

Charity Registration No. 1053988

Company Registration No. 2863827 (England and Wales)

CLIENTEARTH
COMPANY LIMITED BY GUARANTEE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

**CLIENTEARTH
COMPANY LIMITED BY GUARANTEE
LEGAL AND ADMINISTRATIVE INFORMATION**

Trustees	S Hockman M McIntosh W McIntosh M Robert M Stanley The Honorable E Young P Harvey B Eno H Jones H Tinsley F Serfaty
Secretary	BWB Secretarial Limited
Charity number	1053988
Company number	2863827
Principal address	The Hothouse 274 Richmond Road London E8 3QW
Registered office	2-6 Cannon Street London EC4M 6YH
Auditors	Arram Berlyn Gardner 30 City Road London EC1Y 2AB

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CLIENTEARTH COMPANY LIMITED BY GUARANTEE TRUSTEES' REPORT

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The trustees (who are also the directors of ClientEarth for the purposes of company law) present their report and accounts for the period ended 31 December 2013. The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Companies Act 2006 and the Statement of Recommended Practice, 'Accounting and Reporting by Charities', issued in March 2005.

Objectives and activities

The charity's objects are:

- To promote and encourage the enhancement, restoration, conservation and protection of the environment, including the protection of human health, for the public benefit;
- To advance the education of the public in all matters relating to the law, practice and administration of justice in connection with the environment;
- To relieve poverty through the provision of legal services to those who cannot otherwise afford them; and
- To promote, undertake and commission research into the law, practice and administration of justice in connection with the environment and matters relating thereto, including the impact, direct or indirect, of any human activity on the environment and to disseminate the useful results of such research.

We aim to achieve these goals through advocacy, mobilising support and litigation consistent with our charitable objects through work divided into five broad programme areas:

Biodiversity
Climate and energy
Climate and forests
Environmental law and justice
Health and environment

ClientEarth takes science, economics and policy and uses it to assist in the creation of effective laws and ensure that such laws are upheld. We are a group of lawyers freed from the traditional client-lawyer relationship by charitable funding. We work in the public interest so that nature is protected. We defend the interests of nature and the right of all people to a healthy environment.

We work at all stages in the life-cycle of law. We begin by asking what the science tells us. We then craft policy based on the science and our deep understanding of legal systems, creating pragmatic solutions. We next advise law and policy-makers and civil society, helping to turn policy into law. We then work with companies, governments and all relevant stakeholders to implement the law. And finally we go to court when the law needs to be enforced. This comprehensive approach, working at every stage in the life-cycle of the law, is unique among European organisations. It allows us to facilitate profound systemic change.

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Our objectives for 2013 were:

- To ensure effective reform of the EU Common Fisheries Policy (the CFP) to protect our fisheries, and to coordinate efforts of the Sustainable Seafood Coalition (the SSC) to make substantial progress on responsible fish sourcing in the UK;
- To continue opposing new, unabated coal power in Europe and to continue to support the EU's efforts to work towards a cleaner energy future;
- To ensure effective use of legal frameworks to protect the planet's forests, in particular by continuing to improve the legal capacity of forest-dependent communities, and to engage with on-going efforts locally and internationally to ensure effective governance of forest use;
- To continue to scrutinise the actions of the EU institutions to ensure the full realisation of access to information and the courts in environmental matters
- To ensure the EU's Year of Air serves as an opportunity to reinforce the need for strong regulation of air pollution and to challenge efforts to weaken current obligations.

Our strategies for achieving these objectives and our activities that contributed to their achievement are detailed in the 'achievements and performance' section. Each of our five programme areas met their objectives for 2013. In addition, each group had a host of other achievements which furthered their vision and goals as detailed below.

Public benefit

The charity has kept in mind the Charity Commission's guidance on public benefit. The report focuses on the main activities undertaken by the charity to further its charitable purposes for the public benefit. The main aim of the charity – to promote the protection of the environment – is by its very nature of benefit to all sections of the public. The public benefit is further illustrated in this report throughout the following sections.

Achievements and performance

Biodiversity

Our vision is of a planet where all life is diverse, abundant and thriving. We want a home where people and nature flourish together. In order to achieve this vision, our overall programme objective is to defend the interests of nature and the right of all people to a healthy natural environment by concentrating on:

1. Fisheries (working towards sustainable fisheries management);
2. Wildlife (defending species and habitats and ensuring sustainable land use); and
3. Water (protecting clean fresh water and healthy oceans).

To date, we have focused primarily on marine biodiversity because (i) healthy oceans are essential for the functioning of both terrestrial and aquatic ecosystems and (ii) this is an area that has enabled us to make a swift and significant impact in the EU and the UK in each of the key areas detailed below. In 2013 we have made meaningful progress towards our long-term goal of achieving sustainable

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management of marine resources that allows for fishing while ensuring marine habitats and biodiversity are protected.

Reform of the EU Common Fisheries Policy

How much we fish and the way in which we fish has a major impact on ocean health. Overfishing continues to be the most immediate and significant threat in EU waters and globally. The CFP underwent an extensive reform over the last few years and influencing this process to improve the efficacy of the CFP was a priority for the Biodiversity programme.

Our conclusions as to which CFP reforms were essential were built on legal and scientific analysis. We then advocated for these reforms in the European Parliament and via the governments of EU Member States (Member States). The focus was on cementing binding requirements for sustainable fishing levels – including through an obligation to land all catches – as well as integrating environmental requirements and complying with environmental protection laws. This work culminated in the final adoption of the new CFP in 2013 (with an effective date of 1 January 2014), which delivered these key asks, including in particular legal obligations to set sustainable fishing levels by 2015.

We also engaged in the concurrent reform of the regulation governing the EU system of fisheries subsidies, the European Maritime and Fisheries Fund (the EMFF). Here, our advocacy concentrated on ensuring that subsidies under the EMFF should contribute to achieving the objectives of the CFP, should not be provided in cases involving prior breaches of the CFP and should not create 'perverse' incentives that could encourage overfishing or non-compliance. In a plenary vote toward the end of 2013, the European Parliament generally confirmed these fundamental principles, with only some short-term provisions for certain less efficient subsidies.

The Sustainable Seafood Coalition

We have supported the supply and consumption of *sustainable* seafood in the UK by establishing the SSC. The SSC was founded by ClientEarth in 2011 and it unites seafood businesses in supporting the long-term goal that all fish and seafood sold in the UK come from sustainable sources. The membership of the SSC includes almost 70% of the UK retail market for seafood, as well as suppliers, brands and food services. Our aim is to improve the health of our seas by working with industry on voluntary codes of conduct to increase responsible behaviour (the sourcing code) and facilitate consumer understanding (the labelling code). To help achieve this goal, in 2013 we launched and now manage a dedicated and successful SSC website - <http://sustainableseafoodcoalition.org/>. We published our draft labelling code for a public feedback period and subsequently agreed the text after two years of discussions. We also developed the sourcing code and an accompanying guidance document, ready for a public feed-back period in the first half of 2014, and we are expecting the public launch of both codes later in 2014.

European marine sites

Marine wildlife is under threat from overfishing as well as other pressures, and we have sought to address this by concentrating on increased marine biodiversity protection through the implementation of EU conservation laws.

Throughout 2013 we continued with our legal advocacy to ensure a robust and legally compliant regulatory system to stop potentially damaging fishing practices from occurring within marine protected areas designated under EU law. In close collaboration with the Marine Conservation Society, we participated in a UK Government-led (under the Department for Environment, Food & Rural Affairs)

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group to introduce of a series of locally designed byelaws implementing EU environmental laws to stop the most potentially damaging fishing activities in the most vulnerable sites as of early 2014.

Whales and dolphins

Working on behalf of Whale and Dolphin Conservation, we have continued to advocate successfully for the UK Government to apply the EU laws that protect whales and dolphins in UK seas. In 2013 the UK Government committed to undertake further scientific work to locate essential habitat that should be designated as European marine sites for the harbour porpoise (a type of cetacean like whales and dolphins). In order to ensure that this scientific work produces desirable conservation outcomes for harbour porpoises, we produced an in-depth legal analysis of the approach that has historically been pursued by the UK Government in selecting harbour porpoise EU marine sites. In our report, we highlighted how the UK's approach is not compatible with the legal and scientific obligations under EU law and must change in accordance with our recommendations. We are currently awaiting the results of this additional work commissioned by the UK Government.

Climate and energy

The vision of the climate and energy programme is to ensure that the EU makes a fair and proportionate contribution to reducing global greenhouse gas emissions and thereby leads and assists with the global efforts to avert dangerous climate change. This goal is only achievable if there is a fundamental transformation of the European energy sector and such transformation requires completion of the internal energy market, rapid divestment from high carbon fossil fuels, massive investment in building a low carbon and highly energy efficient energy system and strong support for the 'prosumer' (producer and consumer of energy).

Coal power is globally the single biggest barrier to cleaning up our energy systems and therefore we oppose new coal power stations unless they capture the carbon they produce. Given Poland's position as a major investor in new coal and a key opponent of energy modernisation in Europe, ClientEarth has focused on challenging investment in new coal fired power stations in Poland and leading a public debate concerning the national benefits of energy decarbonisation.

More broadly we are also working to promote better EU climate and energy law and governance. We have engaged proactively in the EU's 2030 policy debate which concerns the nature and extent of the next generation of EU climate and energy laws for the post 2020 period. Our research highlighted the critical importance of good governance in forging an effective pathway to power sector decarbonisation in Europe. Our research has also pioneered the legal model for promoting the prosumer as a critical actor in the energy system of the future.

Key achievements and milestones reached in stimulating Poland's energy transition away from fossil fuels include:

- The Gdansk Administrative Court upheld ClientEarth's challenge (in collaboration with a local NGO EkoKociewie) to the granting of a building permit for the Polnoc Power Plant, thereby forcing a repeat of the process and compliance with public participation rules.
- Intervention by ClientEarth prompted the EU Commission to open enforcement proceedings against Poland concerning its failure to transpose the EU Emissions Trading System (ETS) Directive into Polish law, which in turn forced the Polish government to introduce legislation to rectify the failure.

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- ClientEarth advocacy contributed to the Polish Parliament adopting most of the amendments to the Energy Law Act we proposed concerning renewable energy.
- We reached two milestones in our work to support implementation of the EU Energy Efficiency Directive and highlight the link between coal burning, poor air quality and effects on public health; namely: the decision by authorities to accept ClientEarth's input to the draft programmes administering EU Structural Funds and consideration of our proposed ban on coal for domestic heating in Krakow by other cities.
- The Warsaw Supreme Court upheld ClientEarth's right to standing in our six greenhouse gas cases and the cases have now been returned to the Administrative Court for a decision on their merits.

Key contributions to improved EU climate and energy law and governance:

- We submitted a substantial response to the EU Commission's 2030 Green Paper, providing a comprehensive analysis of the legal issues raised by the design of the new regime. We also provided legal advice to other NGOs which we believe strengthened the quality of the sector's analysis of the need for an ambitious package.
- We advanced the case for more robust governance of non-ETS emissions by building support for reform of the EU Effort Sharing Decision and thereby stronger regulation for over half of Europe's total greenhouse gas emissions. While still at an early stage, we believe we were successful in opening a policy 'space' for consideration of this neglected measure through raising NGO awareness of its importance and working with the European Climate Foundation (ECF) to develop a strategy for securing strengthened governance of non-ETS emissions.
- We made a substantial contribution to ensuring that the new EU Energy Efficiency Directive is applied in a manner that maximises its capacity to drive energy savings by preparing extensive interpretative analyses of its key provisions. Our analysis prevented national attempts to obtain unlawful derogations, strengthened stakeholders' capacity to influence Member States and enhanced the European Commission's capacity to resist Member State arguments.
- We were part of the authors' group that researched and produced the ECF *Roadmaps to Reality Report (R2R)*, which identifies obstacles to and solutions for a route towards power sector decarbonisation in Europe. Our analysis made a significant contribution to shaping this important report by ensuring that the power market analysis was positioned within its wider legal and governance context. ClientEarth's input has significantly increased R2R's relevance to the closely related EU 2030 process, which has subsequently strongly emphasised the need for a maturing of the EU's approach to energy governance.

Climate and forests

The vision of the climate and forests programme is to protect forests from deforestation and degradation in order to conserve biodiversity, combat climate change, reduce inequality and tackle poverty.

Working independently and with partners, ClientEarth has continued to focus on the EU laws that can contribute to reducing the EU's 'forest footprint' and on the governance systems in key forest countries in Africa that will reinforce the effectiveness of such EU laws. One of the strongest drivers of

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deforestation and degradation is the insatiable demand in the EU and elsewhere for timber and products used either for food or bioenergy purposes. In 2013 we worked on relevant EU laws undergoing revision (the EU Public Procurement Directive and the framework governing biofuels) and on the implementation and enforcement of the new EU Timber Regulation (the EUTR), an EU law which seeks to restrict market access for illegally harvested timber. The EU Forest Law Enforcement, Governance and Trade (FLEGT) action plan has continued to guide our work with civil society organisations in the key forest countries of the Republic of Congo, Ghana and Gabon, where we have contributed to strengthening and reforming their systems of forest governance.

Commodity drivers of deforestation

Various products that are consumed in the EU can be linked to deforestation - the link can be direct (forests are cut down and used for e.g. timber, paper or pulp) or indirect (where the forest is cut down in order to free up land for a different use, e.g. growing food or energy crops or raising livestock). Our focus has been on those laws that relate to the trade of timber, those that incentivise the bioenergy component of the EU's energy mix and future policy options for other agricultural drivers of deforestation.

Illegal logging

The EUTR came into force in 2013 and, if effectively implemented, it could result in the substantial reduction of illegal logging around the world. ClientEarth has been working to build a broad understanding of the obligations and opportunities that the EUTR creates for national authorities, civil society, industry and other key stakeholders in Europe and internationally. The objective is to strengthen the operation of the EUTR itself, the role of the EUTR in ensuring the ongoing development of complementary laws (EU and international), and the implementation and enforcement of EU environmental law more broadly.

In 2013, ClientEarth continued to focus on the application of the EUTR at Member State level, including working with the competent public authorities designated to implement and enforce this law. We developed targeted analysis and briefings to clarify the key elements of the EUTR and draw lessons of good practice, particularly on the application of due diligence, from other regulatory frameworks. By co-hosting (with Chatham House) four workshops for competent authorities, we created a platform to present this analysis. Taken together, this work has contributed to an increase in the standard of action and cooperation between competent authorities, including the formation of an informal coordination group.

We have also drawn attention to failures to properly implement the EUTR by Member States by researching the status of implementation across the EU. We presented an analysis of implementation gaps to the European Commission and Member States as a means to prompt oversight action by the Commission and to lay the groundwork for possible enforcement actions by ClientEarth in the future.

For the EUTR to work effectively, those in the EU and the countries from which timber is sourced, must understand the obligations and opportunities that it creates.

We have worked with civil society in the EU and internationally (including hosting workshops in Ghana, Cameroon and Russia, as well as creating an animated video as a communication tool) and we have produced analyses and educational materials to set out the opportunities for civil society to play a role in the enforcement of the EUTR. This is a crucial step in supporting the ability and rights of citizens to play

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an active role in the application of the EUTR and, more broadly, the application of environmental law across the EU.

We have also engaged with industry stakeholders in the EU and internationally in order to build an understanding of how to respond to and comply with the EUTR. This included hosting a workshop for industry stakeholders in Cameroon, following which the need for national support for industry was recognised and a liaison was recruited.

Sustainable timber public procurement

In 2013, ClientEarth also continued its work relating to the legal uncertainty with respect to sustainable timber procurement policies in Europe. The focus was on ensuring that the revision of the EU Public Procurement Directive resulted in a significantly more effective framework for the inclusion of environmental and social considerations (such as those relevant to sustainable forest management) in EU government purchasing decisions in the future. The new rules give more confidence to those pursuing ambitious public procurement policies for sustainable timber and also to public authorities that want to demand that other commodities they buy, such as palm oil, soy and beef, only come from sustainably managed resources.

Biofuels

Throughout 2013 ClientEarth focused on the legislative process aiming to minimise the indirect land-use change (iLUC) effects of biofuels. In particular, we managed to draw the attention of partner NGOs as well as the European Parliament and Council to the crucial issue of effective monitoring and verification of sustainability criteria which aim to ensure that only biofuels from sustainable sources are rewarded by EU policies. The effectiveness of our advocacy is confirmed by the fact that many of our recommendations have been taken on board. For example, the role and quality of sustainability certification schemes is now on the political agenda, as shown by positions adopted by the European Parliament and the Lithuanian Presidency's proposal to the Council. Even though our efforts suffered a setback in December 2013 when energy ministers failed to agree on a compromise, the above achievements set a starting point for further negotiations in 2014 and deliver an important signal for post-2020 policy to ensure the sustainable production and use of biofuels.

Biomass

Our work also continued to highlight the faulty assumptions about the 'carbon neutrality' of biomass, which is the driving force behind numerous conversions to biomass use in coal power stations. In addition to preparing the ground for an improved position on biomass in the 2030 EU Climate and Energy package, we also used litigation in relation to a specific conversion project in Borssele, the Netherlands, to complement and strengthen NGO advocacy. This joint action with local NGOs contributed to the operator's decision not to go ahead with the conversion.

EU plan to tackle deforestation

ClientEarth, together with other NGOs, worked with Members of the European Parliament (MEPs) to secure a mandate in the EU 7th Environmental Action Programme (which sets out priorities for environmental policy-making up to 2020) for the Commission to consider developing an EU plan to tackle deforestation. The momentum for this agreement results from the increasing profile of the EU's contribution to deforestation, something which has been highlighted by several of ClientEarth's activities. We now look forward to ensuring that the resulting action plan is robust and effective.

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Forest governance: Africa

We continue to work in the Republic of Congo, Ghana and Gabon, where civil society legal empowerment is contributing to on-going forest law reforms and the implementation of their respective Voluntary Partnership Agreements (VPA) (legally binding trade agreements between the EU and a timber-producing country outside the EU which aim to improve forest governance and assure the legality of wood sold on the EU market).

Throughout 2013, the Africa team has successfully given legal and policy support to civil society organisations to enable their effective participation in forest law reform processes occurring in Ghana, Gabon and Republic of Congo. In each of our three focus countries, ClientEarth facilitated legal working groups where national civil society and community representatives, lawyers, researchers and experts come together to provide concrete contributions to legal processes around forest governance. These *fora* created space for legal analysis and reinforcement of ideas and legal propositions brought by civil society representatives, networks or platforms. In addition to specific and *ad hoc* advice on a number of legal topics relevant to forest governance, the Africa team has provided training and legal briefings on how five core rights - access to information, participation, ownership and use rights, benefit sharing and access to justice - are currently framed in national, regional and international legislation. This has enabled civil society to build their legal capacity and to advocate for the reinforcement of these rights in current national forest law reforms and during the implementation of the VPAs.

In Gabon, further to on-going efforts carried out by the Africa team to advocate for the inclusion of civil society in all phases of legal reform processes, ClientEarth, in 2013, signed an agreement with the Gabonese Ministry of Water and Forestry to partially fill the gap created by the absence of a VPA in this country. This partnership in fact recognises the role of Gabonese civil society brought together in the Platform '*Gabon ma terre mon droit*', through ClientEarth and its legal working group, to provide substantive legal input to the work of the Ministry on forest law and policy development. This also formally recognises the importance of the involvement of the local communities in the law-making process. In the Republic of Congo, ClientEarth's continuous legal support allowed Congolese civil society to craft a detailed amendment proposal for their forest code reform process, which is currently being taken into account by policymakers in the subsequent reform phases. This was a major achievement as civil society organisations have succeeded in consolidating their joint position and needs in one document. In Ghana, diverse and unaligned civil society representatives were able to collaborate on issues like the legality of logging permits, transparency and participation. Through our facilitation, they also came together to develop recommendations and agree on commitments on their role in the upcoming process of consolidation and revision of the forest legislation. From a legal point of view this consolidation process represents the biggest opportunity of the last two decades to influence the rules by which the game is played in the forest sector.

Health and environment

The vision of the health and environment programme is to minimise harm to human health and the environment from exposure to air pollution and dangerous chemicals. The health and environment programme is made up of the clean air team and the toxics team.

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Clean air

EU legislation

2013 was the European Commission's 'Year of Air' – which culminated in December with the publication of a proposal by the Commission for a new package of air pollution directives which will set EU air policy for the next fifteen years. Our advocacy efforts, including attendance at expert stakeholder meetings, responses to consultations, and personal and written briefings to Commission officials led to several of our key asks being included in the proposal, including:

- New targets for national emission reductions of methane – which is both a powerful greenhouse gas and a precursor to harmful ozone pollution;
- Closer links with Directive 2008/50/EC on ambient air quality and cleaner air for Europe (the EU Ambient Air Quality Directive) – so in future national ministries will have to focus on tackling pollution sources which have the biggest impact on urban air quality; and
- Provisions on access to information and public participation – so that people are better able to hold the authorities to account for tackling air pollution.

The proposal must now be agreed between the Council and the Parliament in the co-decision process. We will continue to influence the final version of the directives. We will also draw on our experience of enforcing air pollution laws in national courts to try to ensure that the directives are legally enforceable.

The new proposals received widespread media coverage in the UK press, and our reputation as experts on the issue made us a prominent commentator.

Litigation

In May 2013 we won a landmark victory in the UK Supreme Court, which led to the Court declaring that the UK was breaking EU law by failing to protect its citizens from harmful air pollution. The case has been referred to the European Court of Justice, which will now make the first ever ruling on the interpretation of the right to clean air under the EU Ambient Air Quality Directive. The ruling by the European Court of Justice with respect to such interpretation will be binding not just on the UK court, but also on 27 other Member States. This is highly significant as the majority of Member States remain in breach of the Directive, with up to a third of the urban population of the EU exposed to air pollution above EU limits. Air pollution is the number one environmental health risk in the EU, causing over 400,000 early deaths in 2010.

According to current projections, the UK and several other Member States will not comply with the EU Ambient Air Quality Directive until 2025 or later. Our case could force them to comply much sooner, with major benefits for human health, the environment and climate change mitigation.

Driven by our success in the UK Supreme Court, in 2013 we secured 213 unique news articles on air pollution in national, international and sector publications. In addition to print and online reports, the story was featured in the main bulletins across the BBC's news programmes. Although the coverage was mainly in the UK, write-ups in Reuters and other agencies increased its global reach.

We held a series of three workshops in other Member States, where we gave practical advice to other NGOs and air campaigners on how to use litigation to uphold their right to clean air.

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UK: The Healthy Air Campaign

We made a major breakthrough in increasing the profile of air pollution as a political issue, which has in the past barely featured on the political agenda. We are working closely with the Shadow Minister for the Natural Environment & Fisheries, who supported a parliamentary event as well as a photo opportunity which was attended by over 20 Members of the UK Parliament (MPs). The campaign has received support from MPs of all three major parties and we are currently developing a strategy to secure manifesto commitments from all parties.

In September, we co-ordinated a joint response against a damaging government proposal to weaken local authorities' duties to assess and manage air quality. We worked with online activists 38 Degrees to build public opposition to the proposals. This resulted in 17,000 people responding to the consultation to oppose the proposals and widespread media coverage. In December, the UK Government announced that it was re-thinking the proposals in light of the widespread opposition they had received.

We launched our new Healthy Air Campaign website in January, which provides publicly accessible information on air pollution and health, news, a wide range of resources, personal accounts and specific sections on children, older people, asthma, cycling and climate change. See <http://healthyair.org.uk/>.

We have been a driving force in raising public awareness of air pollution in the UK and have put it firmly on the political and media agenda, which, in turn, will result in still more prominent broadcast and print coverage in 2014.

This year we have brought valuable new health partners on board the healthy air campaign, including the British Heart Foundation, the UK Health Forum and the Climate and Health Council. The support of major health groups has proved to be very influential in gaining mainstream media attention and credibility in the health sector.

Toxics

Our view is that toxic chemicals should only be produced and used to the extent that the risks which they pose to human health and the environment are outweighed by their benefits. To this end, the toxics team seeks to ensure that harmful chemicals are replaced by safer alternatives and cleaner technologies.

Just over five years ago, despite lengthy and intense opposition from the chemicals industry worldwide, the EU introduced the Registration, Evaluation, Authorisation and Restriction of Chemicals Regulation (REACH) and established the European Chemicals Agency (the ECHA) as a specialist regulatory body. This ambitious and legally complex regime is generally considered to represent a paradigm shift in the regulation of chemicals, particularly those to which the general public and the environment are widely exposed (for example, through their use in mass market consumer products). The regulatory stages of REACH are notable in two key respects: first, specific responsibilities are placed on industry to significantly increase the availability and improve the quality of information about all substances placed on the EU market; and, secondly, authorisation is required for particularly hazardous substances, unless safe use or over-riding socio-economic benefit of continued use can be demonstrated. Our work is designed to achieve a robust and effective implementation of REACH. In addition to our efforts under REACH, we also aim to secure the implementation of these fundamental legal principles with respect to pesticides by EFSA (the European Food Safety Authority), which is the expert advisory body in this area.

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Due to the limited resources of the toxics team, our approach is to research and publish constructively critical analyses on issues which can provide opportunities for effective legal intervention in essentially two areas: (a) ensuring the transparency and accountability of public bodies charged with the implementation of chemicals regulation and (b) working with other civil society organisations to improve public access to information about chemicals and press for regulatory processes to increase protection against hazardous substances.

Participation in chemicals regulatory processes

In 2013 we continued to see positive results of our report: 'Identifying the Bottlenecks in REACH Implementation', which enabled us to engage closely with regulators to support a more rigorous and transparent implementation of REACH and led to our participation and significant interventions in over twenty meetings with public bodies responsible for chemical regulation in Europe, most notably with ECHA, the EU Environment Commissioner and senior staff of DG Environment. We have worked with ECHA to improve access to basic information on chemicals, including brief profiles of hazardous properties, labelling requirements and relevant EU legislation including authorised uses and risk management measures. A revised and improved database is due to 'go live' in 2015. We were able to use our position as the only civil society legal stakeholder in a key ECHA committee to present arguments supporting a restrictive interpretation of the concept of 'economic feasibility'. We were able to ensure that industry may be required to find substitutes for hazardous substances, even if the cost to them of doing so is greater than retaining a substance which should, otherwise, be phased-out.

We achieved further regulatory impact through the publication in 2013 of our detailed review of the registration dossiers of five substances with endocrine disrupting properties: 'REACH registration and endocrine disrupting chemicals'. These substances, which are found in a multitude of consumer products, are of serious international concern because of the growing body of scientific evidence of the damage they cause to the development systems of both humans and wildlife and their implication in the increase in endocrine related diseases and disorders. Our research identified a range of significant deficiencies in the way in which registrants meet the information requirements under REACH and opportunities for a more rigorous approach to be taken to secure the goal under REACH of 'no data, no market'. The report highlighted the critical need for ECHA and Member States to take steps to address the degree of non-compliance by registrants. We were invited to present to ECHA's Member State Committee and the UK Chemicals Stakeholder Forum and have been able to engage in ongoing discussions regarding possible routes to secure greater accountability. Quality of information has been recognised as a key issue which will be addressed in ECHA's Multi-Annual Work Programme 2014-2019.

During 2013, we also continued to present our analyses and proposals on the need to develop an appropriate regulatory framework for the use of nano-technology. This has led to the European Commission requesting our ongoing participation in debates and discussions on the next steps in this important regulatory initiative.

Working with partners to improve availability of information on chemicals and regulatory processes

Together with other civil society organisations, we make strategic use of Aarhus access rights to encourage compliance by regulatory bodies (particularly ECHA and EFSA) with their data dissemination and disclosure obligations. This approach has led to continuing litigation before the European Court of Justice relating to disclosure of REACH registrants' names (Case T-245/11) and the identity of EFSA experts developing regulatory guidance on pesticides (Case C-615/13). Our legal analysis supported civil society calls for the adoption and implementation of an EU ban on neonicotinoid pesticides (which

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research shows are posing increasing risks to the future of pollinators, including bees and butterflies). At the end of the year, we joined six other organisations in making an application to intervene in support of the Commission's ban which is being challenged in the European Court of Justice (Cases T-429/13 and T-451/13) by Bayer and Syngenta, two multinational agrochemical companies for whom these substances are a very profitable international business.

Environmental law and justice

The vision of the environmental law and justice programme is a society in which all environmental decisions are made and implemented in a manner which is open and allows for the participation of all interested parties. Individuals and the NGO community are powerless to influence, intervene or challenge the enactment, implementation and enforcement of laws relating to the protection of the environment without access to: information, the decision-making process and justice in environmental matters. The environmental law and justice programme seeks to enforce and expand accountability and transparency in the EU and, when the opportunity arises, in other jurisdictions. In furtherance of this goal, ClientEarth established the EU Aarhus Centre in Brussels in 2011 in order to create a dedicated centre of expertise combining thought-leadership, capacity-building and debate relating to strategic legal actions. As our work is broad in scope and is applicable to much of ClientEarth's work, we function independently as well as in conjunction with the four other programmes.

In 2013, ClientEarth has made significant progress in supporting openness, participation and accountability across its three main work streams as follows:

Legislation: access rights

Throughout 2013, our legislative work was focused on the revision of the EU Environmental Impact Assessment Directive. We were seeking to ensure that the EU institutions adopt measures which will result in improvements to the assessment of the industrial projects covered by the directive. After providing MEPs as well as political advisers with the necessary input and advice, most of our submitted amendments were adopted by the Parliament and some of them by the Council, and the revised directive now includes major improvements with regard to transparency, public participation and the monitoring of the project's impact on the environment.

We participated in the public consultation organised by the European Commission on the need to have inspections in environmental matters and we are now expecting the Commission to adopt and publish a legislative proposal on this matter, taking into account the outcome of the consultation.

We sent voting recommendations to MEPs to encourage them to adopt amendments to the 7th Environmental Action Programme (the EAP), a majority of which were subsequently adopted. The EAP constitutes the reference for the EU institutions' actions with regard to environmental matters.

We submitted access to documents requests to the European Commission, Parliament and Council in line with our objective of increasing transparency within the legislative process at EU level. The request concerns documents used within trilogue meetings between these three institutions during which the most important decisions are taken in complete confidentiality. We will challenge the Commission's reply providing only partial access to the requested information and plead for complete transparency throughout the process. These are the first requests of a series that will lead to litigation before the European Court of Justice in 2014.

CLIENTEARTH COMPANY LIMITED BY GUARANTEE TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

Awareness-raising and capacity-building

We continued to provide legal advice to key Brussels-based NGOs and individuals with respect to the implementation of the Aarhus Convention and strategic litigation.

We provided training to a group of Croatian NGOs and law students, institutions officials, judges and prosecutors in Bosnia-Herzegovina, and national public authorities about EU environmental law and access rights.

We started working on a second publication (the first was the *Citizens Guidebook on Access to Documents*) providing an analysis of the transposition of the Convention at national and EU institutional level which will be published at the beginning of 2014.

Ludwig Kramer, EU Aarhus Centre Director, made a number of presentations on a wide range of environmental law and issues related to the Aarhus Convention.

Compliance of EU institutions

We started to work within a coalition of NGOs to increase transparency within EFSA, which provides opinions to the Commission with respect to food products before the Commission authorises them to be placed on the market. EFSA is reviewing its transparency policy and is consulting civil society, including NGOs and the industry, to gather input before proposing a draft policy.

One of our cases was heard and unfortunately rejected by the EU General Court. The case was against the Commission for not granting access to conformity-checking studies regarding the transposition of environmental directives. Our appeal is pending before the European Court of Justice.

We presented our petition about the Commission's failure to comply with the access to information legislation in the European Parliament. Our petition stirred significant interest from MEPs – some of them heavily criticised the Commission for its lack of transparency and unwillingness to work openly and requested the Commission to provide justification for its lack of compliance.

Plans for future periods

During 2014, we intend to continue our work within our five programme areas of biodiversity, climate and energy, climate and forests, environmental law and justice, and health and environment based on the key objectives of ClientEarth.

Over the next five years, we intend to focus on the following:

Biodiversity - Continue to work on an improved regulatory framework for conservation and better implementation and enforcement of conservation legislation to defend vulnerable wildlife in the EU; a sustainable fisheries management framework in the EU; an improved EU regulatory framework for aquaculture; and responsible seafood sourcing in the UK. Establish a Wildlife Defence Centre.

Climate and energy - Make the case for stronger EU climate and energy governance; support the market conditions necessary for the European energy transition; mature our Poland strategy to move from an emphasis on litigation and ending new coal to a greater focus on advocacy, leadership in public debate about the energy transition and using litigation as a tool to achieve change; expand our use of strategic litigation to unblock barriers to energy and financial market change in the EU and globally, as

CLIENTEARTH COMPANY LIMITED BY GUARANTEE TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

appropriate; defend the UK Climate Change Act; and continue to build the reputation of ClientEarth as a centre of excellence on climate and energy law in Europe.

Climate and forests - Achieve an expanded and better implemented framework of EU law to reduce the EU's 'forest footprint'; establish stronger systems of forest governance in key forest countries; and use financial and company reporting regulations to disincentivise engagement with illegal commodity supply chains by companies conducting trade in forest-impacting commodities.

Environmental law and justice - Win the appeal in ClientEarth v Commission; bring a series of other strategic access to information cases before the European Court of Justice and the EU Ombudsman; continue to be the interlocutor of the EU institutions, agencies and bodies on Aarhus Convention related issues; and increase our outreach activities and continue to build the reputation of ClientEarth as a recognised centre of excellence on the application of the Aarhus Convention to EU institutions.

Health and environment

Clean air - Obtain an EU court ruling in R (ClientEarth) v SSEFRA that sets a legal precedent by strengthening the right to clean air and thereby encouraging other EU-based cases; work on the adoption of enforceable new EU emissions legislation designed to deliver significant air quality improvements; obtain a UK Supreme Court decision in R (ClientEarth) v SSEFRA that forces the UK to adopt and implement a plan to achieve air quality standards in the shortest period of time possible; obtain a firm commitment to a national system of low emission zones; assist other NGOs in Europe to uphold the right to clean air through supported litigation, advocacy and education; and bring a test case building on the right to clean air to improve access to environmental justice or environmental rights in other areas (health and climate change context in particular).

Toxics - Improve the quality and increase the availability of data on chemicals to inform citizens and justify a precautionary approach to their use; ensure the transparency and accountability of public bodies responsible for EU chemicals regulation; prompt regulatory compliance and behaviour change by industry through enforcement of legal obligations concerning the safe use of chemicals; and enhance civil society capacity working in this field by reinforcing their arguments with strong legal analysis and innovative use of legal processes.

Structure, governance and management

The charity is a company limited by guarantee and is governed by its memorandum and articles of association. The trustees, who are also the directors for the purpose of company law, who served during the period, were:

Winsome McIntosh (chair)
Martin Stanley (treasurer)
Michael McIntosh
The Honourable Emily Young
Stephen Hockman QC
Mary Robert
Philip Harvey
Steuart Walton (retired 08/10/2013)
Henry Tinsley
Brian Eno
Harvey Jones

**CLIENTEARTH
COMPANY LIMITED BY GUARANTEE
TRUSTEES' REPORT**

FOR THE YEAR ENDED 31 DECEMBER 2013

None of the trustees has any beneficial interest in the company. All of the trustees are members of the company and guarantee to contribute £10 in the event of a winding up.

New trustees are identified and invited to join the board of trustees by the chief executive officer and the chair of the board of trustees. They are selected on the basis of their sympathy with ClientEarth's charitable objects and their ability to further them as a trustee. New trustees are elected by resolution and approved by a majority of trustees where a quorum is present.

New trustees are provided with an induction pack containing relevant information regarding the charity, including the governing document, latest management reports and financials, together with relevant guidance on the role and responsibilities of trustees.

Trustees are eligible to remain on the board of trustees until the second annual retirement meeting following their appointment, after which time they become eligible to be reappointed by election.

The organisation is governed by the trustees who meet twice a year during the spring and autumn. A finance committee is established which meets on a quarterly basis, including prior to each board of trustees meeting. Communications and remuneration committees have also been established and meet on a regular basis.

The trustees are responsible for setting the overall programmatic and financial strategy of the charity and for approving the annual budget, but delegate the day-to-day management to the chief executive officer, James Thornton, who is supported by a management team comprising the directors of programmes, finance and development, and two programme leaders.

ClientEarth has three operational offices in London, Brussels and Warsaw. The London headquarters accommodates the majority of the core functions of the charity such as the CEO's office, finance, development, communications, human resources and administration teams. The charitable work of the organisation is structured by programme, which are led by programme leaders where funding allows, with larger programmes also incorporating project leaders. This programme-centric structure is distributed across the three offices without reference to geographical location, so that teams may be dispersed in more than one office.

The charity has a registered branch in Belgium.

ClientEarth has a subsidiary undertaking, Fundacja ClientEarth Poland, which is entirely controlled and funded by the UK charity; the board of trustees comprise founders Winsome and Michael McIntosh and James Thornton, while the management board includes members of ClientEarth UK's management team. Fundacja ClientEarth Poland is established as the Polish equivalent of a charity, and its income is derived wholly from grants made by ClientEarth UK to carry out its charitable activities.

The charity has another subsidiary undertaking – a French foundation called ClientEarth France – which is also wholly controlled by ClientEarth UK. It remained dormant during 2013, undertaking no activity during the year and making no financial transactions.

Risk management

The trustees confirm that they have examined the major strategic, business and operational risks which the organisation faces, and confirm that systems have been established to enable necessary steps to be taken to minimise these risks.

CLIENTEARTH COMPANY LIMITED BY GUARANTEE TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

During 2013 a comprehensive travel policy, which is appropriate to the charity's new operations in the developing world, neared completion. Two members of staff undertook a week-long Certificate in Security Management course run by REDR in order to better understand and manage the risks associated with our overseas operations.

The trustees remain committed to developing a more structured approach to risk management. Following the Charity Commission Guidance CC26, the charity's management team are making progress in developing a full risk management policy. This will allow the trustees to better manage risks and to implement procedures designed to minimise any potential impact on the charity should these risks materialise. It will also include a risk assessment process to be carried out around any new programmatic or operational endeavour.

Financial review

During the year ended 31 December 2013 the charity received total income of £4,046,138, a 23% increase on 2012 (£3,276,402). Total expenditure increased by 20% during the year to £3,810,712 (2012: £3,172,042).

At the balance sheet date, the total funds held by the charity were £715,943, a 49% increase on the previous year (2012: £480,517). The restricted funds held at 31 December 2013 were £611,178, which represents a 61% increase on 2012 (£378,428). The unrestricted funds held at the year end remained relatively constant at £104,765 (2012: £102,089).

By far the most significant source of income continues to be grants to fund our charitable activities. The grants are from charitable foundations and trusts in the UK, Europe and the USA, and from the UK and EU governments. The bulk of these grants are restricted to specific programmes of work, the details of which may be found in note 13 to the accounts.

The charity's success in securing restricted programme grants has exposed it to the well-documented challenge of raising sufficient funds to support core functions. Significant efforts were made throughout 2013 to improve the average level of cost recovery on restricted grants so that they contribute their fair share to the management and operations of the charity. Considerable progress has been made, but it remains a gradual process due to the slow turnover of grants and continued reluctance on the part of some funders to entertain full cost budgets. Consequently, ClientEarth's core functional teams remain lean and somewhat overstretched and spare funds for reserve-building remain difficult to find.

In considering this risk, the trustees have identified the need to diversify the charity's income streams, concentrating specifically on ways to raise additional unrestricted income. During 2013, a major donor programme was initiated, which began to show encouraging results towards the end of the year. This programme, together with other more innovative ways to raise unrestricted income, will continue to be a key focus of the charity's fundraising efforts during 2014.

The cash flow issues the charity experienced during 2010 and 2011 are now largely a thing of the past, though late grant payments and grants paid substantially in arrears continue to necessitate careful monitoring of cash balances through the year. The trustees are pleased to report that the loan from The McIntosh Foundation to ease cash flow under European Commission LIFE+ funding in 2010-11 continued to be repaid during 2013. The balance outstanding at year end was £95,375 (2012: £191,480), and the trustees are confident that the remaining amount will be repaid in 2014.

**CLIENTEARTH
COMPANY LIMITED BY GUARANTEE
TRUSTEES' REPORT**

FOR THE YEAR ENDED 31 DECEMBER 2013

Reserve policy

ClientEarth's reserves policy considers the financial risks to which the charity is exposed and sets the target level of free reserves at six months' operating costs (£1,905,357 in 2013).


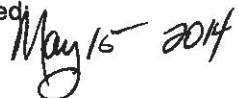
The difficulty in raising sufficient funds to cover core costs (noted above) means that securing a surplus of unrestricted funds with which to build reserves remains even more challenging still. The free reserves held by the charity at 31 December 2013 totalled £104,765, a sum which is essentially unchanged from the prior year (2012: £102,089).

This level of reserves is less than a tenth of what the trustees consider to be reasonable in light of the financial risks to which the charity is exposed. The difficulty in raising unrestricted funds to build reserves, despite the continued growth and success of ClientEarth's programmes, is of particular concern. The pressing need to diversify income streams and explore both traditional and more innovative ways to raise unrestricted funds is the first priority for the management team and board going into 2014, and considerable progress is expected on this front over the next twelve months.

Auditors

A resolution proposing that Arram Berlyn Gardner be reappointed as auditors of the company will be put to the members.

On behalf of the board of trustees

Trustee 
Dated  W. MCINTOSH

**CLIENTEARTH
COMPANY LIMITED BY GUARANTEE
STATEMENT OF TRUSTEES' RESPONSIBILITIES**

FOR THE YEAR ENDED 31 DECEMBER 2013

The trustees (who are also directors of ClientEarth for the purposes of company law) are responsible for preparing the Trustees' Report and the 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 incoming resources and application of resources, including the income and expenditure, of the charitable company for the year. 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 the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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.

**CLIENTEARTH
COMPANY LIMITED BY GUARANTEE
INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CLIENTEARTH**

We have audited the group and parent financial statements of ClientEarth for the year ended 31 December 2013 which comprise the consolidated Statement of Financial Activities, the Group Summary Income and Expenditure Account, the Group and Parent Charitable Company Balance Sheets. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's Members, as a body, in accordance with Chapter 3 of Part 16 of The Companies Act 2006 and to the charity's trustees, as a body, in accordance with Section 151 of the Charities Act 2011 and regulations made under Section 154 of that Act. Our audit work has been undertaken so that we might state to the charity'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 charity and the charity's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of ClientEarth for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006 and Section 151 of the Charities Act 2011 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounts

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

Opinion on accounts

In our opinion the accounts:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 December 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

**CLIENTEARTH
COMPANY LIMITED BY GUARANTEE
INDEPENDENT AUDITORS' REPORT (CONTINUED)
TO THE MEMBERS OF CLIENTEARTH**

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report for the financial year for which the accounts are prepared is consistent with the accounts.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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 exemption in preparing the Trustees' Annual Report.



**Julie Plper (Senior Statutory Auditor)
for and on behalf of Arram Berlyn Gardner**

Chartered Accountants

Statutory Auditor

30 City Road

London

EC1Y 2AB

Dated: 20 May 2014

**CLIENTEARTH
COMPANY LIMITED BY GUARANTEE
STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013**

CONSOLIDATED SOFA		Unrestricted funds	Restricted funds	Total 2013	Total 2012
	Notes	£	£	£	£
<u>Incoming resources from generated funds</u>					
Voluntary income	2	440,471	379,096	819,567	898,192
Investment income	3	28	-	28	27
Charitable activities					
Biodiversity Programme		2,913	462,473	465,386	360,311
Climate & Energy Programme		30,119	600,387	630,506	378,599
Climate & Forests Programme		3,651	1,684,607	1,688,258	1,272,973
Health & Environment Programme		21,942	269,485	291,427	279,286
Environmental Law & Justice Programme		5,444	138,577	144,021	75,000
Total Charitable activities	4	64,069	3,155,529	3,219,598	2,366,169
Other incoming resources	5	6,945	-	6,945	12,014
Total incoming resources		511,513	3,534,625	4,046,138	3,276,402
<u>Resources expended</u>					
6					
Costs of generating funds					
Costs of generating grants		69,705	79,684	149,389	146,308
Charitable activities					
Biodiversity Programme		73,907	513,916	587,823	672,582
Climate & Energy Programme		107,304	597,376	704,680	463,242
Climate & Forests Programme		167,230	1,667,273	1,834,503	1,435,655
Health & Environment Programme		48,562	289,048	337,610	308,807
Environmental Law & Justice Programme		16,698	140,142	156,840	101,869
Total charitable expenditure		413,701	3,207,755	3,621,456	2,982,155
Governance costs	7	25,431	14,436	39,867	43,579
Total resources expended		508,837	3,301,875	3,810,712	3,172,042
Net income for the year/ Net movement in funds		2,676	232,750	235,426	104,360
Fund balances at 1 January 2013		102,089	378,428	480,517	376,157
Fund balances at 31 December 2013		104,765	611,178	715,943	480,517

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

**CLIENTEARTH
COMPANY LIMITED BY GUARANTEE
BALANCE SHEET**

AS AT 31 DECEMBER 2013

CONSOLIDATED BALANCE SHEET		2013		2012	
	Notes	£	£	£	£
Current assets					
Debtors	11	587,391		730,672	
Cash at bank and in hand		372,121		194,141	
		<u>959,512</u>		<u>924,813</u>	
Creditors: amounts falling due within one year	12	<u>(243,569)</u>		<u>(444,296)</u>	
Total assets less current liabilities		<u>715,943</u>		<u>480,517</u>	
Income funds					
Restricted funds	13		611,178		378,428
Unrestricted funds	14		104,765		102,089
			<u>715,943</u>		<u>480,517</u>

The accounts were approved by the Board on May 15 2014



Trustee **W. MCINTOSH**

Company Registration No. 2863827

**CLIENTEARTH
COMPANY LIMITED BY GUARANTEE
BALANCE SHEET**

AS AT 31 DECEMBER 2013

	Notes	2013 £	£	2012 £	£
Current assets					
Debtors	11	587,391		730,672	
Cash at bank and in hand		370,997		187,655	
		<u>958,388</u>		<u>918,327</u>	
Creditors: amounts falling due within one year	12	<u>(243,569)</u>		<u>(444,296)</u>	
Total assets less current liabilities			<u>714,819</u>		<u>474,031</u>
Income funds					
Restricted funds	13		611,178		378,428
Unrestricted funds	14		<u>103,641</u>		<u>95,603</u>
			<u>714,819</u>		<u>474,031</u>

The accounts were approved by the Board on *May 15 2014*

W McIntosh

Trustee W McINTOSH

Company Registration No. 02863827

**CLIENTEARTH
COMPANY LIMITED BY GUARANTEE
NOTES TO THE ACCOUNTS**

FOR THE YEAR ENDED 31 DECEMBER 2013

1 Accounting policies

1.1 Basis of preparation

The accounts have been prepared under the historical cost convention.

The charity has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small charity.

The accounts have been prepared in accordance with applicable accounting standards, the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 2005 and the Companies Act 2006.

1.2 Basis of consolidation

The financial statements consolidate the results of ClientEarth and its wholly-owned subsidiary ClientEarth Poland on a line by line basis. The Charity's wholly-owned subsidiary ClientEarth France has remained dormant since incorporation.

The results of subsidiaries sold or acquired are included in the Income & Expenditure account up to, or from the date control passes. Intergroup transactions are eliminated fully on consolidation.

A separate statement of the financial activities and Income & Expenditure account are not presented for the charity itself following the exemptions permitted by section 408 of the Companies Act 2006 and paragraph 397 of the SORP. The total incoming resources for the charity for the year ended 31 December 2013 were £4,046,138 (2012: £3,276,402) with the positive movements in funds being £240,518 (2012: £104,582).

1.3 Incoming resources

Donations, legacies and other forms of voluntary income are recognised as incoming resources when received by the charity. All income is shown gross, with associated costs analysed under the relevant cost headings.

Gifts in kind are recognised in the accounts as a donation received and expenditure incurred. These gifts are recorded at their market value of the service or goods provided.

Value added tax is not recoverable by the charity, and as such is included in the relevant costs in the Statement of Financial Activities.

Grants received with both a restricted and unrestricted purpose are allocated on receipt directly into the correct fund and are not transferred between restricted and unrestricted funds. Grants due in the year, but not received are recognised based on the charity's entitlement to the grant.

**CLIENTEARTH
COMPANY LIMITED BY GUARANTEE
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013**

1 Accounting Policies

(continued)

1.4 Resources expended

Resources expended are recognised in the period in which they are incurred.

Resources expended are allocated to the particular activity where the cost relates directly to that activity.

Support costs comprising the salary and overheads costs of the central function are apportioned to each activity on the following per capita basis:

Costs of generating funds	4%
Biodiversity	17%
Climate and energy	25%
Climate and forests	39%
Health and environment	11%
Environmental law and justice	4%

Governance costs include all costs of compliance with constitutional and statutory requirements, including legal, audit fees and the costs of board meetings.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment over 3 years on a straight line basis

Items of equipment are capitalised where the purchase price exceeds £1,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities.

1.6 Pensions

The charity operates a defined contributions pension scheme. Contributions are charged in the accounts as they become payable in accordance with the rules of the scheme.

1.7 Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All differences are included in net outgoing resources.

1.8 Accumulated funds

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the accounts.

**CLIENTEARTH
COMPANY LIMITED BY GUARANTEE
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013**

2 Voluntary income

	Unrestricted funds £	Restricted funds £	Total 2013 £	Total 2012 £
Donations and gifts	58,792	-	58,792	296,219
Grants receivable for core activities	381,679	379,096	760,775	601,973
	<u>440,471</u>	<u>379,096</u>	<u>819,567</u>	<u>898,192</u>

3 Investment income

	2013 £	2012 £
Interest receivable	<u>28</u>	<u>27</u>

4 Incoming resources from charitable activities

	Unrestricted funds £	Restricted funds £	Total 2013 £	Total 2012 £
Grants and project work	<u>64,069</u>	<u>3,155,529</u>	<u>3,219,598</u>	<u>2,366,169</u>

5 Other incoming resources

	2013 £	2012 £
Other income	<u>6,945</u>	<u>12,014</u>

**CLIENTEARTH
COMPANY LIMITED BY GUARANTEE
NOTES TO THE ACCOUNTS (CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 2013

6 Total resources expended

	Staff costs £	Other costs £	Total 2013 £	Total 2012 £
Costs of generating funds				
Costs of generating grants	143,059	6,330	149,389	146,308
Charitable activities				
<u>Charitable activities</u>				
Activities undertaken directly	2,002,160	1,300,448	3,302,608	2,688,729
Support costs	299,547	19,301	318,848	293,426
Total	2,301,707	1,319,749	3,621,456	2,982,155
Governance costs	-	39,867	39,867	43,579
	2,444,766	1,365,946	3,810,712	3,172,042

Audit fees (including VAT) charged to the Income and Expenditure account amounted to £9,840 (2012: £8,000) and fees paid/accrued to the auditors for non-audit services amounted to £21,030 (2012: £19,780).

**CLIENTEARTH
COMPANY LIMITED BY GUARANTEE
NOTES TO THE ACCOUNTS (CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 2013

	2013							2012	
	Costs of generating funds	Biodiversity Programme	Climate & Energy Programme	Climate & Forest Programme	Health & Environment Programme	Environmental Law & Justice Programme	Support Costs		Governance costs
Expenditure									
Personnel and recruitment	130,579	39,182	437,170	856,919	219,226	67,034	312,027	-	2,029,232
Consultants and external assistance	1,965	24,193	67,416	250,553	19,875	37,209	9,171	-	190,877
Travel, events and meetings	1,743	22,438	44,125	223,386	11,360	5,130	3,569	17,321	221,925
Publications, subscriptions, memberships and trainings	932	12,008	20,192	48,835	8,136	1,683	3,238	-	113,988
Remises and office running costs	6,884	56,038	85,075	197,540	22,728	20,842	32,125	422	470,465
Accounting and professional fees	714	15,229	13,369	30,716	5,056	1,676	3,331	22,124	44,567
Bank charges	174	870	1,218	2,010	579	174	812	-	2,735
Exchange rate gains/(losses)	353	1,765	2,472	4,002	1,177	354	1,648	-	39,960
Depreciation									37,171
Bad debts									21,100
Overhead recharge	(7,240)	7,007	(49,380)	61,010	12,938	9,453	(33,788)	-	22
	136,104	531,360	621,647	1,704,971	301,075	143,555	332,133	39,867	3,810,712
Support Costs allocated to activities	13,285	56,463	83,033	129,532	36,535	13,285	(332,133)	-	-
Total	149,389	587,823	704,680	1,834,503	337,610	156,840	-	39,867	3,810,712

**CLIENTEARTH
COMPANY LIMITED BY GUARANTEE
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013**

7 Governance costs

	2013	2012
	£	£
Statutory accounts and audit	13,200	13,200
Mid-year accounting system review	-	4,200
Statutory accounting fees Poland	8,436	1,557
Trustees' travel costs	10,806	14,309
Board meetings costs	6,515	8,828
Trustees' liability insurance	258	1,032
Other costs	652	453
	<u>39,867</u>	<u>43,579</u>

8 Trustees

None of the trustees (or any persons connected with them) received any remuneration during the year. During the year £10,806 (2012: £14,309) of expenses were reimbursed to M McIntosh and W McIntosh relating to travel and accommodation costs for attending trustees meetings. These costs were covered by an unrestricted grant to the charity from the McIntosh Foundation.

**CLIENTEARTH
 COMPANY LIMITED BY GUARANTEE
 NOTES TO THE ACCOUNTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2013**

9 Employees

Number of employees

The average monthly number of employees during the year was:

	2013	2012
	Number	Number
Restricted funds projects	44	34
Unrestricted funds projects	8	9
	<u>52</u>	<u>43</u>

Employment costs

	2013	2012
	£	£
Wages and salaries	<u>2,444,766</u>	<u>2,079,391</u>

The number of employees whose annual remuneration was £60,000 or more were:

	2013	2012
	Number	Number
£60,000 - £70,000	4	5
£100,000 - £110,000	<u>1</u>	<u>1</u>

Pension contributions for employees whose annual remuneration was £60,000 or more amounted to £61,333 (2012: 50,866).

**10 Tangible fixed assets
 Group and Parent**

	Fixtures, fittings & equipment £
Cost	
At 1 January 2013 and at 31 December 2013	<u>120,570</u>
Depreciation	
At 1 January 2013 and at 31 December 2013	<u>120,570</u>
Net book value	
At 31 December 2013	<u>-</u>

**CLIENTEARTH
COMPANY LIMITED BY GUARANTEE
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013**

11 Debtors	2013	2012
	£	£
Group		
Accrued income	484,424	647,512
Prepayments and other debtors	102,967	83,160
	<u>587,391</u>	<u>730,672</u>
 Parent		
Accrued income	484,424	647,512
Prepayments and other debtors	102,967	83,160
	<u>587,391</u>	<u>730,672</u>
 12 Creditors: amounts falling due within one year	2013	2012
	£	£
Group		
Other creditors	183,168	251,990
Accruals	60,401	192,306
	<u>243,569</u>	<u>444,296</u>
 Parent		
Other creditors	183,168	251,990
Accruals	60,401	192,306
	<u>243,569</u>	<u>444,296</u>

**CLIENTEARTH
COMPANY LIMITED BY GUARANTEE
NOTES TO THE ACCOUNTS (CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 2013

13 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

Group	Movement in funds			Balance at 31 December 2013 £
	Balance at 1 January 2013 £	Incoming resources £	Resources expended £	
Arcadia Fund	46,028		(46,028)	-
Butler Foundations	-	6,000	(6,000)	-
Fish Fight newspaper campaign	782		(782)	-
Holly Hill Trust – Bats		10,000	(1,750)	8,250
Humane Society International	-	1,862	(1,862)	-
Oak Foundation	70,791	83,687	(125,821)	28,657
Pig Shed Trust	17,818	185,007	(155,940)	46,885
Walton Family Foundation – Sustainable Seafood	12,945	163,263	(127,861)	48,347
Whale and Dolphin Conservation	-	12,654	(12,654)	-
ECF – main grant	-	489,042	(489,042)	-
ECF – Balkans	-	14,745	(18,648)	(3,903)
ECF – Climate Policies	-	11,285	(15,559)	(4,274)
ECF – Climate Policies publication	-	6,635	(6,635)	-
Intelligent Energy Europe - Community Power Project	-	30,348	(35,946)	(5,598)
Wallace Global Fund	-	48,332	(7,960)	40,372
Adessium Foundation – Deforestation	70,257	197,940	(207,362)	60,835
Climate and Land Use Alliance (CLUA)	37,709		(37,709)	-
DG Development and Cooperation – EuropeAid	1,024	59,646	(58,208)	2,462
Holly Hill Trust – Ecuador	-	15,000	(15,000)	-
International Tropical Timber Organization (ITTO)	13,621	34,343	(47,964)	-
JMG Foundation	-	28,000	(28,000)	-
DFID – EU Timber Regulation	(31,298)	590,817	(519,178)	40,341
DFID – FLEGT Africa	6,773	625,212	(607,735)	24,250
DFID – REDD+ Safeguards Latin America	(4,780)	133,649	(128,869)	-
City Bridge Trust	9,301	52,125	(40,621)	20,805
ClimateWorks Foundation – Black Carbon	1,640	20,841	(23,620)	(1,139)
ClimateWorks Foundation (NEC) Directive	-	32,974	(26,167)	6,807
European Environment Health Initiative (EEHI)	16		(16)	-
Global Greengrants Fund	70,598	148,239	(152,021)	66,816
Kenneth Miller Trust	24,792		(23,522)	1,270
SumOfUs	-	15,306		15,306
Adessium Foundation – Aarhus Centre	(669)	138,577	(103,219)	34,689
Sigrid Rausing Trust	31,080		(31,080)	-
Esmée Fairbairn Foundation	-	300,000	(120,000)	180,000
John Ellerman Foundation	-	30,000	(30,000)	-
Walton Family Foundation – Core	-	49,096	(49,096)	-
	<u>378,428</u>	<u>3,534,625</u>	<u>(3,301,875)</u>	<u>611,178</u>

CLIENTEARTH
COMPANY LIMITED BY GUARANTEE
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

13 Restricted funds

(continued)

Parent	Movement in funds			Balance at 31 December 2013
	Balance at 1 January 2013	Incoming resources	Resources expended	
	£	£	£	£
Arcadia Fund	46,028		(46,028)	-
Butler Foundations	-	6,000	(6,000)	-
Fish Fight newspaper campaign	782		(782)	-
Holly Hill Trust – Bats		10,000	(1,750)	8,250
Humane Society International	-	1,862	(1,862)	-
Oak Foundation	70,791	83,687	(125,821)	28,657
Pig Shed Trust	17,818	185,007	(155,940)	46,885
Walton Family Foundation – Sustainable Seafood	12,945	163,263	(127,861)	48,347
Whale and Dolphin Conservation	-	12,654	(12,654)	-
ECF – main grant	-	489,042	(489,042)	-
ECF – Balkans	-	14,745	(18,648)	(3,903)
ECF – Climate Policies	-	11,285	(15,559)	(4,274)
ECF – Climate Policies publication	-	6,635	(6,635)	-
Intelligent Energy Europe - Community Power Project	-	30,348	(35,946)	(5,598)
Wallace Global Fund	-	48,332	(7,960)	40,372
Adessium Foundation – Deforestation	70,257	197,940	(207,362)	60,835
Climate and Land Use Alliance (CLUA)	37,709		(37,709)	-
DG Development and Cooperation – EuropeAid	1,024	59,646	(58,208)	2,462
Holly Hill Trust – Ecuador	-	15,000	(15,000)	-
International Tropical Timber Organization (ITTO)	13,621	34,343	(47,964)	-
JMG Foundation	-	28,000	(28,000)	-
DFID – EU Timber Regulation	(31,298)	590,817	(519,178)	40,341
DFID – FLEGT Africa	6,773	625,212	(607,735)	24,250
DFID – REDD+ Safeguards Latin America	(4,780)	133,649	(128,869)	-
City Bridge Trust	9,301	52,125	(40,621)	20,805
ClimateWorks Foundation – Black Carbon	1,640	20,841	(23,620)	(1,139)
ClimateWorks Foundation (NEC) Directive	-	32,974	(26,167)	6,807
European Environment Health Initiative (EEHI)	16		(16)	-
Global Greengrants Fund	70,598	148,239	(152,021)	66,816
Kenneth Miller Trust	24,792		(23,522)	1,270
SumOfUs	-	15,306		15,306
Adessium Foundation – Aarhus Centre	(669)	138,577	(103,219)	34,689
Sigrid Rausing Trust	31,080		(31,080)	-
Esmée Fairbairn Foundation	-	300,000	(120,000)	180,000
John Ellerman Foundation	-	30,000	(30,000)	-
Walton Family Foundation – Core	-	49,096	(49,096)	-
	<u>378,428</u>	<u>3,534,625</u>	<u>(3,301,875)</u>	<u>611,178</u>

**CLIENTEARTH
COMPANY LIMITED BY GUARANTEE
NOTES TO THE ACCOUNTS (CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 2013

Biodiversity programme

Arcadia Fund

Support to build the charity's capacity to engage actively in the European Union (EU)'s Common Fisheries Policy (CFP) reform process.

Butler Foundations

Support for a scoping study into environmental pressures on north-western UK waters.

Fish Fight newspaper campaign (Donation)

To support a newspaper advertisement campaign in conjunction with Fish Fight.

Holly Hill Trust – Bats

Support for initial legal analysis on the issue of wind turbines' effect on bats.

Humane Society International

Support for a review of European laws that relate to marine mammals to assist decision making at EU level.

Oak Foundation

Support for the charity's advocacy work around the EU's CFP reform.

Pig Shed Trust

Support for the charity's advocacy work around the EU's CFP reform.

Walton Family Foundation – Sustainable Seafood Coalition

Support for the Sustainable Seafood Coalition, a partnership with major seafood buyers to advance seafood sustainability in the United Kingdom.

Whale and Dolphin Conservation

Support for the provision of legal expertise to address environmental concerns as they relate to whale and dolphin conservation.

Climate and energy programme

European Climate Foundation – main grant

General support for the climate and energy programme, including work on power, energy efficiency, EU climate policies.

European Climate Foundation – Balkans

Support to develop legal interventions against new coal projects in the Balkan region, and to provide legal support to local anti-coal movements.

European Climate Foundation – Climate Policies

Support to extend work on the Effort Sharing Initiative and develop engagement in the 2030 Campaign HQ Initiative.

European Climate Foundation – Climate Policies publication

Support to develop and publish a 'Black Paper' on the implementation of the EU's climate and energy package in Poland.

**CLIENTEARTH
COMPANY LIMITED BY GUARANTEE
NOTES TO THE ACCOUNTS (CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 2013

Intelligent Energy Europe - Community Power Project

Support for work to enable legislation to increase community ownership of renewable energy sources (RES) projects across Europe.

Wallace Global Fund

Support to develop legal strategies to promote action on climate change.

Climate and forests programme

Adessium Foundation – Commodity Drivers of Deforestation

Support for the 'Commodity Drivers of Deforestation' project, aimed at strengthening European efforts to reduce forest degradation through appropriate trade policies and other measures.

Climate and Land Use Alliance (CLUA)

To ensure the effective implementation and enforcement of the EU Timber Regulation (EUTR) through the provision of legal and policy services to EU institutions and member states.

DG Development and Cooperation – EuropeAid

Support for the 'Strong Seat at the Table' project aimed at securing effective participation of forest-dependent communities and civil society organisations in the EU's Forest Law Enforcement Governance and Trade (FLEGT) Programme in Africa.

Holly Hill Trust – Ecuador

Support for work on a community forestry project in Ecuador.

International Tropical Timber Organization (ITTO)

Support to design a programme for capacity building and meaningful stakeholder participation in forest governance and the United Nations' Reducing Emissions from Deforestation and Forest Degradation (REDD+) Programme in Honduras and Guatemala.

JMG Foundation

General support for the climate and forests programme.

UK Department for International Development (DFID)

Support for the climate and forests programme through DFID's Forest Governance Markets and Climate (FGMC) Programme, comprising three strands:

DFID – EU Timber Regulation

Ensuring the effective implementation and enforcement of the EU Timber Regulation.

DFID – FLEGT Africa

Supporting civil society and forest community organisations in Ghana, Republic of Congo and Gabon engaged in processes related to FLEGT and REDD+.

DFID – REDD+ Safeguards Latin America

Ensuring the effective implementation of REDD+ safeguards by forest countries in Latin America.

**CLIENTEARTH
COMPANY LIMITED BY GUARANTEE
NOTES TO THE ACCOUNTS (CONTINUED)**

FOR THE YEAR ENDED 31 DECEMBER 2013

Health and environment programme

City Bridge Trust

Support for an educational programme to promote the improvement of air quality in London.

ClimateWorks Foundation – via Deutsche Umwelthilfe e.V. (DUH) – Black Carbon

Support for the charity's 'Black Carbon Campaign', setting up a strategy for national campaigning on black carbon, part of a wider 'Soot free' campaign.

ClimateWorks Foundation – via Deutsche Umwelthilfe e.V. (DUH) – National Emissions Ceiling (NEC) Directive

Support for advocacy work aimed at the adoption of a new NEC Directive to reduce air pollution and its impacts on people's health and the environment.

European Environment Health Initiative (EEHI)

To advance EU leadership on endocrine disrupting chemicals through innovation and international engagement.

Global Greengrants Fund

Support for work on the enforcement and implementation of the EU Regulation on the Registration, Evaluation, Authorisation and restriction of Chemicals (REACH), with the ultimate aim of reducing the quantity of toxic chemicals on the market.

Kenneth Miller Trust

Support for the healthy air programme, in particular the 'UK Healthy Air Campaign'.

SumOfUs

Support to intervene in a case before the European Court of Justice in support of European Commission measures that ban the use of certain neonicotinoid pesticides.

Environmental law and justice programme

Adessium Foundation – Aarhus Centre

Support for the 'Aarhus Centre' project to further develop the Brussels-based EU Aarhus Centre, which aims to promote the accountability, transparency and good governance of EU institutions to ensure that citizens are able to exercise their rights as granted by the Aarhus Convention.

Sigrid Rausing Trust

General support for the environmental law and justice programme.

Restricted core grants

Esmée Fairbairn Foundation

To support the charity's core costs, including *inter alia* senior posts in finance and development.

John Ellerman Foundation

To support a Development Officer post.

Walton Family Foundation – Core

For general support of the charity.

CLIENTEARTH
COMPANY LIMITED BY GUARANTEE
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

14 Analysis of net assets between funds Group

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 December 2013 are represented by:			
Current assets	348,334	611,178	959,512
Creditors: amounts falling due within one year	(243,569)	-	(243,569)
	<u>104,765</u>	<u>611,178</u>	<u>715,943</u>

Parent

	Unrestricted funds £	Restricted funds £	Total £
Fund balances at 31 December 2013 are represented by:			
Current assets	347,210	611,178	958,388
Creditors: amounts falling due within one year	(243,569)	-	(243,569)
	<u>103,641</u>	<u>611,178</u>	<u>714,819</u>

15 Commitments under operating leases

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2013 £	2012 £	2013 £	2012 £
Expiry date:				
Within one year	-	-	3,933	7,142
Between two and five years	173,033	173,033	24,588	15,292
	<u>173,033</u>	<u>173,033</u>	<u>28,521</u>	<u>22,434</u>

CLIENTEARTH
COMPANY LIMITED BY GUARANTEE
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

16 Subsidiary undertaking

Foundation ClientEarth Poland, a foundation incorporated in Poland is a 100% subsidiary of ClientEarth. The foundation does not have any share capital and therefore no investment is shown in the parent only balance sheet.

ClientEarth France, a foundation incorporated in France is a 100% subsidiary of ClientEarth. The foundation does not have any share capital and therefore no investment is shown in the parent only balance sheet.

All funding given by ClientEarth is shown as grants received in ClientEarth Poland. The results are fully consolidated in these accounts, net assets £1,124 (2012 £27,517)

17 Related parties

During the year the charity received an unrestricted grant of £118,358 from The McIntosh Foundation (2012: £124,673), a foundation of which Winsome and Michael McIntosh (trustees) are also trustees. The charity received an interest-free programme related loan from The McIntosh Foundation to cover cash flow during 2010-2011, which the charity started to repay during 2012 and continued doing so during 2013. The balance outstanding at the year end was £95,375 (2012: £191,480)

During the year the charity received restricted grants totalling £212,359 from the Walton Family Foundation (2012: £228,864), a foundation of which Steuart Walton (a trustee (retired during 2013)) is also a trustee.

During the year the charity received a restricted grant of £185,000 from the Pig Shed Trust (2012: £0), a trust of which Harvey Jones (a trustee) is also a trustee.

During the year the charity received an unrestricted grant of £150,000 from The J. Van Mars Foundation (2012: £150,000), a foundation of which the members of the band Coldplay (patrons) are trustees. Phil Harvey (a trustee) is the band's creative director.

During the year the charity received grants totalling £80,000 from the Holly Hill Charitable Trust (2012: £40,000), a trust of which Martin Stanley (a trustee) is also a trustee.

During the year charity received an unrestricted grant of £35,000 from The Tinsley Foundation (2012: £25,000), a foundation of which Henry Tinsley (a trustee) is also a trustee.

Client Earth France, a French foundation was formed during 2011. The foundation is 100% controlled by ClientEarth and the foundation had no transactions during the year.

ClientEarth Poland, a Polish Foundation is 100% controlled by ClientEarth. A grant of £254,014 (2012 £206,019) was made to the Polish Foundation in the year.

