash flow challenges including longer payment terms imposed by some funders and liquidity	Strong credit control routines; seeking to improve payment terms where possible and seeking short term funding arrangements
Currency risks	Hedging options to be investigated and agreed with the trustee in charge of financial oversight. Where possible, matching income and costs to currency of contract and using financial instruments to mitigate impact of major currency movements
Need to resource project and administrative needs using IEEP AISBL staff,	Agreement in place to allow suitable resourcing for IEEP AISBL.

11 Structure, governance and management

The Institute for European Environmental Policy, London (“IEEP”) is a Company Limited by Guarantee and not having a share capital, and a registered charity. The charity’s principal offices are in London and Brussels.

In accordance with the Articles of Association and provisions of the Companies Act 2006, Trustees/Directors are appointed by applying in writing to become members of the company, and are proposed for election, by the members, as a Director and a member either by ordinary resolution at a general meeting or by written resolution and appointed, if the resolution is agreed by a simple majority of those eligible to vote. Board Directors automatically become the charity’s Trustees on appointment. Trustees/Directors generally serve for 4 to 6 years, and are eligible for re-appointment.

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

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

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

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

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

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

12 Reference and administrative information

Directors/Trustees

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

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

- Domingo Jimenez Beltran Retired 6 September 2018 (Retired as director IEEP AISBL 5 April 2019)
- Dr Christian Hey Retired 31 August 2018
- Paul Meins Retired 22 October 2018
- Derek Osborn CB Retired 6 September 2018
- Sir Graham Wynne Retired 4 April 2019
- **Herman Wolters (Chair)** Appointed Chair 5 April 2019
- **Sir John Harman** Retired as Chair 5 April 2019 (Resigned as director of IEEP AISBL 15 April 2019)
- **Patricia Henton**
- Claudia Dias Soares Resigned 17 September 2018
- **Dale Chadwick** Appointed 17 September 2018
- **Adam Gillingham** Appointed 6 September 2018

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

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

- Herman Wolters (Chair) Appointed President 5 April 2019
- Patricia Henton Appointed Vice President 5 April 2019
- Claudia Dias Soares
- Dale Chadwick Appointed director responsible for finance 5 April 2019
- Natalia Danailov Appointed 4 April 2019

Officers

Executive Director of the Institute Céline Charveriat
Secretary Claire Froomberg

Key Management and setting their Remuneration

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

The Trustees are not remunerated. The salaries and terms and conditions of the Executive Management Group are set with reference to their responsibilities, comparative

remuneration in similar not-for-profit organisations and affordability by the Institute for European Environmental Policy, London.

Registration details

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

It is also a registered charity with Charity number 802956.

VAT number GB 648 7001 33

Registered Office and Principal office

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

Bankers

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

Solicitors

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

Auditor

Buzzacott LLP, 130 Wood Street, London EC2V 6DL

Relationships with Others

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

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

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

We continued to have a joint venture – Alliance Environnement GEIE, owned jointly with a French partner, Oréade-Brèche. Alliance Environnement has been awarded a framework contract by DG Agriculture for the European Commission. IEEP London stood down as the member for Alliance Environnement at the end of 2018, IEEP AISBL became a member from 1 January 2019.

IEEP London stood down as a member of the joint venture “RURANET EEIG”, owned jointly with three other partners with effect from 30 June 2018. RURANET provides the Rural Development Contact Point under a contract with the European Commission. IEEP AISBL was invited to become a member from 1 July 2018.

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 2018/19:

- MAVA Foundation
- European Climate Foundation
- Callouste Gulbenkian Foundation
- Heinrich Boll Foundation

Many projects were funded by the European Commission, the European Environment Agency, the Organisation for Economic Cooperation and Development, the United Nations, the UK Department for the Environment, Food and Rural Affairs, the Environment Agency, the UK statutory countryside agencies, the environment ministry in Belgium, and the Dutch Ministry of the Environment and other European ministries, NGOs and Environmental Agencies. Their continued support is highly appreciated.

13 Fundraising

The charity does not carry out any public fundraising.

Statement of Trustees' Responsibilities

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

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the income and expenditure of the charitable company for that period.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the trustees confirms that:

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

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

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

Auditor

Buzzacott LLP was appointed as auditor from 4 November 2009. As auditor in office, Buzzacott LLP will automatically be deemed to be re-appointed under the provisions of the Companies Act 2006 until further notice.

Small Companies Exemption

The above report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and in accordance with FRS 102

On behalf of the Board:

Dale Chadwick
Trustee with special Financial Responsibility

DocuSigned by:
Dale Chadwick
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25 March 2020

Date:

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

Opinion

We have audited the financial statements of Institute of European Environmental Policy, London (the 'charitable company') for the year ended 30 June 2019 which comprise the statement of financial activities, the balance sheet, and statement of cash flows, the principal accounting policies and notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 June 2019 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis of opinion

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

Material uncertainty related to going concern - Coronavirus

We draw attention to the accounting policy in note 1 to the financial statements regarding going concern, which indicates that the Coronavirus pandemic is an inherent material uncertainty regarding the charity's ability to continue as a going concern because it is not possible to predict the outcome of this unprecedented event. Our opinion is not modified in respect of this matter.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which is also the directors' report for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report, which is also the directors' report for the purposes of company law, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

(the trustees of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Use of our report

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



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

Date: 29/3/20

Institute for European Environmental Policy, London
Statement of Financial Activities
(Incorporating the Summary Income and Expenditure Accounts)
For the year ended 30 June 2019

	Note	Unrestricted Funds £	Restricted Funds £	Total Year to 30.06.2019 £	Total Year to 30.06.2018 £
Income from:					
<i>Investments:</i>					
Interest received		694	-	694	44
Income received from joint venture	18	46,418	-	46,418	44,627
Income from property (surplus space)		-	-	-	4,852
<i>Charitable Activities:</i>					
Grants and donations	2	-	123,560	123,560	312,249
Research projects		1,203,661	-	1,203,661	2,729,803
Other income		19,746	-	19,746	23,481
Total Income		1,270,519	123,560	1,394,079	3,115,056
Expenditure on:					
<i>Raising funds</i>					
Property rental costs		-	-	-	4,853
<i>Charitable Activities:</i>					
Research Projects	3	1,280,118	123,560	1,403,678	2,858,156
Total Expenditure	3	1,280,118	123,560	1,403,678	2,863,009
Net Income / (Expenditure)		(9,599)	-	(9,599)	252,047
Other recognised gains and losses					
Net (losses) /gains on foreign exchange	3	16,109	-	16,109	(3,599)
Net Income/ (Expenditure) and net movement in funds for the year		6,510	-	6,510	248,448
Partial transfer of undertakings		(684,000)	-	(684,000)	-
Reconciliation of funds:					
Total Funds Brought Forward at 01.07.2018	13,14	1,199,700	-	1,199,700	951,252
Total Funds Carried Forward at 30.06.2019	13,14	522,210	-	522,210	1,199,700

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 [25 to 38] form part of these Financial Statements.

Details of comparative information split between funds is given on page 38

Institute for European Environmental Policy, London

Balance Sheet as at 30 June 2019

	Note	As at 30.06.2019 £	As at 30.06.2019 £	As at 30.06.2018 £	As at 30.06.2018 £
Tangible Fixed Assets	7		20,980		32,552
Current Assets					
Debtors	8	1,310,869		2,170,520	
Cash at bank	9	<u>273,928</u>		<u>444,483</u>	
Total current assets		1,584,797		2,615,003	
Liabilities:					
Creditors: Amounts falling due within one year	10	<u>(1,083,567)</u>		<u>(1,409,501)</u>	
Net Current Assets			<u>501,230</u>		<u>1,205,502</u>
Provision for liabilities and charges	11		-		(38,354)
Provisions for amounts that may result in present obligations as a result of past events					
Total net assets			<u>522,210</u>		<u>1,199,700</u>
The funds of the charity:					
Unrestricted Funds	13		522,210		1,199,700
Restricted Funds	14		<u>-</u>		<u>-</u>
Total charity funds			<u>522,210</u>		<u>1,199,700</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 March 2020 and signed on its behalf by:

DocuSigned by:

Dale Chadwick

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Dale Chadwick
Trustee with special Financial Responsibility

The notes on pages 25 to 38 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 2019

Statement of cash flows	12 months to 30.06.2019	12 months to 30.06.2018
Net cash provided by (used in) operating activities A	(229,081)	(201,844)
Cash flows from investing activities:		
Interest, joint venture income and rents from investments	47,113	49,523
Purchase of fixed assets	<u>(4,695)</u>	<u>(18,645)</u>
Net cash provided by (used in) investing activities	42,418	30,878
Change in cash and cash equivalents	(186,663)	(170,966)
Cash and cash equivalents brought forward	444,482	619,048
Change in cash and cash equivalents due to exchange rate movements	16,109	(3,599)
Cash and cash equivalents carried forward note 9	273,928	444,483
A	12 months to 30.06.2019	12 months to 30.06.2018
Net movement in funds	(677,490)	248,448
Net (gains) losses on foreign exchange	(16,109)	3,599
Depreciation	16,267	18,536
Net income from joint venture	(46,418)	(44,627)
(Increase) decrease in debtors	859,651	(365,983)
Increase (decrease) in creditors	(325,934)	(57,269)
Increase (decrease) in provisions	(38,354)	348
Loss on disposal of fixed assets	-	-
Interest received	(694)	(44)
Income from property	0	(4,852)
	(229,081)	(201,844)

Institute for European Environmental Policy, London

Notes to the Financial Statements

For the year ended 30 June 2019

1 Accounting Policies

Basis of Accounting

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

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

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

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

Critical accounting estimates and areas of judgement

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

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

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

Assessment of going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these Financial Statements. The trustees have made this assessment in respect to a period of one year from the date of approval of these Financial Statements. As described in the trustees' report on page 10, the coronavirus creates a material uncertainty in relation to going concern, however the trustees have concluded that the IEEP is able to continue as a going concern for the next twelve months.

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 2020, 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.

Recognition of income and expenditure under FRS 102

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

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

Institute for European Environmental Policy, London

Notes to the Financial Statements

For the year ended 30 June 2019

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 £1,000 are capitalised at cost. All fixed assets relate to furniture and equipment.

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

Institute for European Environmental Policy, London

Notes to the Financial Statements

For the year ended 30 June 2019

Stocks

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

Fund Accounting

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

Provisions

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

Accounting for Joint Venture

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

Debtors

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

Cash at bank and in hand

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

Creditors and provisions

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

Partial transfer of Undertaking

On 31 March 2019, the Charity transferred a significant proportion of its operations to the Belgian not-for-profit entity IEEP AISBL. This transfer included the novation of a significant number of project contracts, the transfer of all the charity's employees via a Transfer of Undertakings (TUPE) and an agreement to transfer £684,000 in instalments to cover IEEP AISBL's working capital requirements.

Institute for European Environmental Policy, London

Notes to the Financial Statements

For the year ended 30 June 2019

Income for novated grants and contracts has been recognised in IEEP London to the extent that the relevant work had been performed at the transfer date.

Income pertaining to novated contracts which had not been received by IEEP London by 30 June 2019 and related to the period following the transfer on 31 March 2019 is shown as a liability due to IEEP AISBL. Income received by IEEP AISBL for project work on novated contracts relating to the period prior to 31 March 2019 is accounted for as income in IEEP London, due from IEEP AISBL.

Commitments to transfer cash to IEEP AISBL are considered to meet the definition of a liability under FRS 102 and have been recognised in full during the year ended 30 June 2019.

Institute for European Environmental Policy, London
Notes to the Financial Statements (continued)
For the year ended 30 June 2019

2 Grants and Donations Receivable

	Donations Unrestricted £	Grants Restricted £	Year to 30.06.2019 £	Year to 30.06.2018 £
European Commission various Grants	-	44,366	44,366	189,647
MAVA Foundation	-	17,745	17,745	36,983
European Climate Foundation	-	24,163	24,163	71,918
Callouste Gulbenkian	-	21,922	21,922	10,720
Henrich Boll Foundation	-	15,364	15,364	2,981
Others (Donations)	-	-	-	-
	<u>-</u>	<u>123,560</u>	<u>123,560</u>	<u>312,249</u>

3 Total Expenditure

	Direct Project Costs £	Staff Costs £	Other Costs £	Year to 30.06.2019 Total £	Year to 30.06.2018 Total £
Costs of raising funds: in respect of property income	-	-	-	-	4,853
Costs of charitable activities in furtherance of the objects:					
Grants	19,790	87,072	16,698	123,560	312,249
Projects	72,294	972,965	187,388	1,232,647	2,452,222
Support costs	-	40,500	6,971	47,471	93,685
<i>Sub Total expenditure on charitable activities</i>	<i>92,084</i>	<i>1,100,537</i>	<i>211,057</i>	<i>1,403,678</i>	<i>2,858,156</i>
	<u>92,084</u>	<u>1,100,537</u>	<u>211,057</u>	<u>1,403,678</u>	<u>2,863,009</u>

(note 4)

Institute for European Environmental Policy, London
Notes to the Financial Statements (continued)
For the year ended 30 June 2019

3 Total Expenditure (continued)

Other Costs include	Costs of funds	Projects	Support	Year to 2019 Total £	Year to 30.06.2018 Total £
	£	£	£	£	£
Property occupancy costs:					
- operating leases	-	54,263	2,073	56,336	77,672
- other					55,507
Staff planning days	-	6,534	-	6,534	7,476
Telephone, postage, copying and stationery:					
- operating leases	-	-	-	-	-
- other					51,926
Auditors remuneration:					
- current year	-	-	8,500	8,500	8,040
- in respect of prior year	-	(1,000)	-	(1,000)	(1,700)
- accountancy and other assurance services	-	1,461	-	1,461	14,167
Payroll services	-	5,809	-	5,809	6,633
Legal and professional	-	(1,080)	(12,067)	(13,147)	22,396
Depreciation	-	15,669	599	16,268	18,536
Loss on disposal of fixed assets	-	-	-	-	-
IT and computer support	-	32,247	1,232	33,479	21,970
Irrecoverable VAT	-	1,748	-	1,748	1,713
Other costs	-	7,205	3,531	10,736	90,909
Total other costs	-	204,086	6,971	211,057	375,245

Institute for European Environmental Policy, London
Notes to the Financial Statements (continued)
For the year ended 30 June 2019

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 30.06.2019 Total £	Year to 30.06.2018 Total £
Nature of expenditure	Allocation basis		
Staff salaries and pensions	Estimate of staff time	-	-
Property occupancy costs	Actual and estimated use	-	4,853
Services and other operating expenses	Actual and estimated use	-	-
		<hr/>	<hr/>
Total		-	4,853
		<hr/> <hr/>	<hr/> <hr/>
<u>Grant and Project expenditure and basis of allocation</u>		Year to 30.06.2019 Total £	Year to 30.06.2018 Total £
Nature of expenditure	Allocation basis		
Staff salaries and pensions	Estimate of staff time	1,060,037	1,413,628
Property occupancy costs	Pro rata to staff cost allocation	90,714	121,765
Services and other operating expenses	Actual and estimated use	92,513	167,061
Professional fees	Actual and estimated use	5,190	23,420
Depreciation and loss on disposal	Pro rata to staff cost allocation	15,669	17,861
		<hr/>	<hr/>
Total costs allocated		1,264,123	1,743,735
Direct project costs		<hr/> 92,084	<hr/> 1,020,736
Total resources expended on research projects		<hr/> 1,356,207	<hr/> 2,764,471
		<hr/> <hr/>	<hr/> <hr/>
<u>Support expenditure and basis of allocation</u>		Year to 30.06.2019 Total £	Year to 30.06.2018 Total £
Nature of expenditure	Allocation basis		
Staff salaries and pensions	Estimate of staff time	40,500	53,400
Property occupancy costs	Pro rata to staff cost allocation	5,176	6,561
Services and other operating expenses	Actual and estimated use	4,763	6,933
Professional fees	Actual cost main audit and governance	(3,567)	26,116
Depreciation and loss on disposal	Pro rata to staff cost allocation	599	675
		<hr/>	<hr/>
Total		47,471	93,685
		<hr/> <hr/>	<hr/> <hr/>
<u>Other recognised gains and losses</u>		Year to 30.06.2019 Total £	Year to 30.06.2018 Total £
(Losses) / gains on foreign exchange		16,109	(3,599)
		<hr/> <hr/>	<hr/> <hr/>

Institute for European Environmental Policy, London
Notes to the Financial Statements (continued)
For the year ended 30 June 2019

	Headcount		Full time equivalents	
	Year to 30.06.2019 No.	Year to 30.06.2018 No.	Year to 30.06.2019 No.	Year to 30.06.2018 No.
4 Employee information				
The average number of employees (Full time equivalents) during the period was:				
Director, management, research and writing	23	32	20	22
Finance and administration	4	9	4	7
	27	41	24	29
The total costs of these employees were:		Year to 30.06.2019 £	Year to 30.06.2018 £	
Wages and salaries		888,933	1,211,378	
Social Security costs		145,669	176,240	
Pension		53,754	69,292	
		1,088,356	1,456,910	
Other staff costs		12,181	9,172	
Total staff costs		1,100,537	1,466,082	
Number of employees who received annualised emoluments in the ranges between :		Year to 30.06.2019 No.	Year to 30.06.2018 No.	
£70,001 and £80,000		1	1	
<p>Pension contributions in the year to 30.06.2019 for higher paid employees were £3,340 (year to 30.06.2018: £3,779) . Pension contributions were made during the period in relation to the one higher paid employee. Total remuneration (including social security and pensions costs) of the key management team comprising the Executive Director and the Executive Management Group were: year to 30.06.2019 £367,230 (year to 30.6.2018: £505,249). These staff were transferred under TUPE regulations as from 1.04.2019 to IEEP AISBL.</p> <p>During the year to 30 June 2019 no payments were made to members of staff relating to redundancy. The amount was therefore nil. (Year to 30.06.2018 : nil)</p>				
5 Transactions with Directors				
<p>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 7 Directors in respect of their duties as trustees of the charity in the year totalling £ 3,464 (year to 30.06.2018 - expenses relating to 8 Directors £6,068). These expenses covered travel , accomodation 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.</p>				
6 Taxation				
<p>The company is taking advantage of the reliefs available for registered charities from tax charges and, therefore, no provision for taxation has been made.</p>				
7 Tangible Fixed Assets			Furniture & Equipment £	
Cost			£	
Brought forward at 1 July 2018			160,639	
Additions			4,695	
Disposals			(3,075)	
Carried forward at 30 June 2019			162,259	
Depreciation				
Brought forward at 1 July 2018			128,087	
Charge for the year			16,267	
Eliminated on Disposal			(3,075)	
Carried forward at 30 June 2019			141,279	
Net Book Value				
At 30 June 2019			20,980	
At 30 June 2018			32,552	
<p>All assets are in use for charitable purposes.</p>				

Institute for European Environmental Policy, London
Notes to the Financial Statements (continued)
For the year ended 30 June 2019

	As at 30.06.2019	As at 30.06.2018
	£	£
8 Debtors		
Trade debtors	1,096,870	667,415
Prepayments and accrued income	146,247	1,446,274
Cash advance to joint venture	895	885
IEEP AISBL debtor account	34,317	28,318
VAT debtor	17,707	330
Other debtors	14,833	27,298
	<u>1,310,869</u>	<u>2,170,520</u>

All amounts fall due within one year.

	As at 30.06.2019	As at 30.06.2018
	£	£
9 Cash at Bank		
Bank	273,424	444,483
Bank balance held on behalf of 3rd party IEEP AISBL	504	-
	<u>273,928</u>	<u>444,483</u>

	As at 30.06.2019	As at 30.06.2018
	£	£
10 Creditors: Amounts falling due within one year		
Trade creditors	65,689	161,878
Taxation and Social Security	-	30,128
Holiday pay accruals	-	81,007
Amounts held for Third Parties (see note 16)	-	27,135
Intercompany balances with IEEP AISBL	513,000	-
Intercompany accrual balances with IEEP AISBL	337,554	-
Deferred income (see below)	26,431	168,769
Accruals	140,893	940,584
	<u>1,083,567</u>	<u>1,409,501</u>

	As at 30.06.2019	As at 30.06.2018
	£	£
<u>Deferred income</u>		
Balance brought forward:		
Research projects	62,807	-
Grants and donations	105,962	276,701
Released in the year	(168,769)	(276,701)
Deferred in the year:		
Research projects	650	62,807
Grants and donations	25,781	105,962
Balance carried forward	<u>26,431</u>	<u>168,769</u>

11 Provision for liabilities and charges

	As at 30.06.2019	As at 30.06.2018
	£	£
Provisions brought forward at 01.07.2018	38,702	38,006
Increase / (decrease) in provision during the period	449	348
Release of provision during year	(39,151)	348
Provisions carried forward at 30.06.2019	<u>-</u>	<u>38,702</u>

The provision related to the potential recovery of income on certain projects where there exists some uncertainty in what the final figure recoverable might be. The Board reviewed the likelihood that the provisions would be needed at 30.06.2019 and felt that there was no continuing need so the provision was released at the year end.

Institute for European Environmental Policy, London
Notes to the Financial Statements (continued)
For the year ended 30 June 2019

12 Financial Commitments

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

	As at 30.06.2019	As at 30.06.2018	As at 30.06.2019	As at 30.06.2018
Property and equipment leases: amounts payable over the remaining life of the leases	Property £	Property £	Equipment £	Equipment £
Up to one year	47,875	77,144	-	-
One to five years	41,891	138,547	-	-
Total	<u>89,766</u>	<u>215,691</u>	<u>-</u>	<u>-</u>

13 Unrestricted Funds

	Balance at 01.07.2018 £	Income & other gains £	Expenditure £	Funds transfers £	Balance at 30.06.2019 £
Unrestricted Reserves	1,174,700	1,270,519	(1,280,118)	16,109	1,181,210
Designated Foreign Exchange Fund	20,000	16,109	-	(16,109)	20,000
Designated Premises Fund	5,000	-	-	-	5,000
Total Unrestricted Funds	<u>1,199,700</u>	<u>1,286,628</u>	<u>(1,280,118)</u>	<u>-</u>	<u>1,206,210</u>

Designated Foreign Exchange Fund

The Institute reports in Sterling but conducts its operations in Euros, Sterling, US Dollars and other currencies and accounts for foreign exchange gains and losses which may arise on those transactions during the year. In addition the Institute re-values its bank, creditor and debtor balances denominated in currency at 30 June each year at the year end conversion rate to Sterling. The Trustees have decided that they would like to continue to designate a foreign exchange fund given the uncertainties in exchange rates. The balance designated at 30.06.2019 is £20,000

Designated Premises Fund

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

14 Restricted Funds

The restricted funds all relate to projects carried out as part of the core work. No amounts remained unspent at 30 June 2019 (30 June 2018: £nil).

Institute for European Environmental Policy, London
Notes to the Financial Statements (continued)
For the year ended 30 June 2019

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 2018 company had 5 members (30 June 2018: 9). The company is a registered charity number 802956.

During the previous period the Board reviewed the potential implications on the activities of the Charity of the referendum decision for the United Kingdom to withdraw from the European Union (Brexit). As it was clear that the Charity might not be eligible for some sources of European funding once UK leaves the EU, it was decided to establish a Not for Profit entity based in Belgium. The Institute for European Environmental Policy AISBL (IEEP AISBL) was established with its Head Office in Brussels. The registered number of IEEP AISBL is 0678 767 990 and the VAT number is BE 0678.767.990. The Objects of IEEP AISBL and Articles are similar to those of IEEP, London. Several Board members serve on both Boards but the two entities are separate statutory entities and each has two directors who do not serve on the Board of the other and can ensure independence for decisions that might otherwise involve some potential conflict of interest. During the year, as planned, there was a partial transfer of undertakings of some projects, assets and staff from IEEP London to IEEP AISBL. As part of the agreed transfer, some funds were transferred to allow for the completion of projects transferred and in respect of obligations to staff transferred under TUPE regulations. The sum transferred to IEEP AISBL was £ 684,000. The Board of IEEP London will monitor the use of these funds to ensure they are used for the furtherance of the objects of IEEP London. These changes will allow for the objects of IEEP London to be continued for those projects funded by European Institutions. The Boards will continue to consider how the two IEEP entities may best work together to further their common objects.

16 Amounts held for Third Parties

During the period the charity has worked with the European Commission Directorate-General Research and has been administering funds on their behalf. IEEP has no powers to make payments from these funds except as directed by the European Commission. The balance held at 30 June 2019 was £ nil (30.06.2018: £27,135)

	£
Balance held at 1 July 2018	27,135
Funds received in the period	-
Disbursements made	(27,135)
Revaluation to year end exchange rate for balance held in Euros	0
Balance held at 30 June 2019 (included in bank and in other creditors)	0

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 £53,754 (year to 30.06.2018: £ 69,292).

18 Investments in Joint Ventures

a Alliance Environnement GEIE

During 2006 the Institute established a joint venture, Alliance Environnement GEIE, a company incorporated in Belgium. The cost of this to the Institute was £3,400 which consisted only of the acquisition of 50% of the ordinary share capital of the joint venture. The joint venture was incorporated to act as a collection agent for its shareholders. The costs of establishing the venture have been treated as expenditure in 2006 as there is no expectation of recovering the initial outlay. The Institute's share of the profit for the year is £429 (year to 30.06.2018: profit of £493) 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 2019

18 Investments in Joint Ventures (continued)

b Ruranet EEIG

Investment in joint venture

The charity had 25% of the voting rights in Ruranet EEIG. The other 75% of voting rights being 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 in the past.

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

However an EEIG can only have members that are members of the European Union and can only change members at its year end 30 June. In the expectation that the UK would leave the European Union during the period the Board of IEEP London decided that it was necessary to resign as a member as of 30.06.2018. The board of Ruranet decided to appoint IEEP AISBL to be a member instead. Consequently the results of IEEP London no longer reflect the results of Ruranet as a joint venture.

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

Profit and loss account

	Total Year ended 30 June 2019	IEEP's share for Period 25%	Total Year ended 30 June 2018	IEEP's share for Period 25%
	£	£	£	£
Current period figures not shown as IEEP London was not a member in the period to 30.06.2019				
Turnover			3,002,467	750,617
Cost of sales			(2,417,801)	(604,450)
Gross profit	0	0	584,666	146,167
Administration expenses		0	(398,507)	(99,627)
Profit on ordinary activities before tax	0	0	186,159	46,540
Taxation	-	-	-	-
Profit on ordinary activities after tax	<u>0</u>	<u>0</u>	<u>186,159</u>	<u>46,540</u>

Note: IEEP's share of Ruranet net income was included in IEEP's results when it is received in accordance with the cost method adopted under FRS 102. In the period the income from joint venture relating to the period up to 30.06.2018 but accounted for in the period to 30.06.2019, was £46,418

Balance sheet

	Total Year ended 30 June 2018	IEEP's share for Period 25%	Total Year ended 30 June 2017	IEEP's share for Period 25%
	£	£	£	£
Fixed assets			27,418	6,854
Current assets			1,763,827	440,957
Creditors falling due within one year			(1,791,245)	(447,811)
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

Institute for European Environmental Policy, London Notes to the Financial Statements (continued)

2018: £nil) treated as part of the gains and losses on exchange. There were no financial instruments at 30.06 2019 or 30.06.2018.

21 Related party transactions

On 31 March 2019, the Charity transferred a significant proportion of its operations to the Belgian not-for-profit entity IEEP AISBL. The majority of the trustees of the charity are also trustees of IEEP AISBL.

As part of this exercise, the charity committed to transfer £684,000 to IEEP AISBL (2018 – £Nil).

At the year end, £478,483 (2018 – £28,318) was due to AISBL; this included £513,000 in relation to the above commitment less £ 34,317 related to balances of income due on contracts for projects which have been novated to IEEP AISBL.

Following the transfer of the charity's staff to IEEP AISBL, the charities adopted a cross charging arrangement designed to fairly allocate the costs for the provision of office space, IT facilities and administrative services between the two organisations. The result of this was an accrual for a charge from IEEP AISBL to IEEP London of £177,630 (2018 – £nil). Total accruals relating to IEEP AISBL were £337,554 at year end including this amount.

The charity's transactions with its joint ventures, Alliance Environnement GEIE and Ruranet EEIG are disclosed in note 18 to these financial statements.

Institute for European Environmental Policy, London
Notes to the Financial Statements (continued)
For the year ended 30 June 2019

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

21 Prior Period movements in funds	Note	Unrestricted Funds £	Restricted Funds £	Total year to 30.06.2018 £
Income from:				
<i>Investments:</i>				
Interest received		44	-	44
Income received from joint venture	18	44,627	-	44,627
Income from property (surplus space)		4,852	-	4,852
<i>Charitable Activities:</i>				
Grants and donations	2	-	312,249	312,249
Research projects		2,729,803	-	2,729,803
Other income		23,481	-	23,481
		<u>2,802,807</u>	<u>312,249</u>	<u>3,115,056</u>
Total Income		<u>2,802,807</u>	<u>312,249</u>	<u>3,115,056</u>
Expenditure on:				
<i>Raising Funds:</i>				
Property rental costs		4,853	-	4,853
<i>Charitable Activities:</i>				
Research projects	3	2,545,907	312,249	2,858,156
		<u>2,550,760</u>	<u>312,249</u>	<u>2,863,009</u>
Total Expenditure	3	<u>2,550,760</u>	<u>312,249</u>	<u>2,863,009</u>
Net (Expenditure) / Income		252,047	-	252,047
Other recognised gains and losses				
Net (losses)/gains on foreign exchange	3	<u>(3,599)</u>	-	<u>(3,599)</u>
Net (Expenditure) / Income and net movement in funds for the year		248,448	-	248,448
Reconciliation of funds:				
Total Funds Brought Forward at 01.07.2016		<u>951,252</u>	-	<u>951,252</u>
Total Funds Carried Forward at 30.06.2017	13,14	<u>1,199,700</u>	-	<u>1,199,700</u>

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