

**Institute for European  
Environmental Policy,  
London** also trading as:



**Annual Report and Financial  
Statements**

30 June 2021

Company Limited by Guarantee  
Registration Number  
2458951 (England and Wales)

Charity Registration Number  
802956

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<b>Trustees</b>	Herman Wolters (Chair to April 2022) Malini Mehra (appointed 7 August 2020) (Chair from April 2022) Patricia Henton Dale Chadwick (resigned 1 March 2021) Adam Gillingham David Stanners (appointed 26 April 2022) John Harman (resigned 8 December 2020)
<b>Registered address</b>	IEEP Offices – 25 EP 25 Eccleston Place London SW1W 9NF
<b>Company registration number</b>	2458951
<b>Charity registration number</b>	802956
<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
<b>Bankers</b>	National Westminster Bank Tavistock House Tavistock Square London WC1H 9XA
<b>Solicitors</b>	Bates Wells and Braithwaite LLP 10 Queen Street Place London EC4R 1BE

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 2021, 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).

### **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.

### **Aims and activities**

Following the vote in the UK Referendum that the UK would cease to be a member of the European Union, the Board of the Institute reviewed the sources of income of the organisation and identified that these at the time were mainly from bodies based on mainland Europe, including the European Commission and European Parliament. The Board recognised that the Institute, as a UK based entity, would be unlikely to be eligible to bid for such funding which would have a major impact on income flows. The Board of the Institute resolved that in order to be able to continue its charitable purposes, it would establish IEEP AISBL as an independent, not for profit entity based in Brussels with similar objects to those of the Institute. In order to facilitate this, the Institute undertook a partial transfer of assets to IEEP AISBL in January 2019.

In light of the shared objectives of the Institute and IEEP AISBL, the Boards of the two entities agreed to the principle that there would be full cooperation between the two entities and that, where possible, each would assist the other with regards to financial and other operating matters arising from time to time and in furtherance of that, a formal Collaboration Agreement was entered into in January 2019 for an initial duration of three years. In terms of the Collaboration Agreement, the expectation is that the Institute focuses mainly, but not exclusively, on the UK and where appropriate, the rest of the World and IEEP AISBL on work and projects within the European Union, but again not exclusively.

**Aims and activities** (continued)

The period following on from the partial transfer has proved to be a period of transition and consolidation for the Institute, including the securing of a new head of the Institute's London office / head of environmental policy who took up that role in July 2021, and is employed by IEEP London. The Institute continues to focus on key environmental policy issues and advise on impacts on Europe-wide and UK environmental issues that arise as a result of the UK's Exit from the European Union.

IEEP London continues to support the IEEP AISBL's central aim for 2020-22 to contribute to ensuring that Europe's Green Deal and 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 the Sustainable Development Goals (SDGs).

The combined contribution supports evidence-based decision-making for European sustainability policies and to harness knowledge for strategic change

IEEP London moved its office from 11 Belgrave Rd, Pimlico, London SW1V 1RB, United Kingdom to 25 EP, 25 Eccleston Place, Victoria, London SW1W 9NF on 1st of April 2021.

IEEP London continues to focus on key environmental policy issues, including agriculture, biodiversity and land use, low-carbon circular economy, sustainable consumption, innovation for sustainability, water, marine & fisheries, natural resources and waste and environmental policy and governance. Specific work included:

- ◆ Throughout the year the institute contributed actively to analysis and discussion of the new forms of environmental governance systems being put into place in the UK and key items of legislation, including the Environment Bill and Internal Market Bill. We were represented on the Stakeholder Group advising on the development of the Office of Environmental Protection and a number of stakeholder exchanges and group discussions convened by Defra for example in relation to UK policy on trade and the environment and the Trade and Cooperation Agreement with the EU. David Baldock (Senior Fellow & former Director of The Institute) provided advice to the Board of Greener UK and its governance working group and fed into discussions organised by think tanks, the Broadway Group and others. He spoke at or facilitated several webinars on related topics such as the introduction of environmental principles into UK law, the use of environmental policy targets in forthcoming legislation and the relationship between the Environment Bill and the Agriculture Act, at an event organised by the UK Environmental Law Association. He was invited to contribute reflections at meetings of EU environmental attaches from European countries on two occasions.
- ◆ Quarterly overviews of policy developments in different parts of the UK and the EU with a particular bearing on future rural land use and agriculture were provided for a group of statutory agencies forming the Land Use Policy Group. These were supplemented by presentations at meetings and a separate analysis and presentation of the key environmental issues for a future roadmap for a long-term vision for rural areas in the EU.

**Aims and activities** (continued)

- ◆ With increasing environmental ambitions for agriculture and land management in the UK there are growing concerns about whether these are well integrated with emerging trade policy and a rapid programme of new Free Trade Agreements. There is potential for agricultural imports from countries with lower environmental standards and associated competitive advantages to increase, so threatening the livelihood of domestic producers and the efficacy of the environmental standards themselves. Various policy approaches to addressing this problem are being discussed actively. The Institute contributed a paper on this topic with funds from Client Earth and WWF, assessing the risks and opportunities and focusing particularly on the role of core environmental standards that would apply to imports as well as domestic producers<sup>1</sup>. One of the first papers on this aspect of policy it is leading to further work in 2021/2022.
  
- ◆ Towards the end of the period new projects were under development, including one on the nature and significance of future divergence in environmental policy in the UK following Brexit. This will be a new era for environmental policy in the UK. The project will consider how far the expected divergence between the four countries of the UK and between it and the EU is taking place, in which areas and its environmental consequences. Some see this as a welcome opportunity to tailor policy more to local requirements and aspirations while others fear it is a potential step towards lower standards and deregulation. The aim is to build the evidence on which to make such judgements and to engage with key stakeholders and the policy community.

**Review of the period**

***Achievements and financial performance in 2020/2021***

The Collaboration Agreement has ensured an ongoing collaboration between the Institute and IEEP AISBL, allowing for the realisation of projects as well as cost sharing of staff and facilities.

The following are highlights of work carried out in collaboration with IEEP AISBL, working for objectives of our FY20-21 strategy:

- ◆ Land Use Policy Group– working for NatureScot on behalf of the UK's environmental agencies, IEEP provides advisory services on a range of thematic based topics in the agriculture, rural and land use area.
  
- ◆ Review of a The Economics of Ecosystems and Biodiversity (TEEB) Scoping Study focused on Georgia.
  
- ◆ Environmental Standards on Food Imports
  
- ◆ Adaptation Strategy and contributions to a European funded framework contract.

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<sup>1</sup> IEEP, <https://ieep.eu/publications/environmental-standards-for-uk-agriculture-in-a-new-trade-policy-framework>, accessed 22.11.21

**Review of the period** (continued)

***Achievements and financial performance in 2020/2021*** (continued)

The total gross income of our 2020/21 projects is £30,027 , along with a cross charge from AISBL of £182,243

*Objectives, aims and plans for future periods*

IEEP London's central aim for 2021-22 will be to re-establish itself in the UK in particular by re-building relations with partners, revitalising its client base and delivering a compact yet punchy programme of projects that contribute to IEEP's overall vision and strategy.

Since the UK's Exit from the European Union, as anticipated, a significant portion of the Institute's work programme carried out from London on mainland Europe has ended. This is shown in the relative changes in the profit and loss and balance sheet. However, commitment by the Institute's Board to invest in the Institute's business is seen through the hiring of the new Head of London Office -/ Head of Environmental Policy and their minuted statements of intent.

A key aim for 2021/22 will be to implement projects around the regulatory divergence that is ongoing between the European Union and the UK since 01 January 2021. This work will be part funded through the Institute's strategic reserves as well as through foundation funding from outside.

A new Strategy for the Institute's business is expected to be approved at the IEEP Board meeting in December 2021 signalling yet further ambition and intention to grow and develop in a new setting working alongside IEEP AISBL and its partners in the European Union.

Going beyond 2022, the Institute will look to consolidate and expand its work programme. It aims to find further foundation funding to support its core activities so that it can achieve its core objectives.

For the financial year 2021-22 the forecasts foresee an income of €1,604,675 and expenditure of €2,085,675, resulting in a deficit of €480,827.

**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.

### **Financial review**

The Institute's funds have been applied in furtherance of the company's objects, as detailed above.

In accordance with the rules governing partial transfers of undertaking between UK and overseas charities, the IEEP London board was given full access to the budget, the accounts of the AISBL as well the auditor's report, ensuring that funds transferred to the AISBL were used in accordance with the charitable mandate of IEEP London.

Total gross income in the year to 30 June 2021 was £212,270

The net movement in funds for the period, after taking in gains and losses on foreign exchange was net income of £63,335

At 30 June 2021, total funds stood at £824,080. This is considerably in excess of the amount required under the reserves policy below but will be kept under review as the Institute transitions into its new operating model.

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.

### ***Reserves policy***

The Trustees consider that it is appropriate for the Institute to hold reserves 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 contracts with different clients. To that end, the Trustees believe the reserves of IEEP London must be maintained at a level to cover at least 6 months of expenditure. Whilst the trustees acknowledge that the level of reserves is currently higher than the 6 month target, given that the charity is a stage of transition, the amount of reserves held is appropriate.

### ***Treasury management policy***

The Institute 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.

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

### **Risk management of COVID-19 measures**

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 management of COVID-19 measures** (continued)

The Covid-19 crisis and its consequences were taken into account since the beginning of the first lockdown in March 2020. The Board was reassured about the practical solutions found in order to facilitate interactions between the London and Brussels offices during Coronavirus crisis time.

The Board considered that the risks and challenges were rightly identified internally and externally in the report presented to the Board in April 2019 and continued to be the same for this financial year. These measures applied to UK-based IEEP AISBL staff who used the premises of IEEP London or worked on activities related to the Institute as per the provisions of the collaboration agreement. As last year, the measures included:

**1. Contingency planning around project delivery and other key processes**

- i. Organisation-wide risk assessment and mitigation for all projects with major deliverables until the end of June.
- ii. Coordinated response to enquiries by funders (foundations) and clients (EC, private sector, NGOs) around potential delays.
- iii. Ensuring continuity of business around contract and other signatures of official documents as well as mail monitoring.

**2. HR**

- i. Office closure and travel bans, using the most restrictive standards as a basis (between Belgium and UK), until the end of the confinement and the permission to travel again.
- ii. Recognition of reduced productivity and flexibility around working rhythm to account for child-care, care for sick people within households, internet connectivity issues, lack of space to work from, anxiety etc.
- iii. Strong encouragement not to postpone leave, with no additional exceptions to the rule for maximum 8 carry over days in calendar year 2021.
- iv. Coordinated approach to granting leave to prevent multiple absence when business restarts.
- v. Encouragement to take time off/reduce working hours for those who might want it to take care of their family or those who have reduced workloads.
- vi. Strong HR policies update ongoing. Among others; safeguarding policy, whistleblowing, bullying, and harassment.

**Risk management of COVID-19 measures** (continued)

**3. Finance and fundraising**

- i. Follow through on formulation of income targets by teams, by individuals and performance objectives related to fundraising.
- ii. Formulation of new fundraising strategy which takes into account uncertainty through different scenarios.

**4. Systems**

- i. Support on demand from IT officer for all staff who might struggle at home with their IT.
- ii. Use by default of Microsoft teams for all internal and external virtual meetings.

**5. Internal communications: providing clear information regarding business continuity and contingency measures, fulfilling our duty of care and fostering solidarity and unity**

- i. Note about office closures
- ii. Regular notes to staff outlining key guidelines
- iii. Regular EMG communications in writing
- iv. Virtual all staff meetings on Monday
- v. Virtual engagement through small working groups on strategy and action plan

The plan has been regularly updated when needed and internal communications from the Board and IEEP management to staff have been ensured on a monthly basis (or when needed to changes in restriction rules by the UK or Belgian government).

**Structure, governance and management**

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

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.

**Structure, governance and management** (continued)

There are currently four Trustees that maintain responsibility for the charity's strategy, financial, governance and risk management that meet at least four times per year. A Strategic Advisory Council (SAC) provides oversight on the environmental priorities of both the Institute and IEEP AISBL.

All Board members (IEEP London Trustees plus IEEP's AISBL's Directors) 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 above.

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 IEEP AISBL. As a result, the Board has identified the need for the Boards of the two organisations to have both common and independent trustees.

***Key management and setting their remuneration***

Following the transfer of staff to IEEP AISBL during the year ended 30 June 2019, the key oversight and scrutiny functions were carried out for IEEP London by the Charity's Trustees, who are not remunerated.

***Relationships with Others***

In the year, the Institute had one significant associate institution being IEEP AISBL in terms of the Collaboration Agreement.

Much of the Institute's work is sponsored by other charities, and the Trustees are extremely grateful to the following funders and clients for their support including: Scottish Natural Heritage, Sustainability First and Ricardo Energy & Environment.

### **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.

**Trustees' report** Year to 30 June 2021

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

**Statement of Trustees' responsibilities** (continued)

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. 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:



**Malini Mehra**

Chair

Date: 21/06/2022

**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 2021 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 [date] 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 for opinion**

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

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

### **Other information**

The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report and financial statements. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 and includes the strategic report, 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 and includes the strategic report, 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 including the strategic 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.

### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ we identified the laws and regulations applicable to the charitable company through discussions with directors and other management, and from our commercial knowledge and experience of the sector;
- ◆ we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charitable company, including the Charities Act 2011, Companies Act 2006, data protection legislation, anti-bribery, employment, health and safety legislation.
- ◆ we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- ◆ identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

**Auditor's responsibilities for the audit of the financial statements** (continued)

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ tested journal entries to identify unusual transactions;
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- ◆ Reviewed in detail the basis for the cross charge and any material intercompany balances.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ agreeing financial statement disclosures to underlying supporting documentation;
- ◆ reading the minutes of meetings of those charged with governance;
- ◆ enquiring of management as to actual and potential litigation and claims; and
- ◆ reviewing any available correspondence with the company's legal advisors

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

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



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

EC2V 6DL



**Statement of financial activities (including income and expenditure account) Year to 30 June 2021**

	Notes	Unrestricted funds £	Restricted funds £	2021 Total funds £	2020 Total funds £
<b>Income from:</b>					
Charitable activities:					
. Grants and donations	1	—	—	—	11,390
. Research projects		30,027	—	<b>30,027</b>	176,426
Other income	2	182,243	—	<b>182,243</b>	13,205
<b>Total</b>		<b>212,270</b>	<b>—</b>	<b>212,270</b>	201,021
<b>Expenditure on:</b>					
Raising funds:					
Charitable activities:					
. Research projects	3	63,335	—	<b>63,335</b>	244,946
<b>Total</b>		<b>63,335</b>	<b>—</b>	<b>63,335</b>	244,946
<b>Net expenditure before other recognised gains and losses</b>		148,935	—	<b>148,935</b>	(43,925)
<b>Other recognised gains and losses</b>					
Net gains on foreign exchange		(11,502)	—	<b>(11,502)</b>	8,362
<b>Net (expenditure) income and net movement in funds for the year</b>		137,433	—	<b>137,433</b>	(35,563)
<b>Reconciliation of funds</b>					
Total fund balances brought forward at 1 July 2020	11,12	486,647	—	<b>486,647</b>	522,210
<b>Total fund balances carried forward at 31 June 2021</b>	11,12	<b>624,080</b>	<b>—</b>	<b>624,080</b>	486,647

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 24 to 30 form part of these financial statements.

Details of comparative information split between funds is given on page 30.

**Balance sheet** 30 June 2021

	Notes	2021 £	2021 £	2020 £	2020 £
<b>Fixed assets</b>					
Tangible fixed assets	8		—		7,538
<b>Current assets</b>					
Debtors	9	142,869		242,848	
Cash at bank and in hand		524,764		421,282	
		<b>667,633</b>		664,130	
<b>Liabilities</b>					
Creditors: amounts falling due within one year	10	(43,553)		(185,021)	
<b>Net current assets</b>			<b>624,080</b>		479,109
<b>Total net assets</b>			<b>624,080</b>		486,647
<b>Funds of the charity</b>					
Unrestricted funds	12		624,080		486,647
<b>Total funds</b>			<b>624,080</b>		486,647

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 and signed on its behalf by



**Malini Mehra**

Chair

Date: 21/06/2022

Institute for European Environmental Policy, London  
Company Limited by Guarantee  
Registration Number: 2458951 (England and Wales)

The notes on pages 24 to 30 form part of these financial statements.

## Statement of cash flows Year to 30 June 2021

	Note	2021 £	2020 £
<b>Net cash inflow from operating activities</b>			
Net cash provided by (used in) operating activities	A	<b>114,984</b>	140,187
<b>Cash flows from investing activities</b>			
Purchase of fixed assets		—	(1,195)
Net cash (used in) provided by investing activities		—	(1,195)
<b>Change in cash and cash equivalents in the year</b>		<b>114,984</b>	138,992
<b>Reconciliation of net cash flow to movement in net funds:</b>			
<b>Cash and cash equivalents brought forward</b>		<b>421,282</b>	273,928
Change in cash and cash equivalents		<b>114,984</b>	138,992
Change in cash and cash equivalents due to exchange rate movements		<b>(11,502)</b>	8,362
<b>Cash and cash equivalents carried forward</b>	B	<b>524,764</b>	421,282

### A Reconciliation of income to net cash flow from operating activities

	2021 £	2020 £
<b>Net income for the year (as per the statement of financial activities)</b>	<b>137,433</b>	(35,563)
<b>Adjusted for:</b>		
Net gains on foreign exchange	<b>11,502</b>	(8,362)
Depreciation	<b>1,885</b>	14,637
Decrease in debtors	<b>99,979</b>	555,055
Decrease in creditors	<b>(141,468)</b>	(385,580)
Loss on disposal of fixed assets	<b>5,653</b>	—
<b>Net cash provided by (used in) operating activities</b>	<b>114,984</b>	140,187

### B Analysis of changes in net debt

	2020 £	Cash flows £	Other non-cash changes £	2021 £
Cash at bank and in hand	421,282	114,985	(11,502)	<b>524,764</b>
<b>Total cash and cash equivalents</b>	<b>421,282</b>	<b>114,985</b>	<b>(11,502)</b>	<b>524,764</b>

### **Basis of preparation**

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 accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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

The accounts are presented in sterling and are rounded to the nearest pound

### **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 proportion of income to be recognised in respect of ongoing projects;
- ◆ Estimating the recoverability of debtors and determining any necessary provision for bad or doubtful debts; and
- ◆ Estimating the proportion of costs to be recharged between IEEP AISBL and IEEP London (please see the expenditure section below for further details).

### **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 of a period of one year from the date of approval of these financial statements.

In considering the future of the charity, the Charity's Trustees have committed to support the growth of IEEP London to enable it to operate independently over time. They have appointed additional staff to the charity and committed to the retention of sufficient resources within IEEP London to enable this to happen.

**Assessment of going concern** (continued)

The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due and as such, have prepared the statutory financial statement on this basis. 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 2022, the most significant issue that affects the carrying value of the assets held by the charitable company will be the availability of grants and funding from institutions.

**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.

**Expenditure**

All expenditure is accounted for on an accruals basis. Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All support costs, including governance costs, have been allocated to expenditure on charitable activities, which otherwise comprises expenditure on the charity's primary charitable purposes as described in the trustees' report.

A cross-charge is made annually between IEEP London and IEEP AISBL based on the relative proportion of each entity's core costs and income. The cross-charge shown in these financial statements is the value based on the available figures at the time that IEEP AISBL's audited accounts were finalised and therefore does not reflect year-end adjustments made to the IEEP London figures. The difference arising as a result of this will be adjusted in the coming year.

### **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**

During the year ended 30 June 2021, the company made 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 preferred 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 3. The charity employed no staff during the year ended 30 June 2021.

### **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.

### **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.

### **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.

**1 Income from Charitable Activities**

	Unrestricted funds £	Restricted funds £	2021 Total funds £
<b>Research Projects:</b>			
Scottish Natural Heritage	14,379	—	<b>14,379</b>
Sustainability First	1,350	—	<b>1,350</b>
Ricardo Energy & Environment	11,555	—	<b>11,555</b>
Other	2,743	—	<b>2,743</b>
	<b>30,027</b>	—	<b>30,027</b>
	<i>Unrestricted funds</i> £	<i>Restricted funds</i> £	<i>2020 Total funds</i> £
<b>Grants and Donations Receivable:</b>			
<i>International Federation of Organic Agriculture Movements</i>	—	11,390	11,390
	—	11,390	11,390

**2 Other income**

	Total 2021 £	Total 2020 £
Cross Charge due from AISBL	<b>182,243</b>	—
Other income	—	13,205
<b>Total other income</b>	<b>182,243</b>	<b>13,205</b>

The cross charge due from AISBL is an annual calculation reflecting the level to which IEEP London and AISBL provide services to one another as part of achieving their charitable activities. This year's figure was a credit in favour of IEEP London (2020 - £124,664 expenditure)

### 3 Total Expenditure

	2021 Total funds £	2020 Total funds £
Direct project costs (including AISBL recharge)	5,336	124,644
Property occupancy costs:		
. operating leases	71,694	25,948
. other	2,553	26,246
Telephone, postage, copying and stationery	203	5,591
Auditor's remuneration		
. current year	6,975	8,500
. prior year	17,240	—
. Non-audit services	12,475	2,130
Legal and professional	—	1,345
Depreciation	1,885	14,637
Loss on disposal of fixed assets	5,653	—
IT and computer support	8,985	38,643
Bad debt written off	9,893	—
Other costs (including travel reimbursements)	(79,557)	(2,738)
<b>Total other costs</b>	<b>63,335</b>	<b>244,946</b>

Aside direct project costs, all other costs constitute support costs, and are in respect of the provision of charitable activities. Included within Other costs is a credit for items owed by AISBL for £92,827 as part of reconciling the intercompany balances.

### 4 Net (expenditure) income

This is stated after charging:

	Total 2021 £	Total 2020 £
Staff costs (note 5)	—	—
Auditor's remuneration		
. Current year	6,975	8,500
. Prior year	17,240	—
. Non-audit services	12,475	2,130
Depreciation	1,885	14,637
Operating lease rentals		
. Land and buildings	—	25,948

## 5 Employee information

Wages and salaries were nil during the year (2020 – nil) – the cost of staff is part of the recharge arrangement with AISBL.

The Key management personnel for the year ended 30 June 2021 consisted solely of the Trustees and was therefore £nil (2020 – nil). Transactions with the trustees are set out in note 5, below.

## 6 Transactions with trustees

The Trustees received no remuneration for services rendered during the year. No expenses were incurred in the year totaling £nil (2020 – expenses relating to 1 Trustee were incurred, amounting to £284). These expenses covered travel, accommodation and subsistence associated with attending Board meetings and Finance Committee meetings and other meetings associated with Governance in London and Brussels. Some of these expenses were incurred directly by IEEP, others were reimbursed to the Directors.

## 7 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.

## 8 Tangible fixed assets

	Furniture & equipment £
<b>Cost</b>	
Brought forward at 1 July 2020	<b>163,454</b>
Disposals	<b>(163,454)</b>
Carried forward at 30 June 2021	<b>—</b>
<b>Depreciation</b>	
Brought forward at 1 July 2020	<b>155,916</b>
Charge for the year	<b>1,885</b>
Eliminated on disposal	<b>(157,801)</b>
Carried forward at 30 June 2021	<b>—</b>
<b>Net book value</b>	
At 30 June 2020	<b>7,538</b>
<b>At 30 June 2021</b>	<b>—</b>

All fixed assets held by IEEP London were disposed of as part of a move between London offices in March 2021.

## 9 Debtors

	2021 £	2020 Restated £
Trade debtors	—	175,327
Prepayments and accrued income	—	47,276
IEEP AISBL debtor accounts	<b>140,246</b>	—
VAT debtor	<b>1,257</b>	4,517
Other debtors	<b>1,366</b>	15,728
	<b>142,869</b>	242,848

All amounts are receivable within one year. The 2020 prior year restatement reflects a netting off of £512,996 of historic intercompany transactions for clarity. This has no impact on the net funds of IEEP London.

## 10 Creditors: amounts falling due within one year

	2021 £	2020 Restated £
Trade creditors	<b>22,578</b>	27,170
Intercompany balances with IEEP AISBL – other	—	138,001
Accruals	<b>20,975</b>	19,850
	<b>43,553</b>	185,021

All amounts are payable within one year. The 2020 prior year restatement reflects a netting off of £512,996 of historic intercompany transactions for clarity. This has no impact on the net funds of IEEP London.

## 11 Financial commitments

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

Property and equipment leases:

	2021	2020
Amounts payable over the remaining life of the leases	<b>Property £</b>	Property £
Up to one year	<b>3,294</b>	41,891
One to five years	—	—
	<b>3,294</b>	41,891

## 12 Unrestricted funds

	Balance at 1 July 2020 £	Income & other gains £	Expenditure £	Funds transfers £	Balance at 30 June 2021 £
Unrestricted reserves	461,647	212,270	(63,335)	(6,502)	<b>604,080</b>
Designated foreign exchange fund	20,000	(11,502)	—	11,502	<b>20,000</b>
Designated premises fund	5,000	—	—	(5,000)	<b>0</b>
<b>Total unrestricted funds</b>	<b>486,647</b>	<b>200,768</b>	<b>(63,335)</b>	<b>—</b>	<b>624,080</b>

	Balance at 1 July 2019 £	Income & other gains £	Expenditure £	Funds transfers £	Balance at 30 June 2020 £
<i>Unrestricted reserves</i>	<i>497,210</i>	<i>189,631</i>	<i>(233,556)</i>	<i>8,362</i>	<i>461,647</i>
<i>Designated foreign exchange fund</i>	<i>20,000</i>	<i>8,362</i>	<i>—</i>	<i>(8,362)</i>	<i>20,000</i>
<i>Designated premises fund</i>	<i>5,000</i>	<i>—</i>	<i>—</i>	<i>—</i>	<i>5,000</i>
<i>Total unrestricted funds</i>	<i>522,210</i>	<i>197,993</i>	<i>(233,556)</i>	<i>—</i>	<i>486,647</i>

### **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.

### **Designated premises fund**

Obligations may arise when the office lease terminates. The London office lease ended in March 2021 and the Brussels office lease was taken out in the name of AISBL in the prior period. The designated sum was held for future obligations which may arise on concluding the office lease. As a result, this has been released into unrestricted funds.

## 13 Restricted funds

The restricted funds all relate to projects carried out as part of the core work. No amounts remained unspent at 30 June 2021 (2020: £nil).

**14 Legal status**

Institute for European Environmental Policy, London is a company limited by guarantee, and not having a share capital, governed by its Memorandum and Articles of Association. Every member undertakes to contribute to the assets of the company, if it is wound up, a sum not exceeding £1. At the 30 June 2021 company had 4 members (2020 – 4). The company is a registered charity number 802956.

**15 Accounting for retirement benefits**

Prior to the transfer of its employees under a TUPE arrangement to IEEP AISBL on 31 March 2019, the charity made contributions to individual money purchase schemes on behalf of its staff.

Contributions during the year to these schemes were £nil (2020 – £nil).

**17 Related party transactions**

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 £275,070 (2020 – £124,644). The 2021 charge comprises £182,243 of cross charge for the 2021 financial year, and £92,827 relating to historic balances cleared down during the year.

During the year, receipts totaling £61,404 belonging to IEEP London was collected by IEEP AISBL, and costs incurred by IEEP London were paid via IEEP AISBL; and an in depth historic reconciliation process took place. (2020 - £217,863 aggregate payable by IEEP London to IEEP AISBL).

At the year end, the net balance owed to IEEP London from IEEP AISBL was £140,246 (owed from IEEP London to IEEP AISBL 2020 – £114,631).

**18 Post Balance Sheet events**

Following the year end, the trustees of IEEP London have taken the decision to increase the activities of the charity. IEEP London's central aim for 2021-22 will be to re-establish itself in the UK in particular by re-building relations with partners, revitalising its client base and delivering a compact yet punchy programme of projects that contribute to IEEP's overall vision and strategy. A new cooperation agreement with IEEP AISBL will be signed which will shape the relationship between the two entities going forward, with the cross charge mechanism being removed.

**19 Comparative statement of financial activities**

Notes	Unrestricted funds £	Restricted funds £	2020 Total funds £
<b>Income from:</b>			
Investments:			
. Interest received	—	—	—
. Income received from joint venture	—	—	—
Charitable activities:			
. Grants and donations	—	11,390	11,390
. Research projects	176,426	—	176,426
Other income	13,205	—	13,205
<b>Total</b>	<b>189,631</b>	<b>11,390</b>	<b>201,021</b>
<b>Expenditure on:</b>			
Charitable activities			
. Research projects	233,556	11,390	244,946
<b>Total</b>	<b>233,556</b>	<b>11,390</b>	<b>244,946</b>
<b>Net expenditure before other recognised gains and losses</b>	<b>(43,925)</b>	<b>—</b>	<b>(43,925)</b>
<b>Other recognised gains and losses</b>			
Net gains on foreign exchange	8,362	—	8,362
<b>Net (expenditure) income and net movement in funds for the year</b>	<b>(35,563)</b>	<b>—</b>	<b>(35,563)</b>
Partial transfer of undertakings	—	—	—
<b>Reconciliation of funds</b>			
Total fund balances brought forward at 1 July 2019	522,210	—	522,210
<b>Total fund balances carried forward at 30 June 2020</b>	<b>486,647</b>	<b>—</b>	<b>486,647</b>