

Company Number: 06897785
Registered Charity Number: 1130306
Office of the Scottish Charity Regulator Registered Number: SC043120
ANBI RSIN number (Netherlands): 8257 45 925



**ELLEN MACARTHUR
FOUNDATION**

ELLEN MACARTHUR FOUNDATION

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2019

Ellen MacArthur Foundation
Report and Financial Statements for the year ended 31 August 2019

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CHARITY INFORMATION

Trustees

Dame Ellen MacArthur Chair
Mr Philip Sellwood
Mr Peter Morgan
Mr Michael Lebovitz (appointed 8 March 2019)
Mr Wolfgang Blau (appointed 1 March 2020)

Chief Executive Officer: Mr Andrew Morlet

**Chief Operating Officer and
Company Secretary:** Ms Jo Bootle

Registered Charity Number: 1130306

Scottish Charity Register Number: SC043120

ANBI RSIN number (Netherlands): 8257 45 925

Registered Company Number: 06897785

Registered Office: The Sail Loft, 42 Medina Road, Cowes, Isle of Wight, PO31 7BX

Contact details:

Tel: 01983 296463
Email: info@ellenmacarthurfoundation.org
Web site: www.ellenmacarthurfoundation.org

Bankers: Lloyds TSB
30 Commercial Road, Totton, Southampton, SO40 3TH

Auditors: Moore Kingston Smith LLP
Devonshire House, 60 Goswell Road, London, EC1M 7 AD

Governing Instrument: Memorandum and Articles of Association dated 3 July 2013

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TRUSTEES REPORT INCLUDING DIRECTORS AND STRATEGIC REPORT
Report of the trustees for the year ended 31 August 2019

“It continues to be a privilege to serve as Chair of Trustees and I am inspired by, and grateful to, the team who work so hard to deliver such tangible impact. In a world facing so many challenges, the need to move towards a circular economy has never been more pressing, and I am proud that the Charity has become an important driver of the transition.” Ellen MacArthur, August 2020.

The Trustees present their annual report and audited financial statements of the Charity, trading subsidiary, US and Brazil sister charities for the year ended 31 August 2019. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS102) in preparing their annual report and financial statements of the Charity and the Trustees' Report contains the information required in a Directors Report as set out in English company law.

OBJECTIVES AND STRATEGY

Objects:

1. To promote for the benefit of the public of the conservation, protection and improvement of the physical and natural environment and the prudent use of natural resources; and
2. To advance the education of the public in the conservation, protection and improvement of the physical and natural environment and to promote study and research in such subjects and for the public benefit and disseminate the useful results.

Mission:

To accelerate the transition towards a circular economy.

Strategy:

By 2025 the Charity aims to have created unstoppable momentum and inspired global action at scale towards a circular economy: an economy based on the principles of designing out waste and pollution, keeping products and materials in use and regenerating natural systems. It is an economy that is regenerative by design, distributed, diverse, inclusive and underpinned by renewable materials and renewable energy. The Charity is developing the idea and promoting the opportunity of a circular economy, mobilising a powerful network of leaders and influencers and applying innovative new approaches to scale system solutions.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Charity is formed as a Company Limited by Guarantee, registered in England under number 06897785, and governed by its Articles of Association. The Company has no share capital although the subscribers of the Memorandum are obliged to pay the sum not exceeding £1 in the event of a winding up of the Charitable Company.

The Charity is registered with the Charity Commission for England and Wales under registered charity number 1130306, with the Office of the Scottish Charity Regulator under number SC043120 and from 1 January 2018 as an ANBI (Algemeen Nut Beogende Instelling) in the Netherlands under number 8257 45 925. The Charity is controlled by its Board of Trustees, with the day to day management delegated to the CEO, COO and the Leadership Team.

The Charity has two wholly owned trading subsidiary companies, Ellen MacArthur Foundation Trading Limited ('EMF Trading') and EMF Trading (USA), Inc. All profits are donated to the Charity to further its work. EMF Trading is registered in England and operates the Circular Economy 100 programme, also providing business services relating to the circular economy to the Charity's Global Partners and Systemic Initiative participants. EMF Trading (USA), Inc was established in May 2020 and is registered in Delaware, United States. The Charity works closely with two sister charities, the Ellen MacArthur Foundation USA, Inc (in the United States) and Ellen MacArthur Foundation Brasil (in Brazil). These accounts reflect all activities on a consolidated basis.

Ellen MacArthur Foundation

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Trustees:

The directors of the Company are the Charity's trustees for the purposes of charity law. The Trustees as listed on page 2 served during the period with the exception of W Blau who was appointed an additional trustee on 1 March 2020. Trustees are appointed by agreement of the existing Board of Trustees and must have specific skills or knowledge in a sector beneficial to the Charity and its charitable objects. The current Trustees include experts in sustainability, media and communications, law and finance. A process of induction and training is provided to Trustees, including awareness and guidance produced by the Charity Commission.

All trustees give of their time freely for duties as a trustee and no remuneration for trustee duties was paid in the period. Details of trustee expenses and related party transactions are disclosed in note 19 to the accounts.

Public Benefit:

In considering the work of the Charity, and in their governance of it, the Trustees have had due regard to the guidance produced by the Charity Commission in respect of public benefit. The Charity works to provide evidence of the economic, environmental, and societal benefits that a circular economy could deliver. In its areas of work the Charity focuses on helping people understand the circular economy, enabling them to apply the learnings, play an active role in the transition to a circular economy and catalyse circular innovation across the economy. It develops tools and methods to help companies, policymakers, and other stakeholders reach their circular economy ambitions.

The Charity is recognised as a leader in the circular economy field. It provides robust evidence about the benefits of the circular economy and stimulates the transformation of key material flows to scale adoption of the circular economy globally through its pioneering Systemic Initiatives. The Charity disseminates useful results by sharing informative content, informing key players in the economy and stimulating dialogue around the circular economy framework. Its extensive case study library showcases how circular economy concepts are being implemented in practice.

Management Structure and Remuneration:

The Trustees delegate responsibility for the day-to-day operational management of the Charity to a Chief Executive Officer and a Chief Operating Officer. The CEO and COO (listed on page 2) work with a wider Leadership Team with representation from across the organisation including Executive Leads for Business, Corporate Affairs, Insights & Analysis, Institutions Governments & Cities, Learning, Philanthropy and Systemic Initiatives. The Leadership Team reports directly to the CEO and focuses its attention on the development and delivery of the Charity's strategy through appropriate financial, people and operational management.

Salary reviews are conducted annually following a performance review process that is led by the Leadership Team, who recommend salary changes to the CEO and COO. These are then evaluated in the context of internal considerations (organisation structure, nature of the role, team and individual performance and affordability), as well as external factors (market benchmarks, cost of living assessments). CEO and COO salary adjustments are discussed and agreed by the Trustees.

ACHIEVEMENTS AND PERFORMANCE

The Charity continues to forge new partnerships with world-class organisations, significantly broadening both industrial and government participation in its work. At the same time, it has been able to focus on developing its infrastructures and processes to manage its increased scale and reach. This has included a review of network development and the quality of the Charity's relationship management. The Charity has developed more effective approaches and capacity for mobilising efforts in target geographies, such as North America, Latin America and China. Cross-functionally the Charity has explored how to measure and demonstrate the progress being made towards a circular economy and as its workforce has grown, on integrating efforts across teams. At its base in Cowes the Charity secured further office and meeting room space to accommodate growth in team numbers seen in recent financial periods. During the year, staff costs increased as management teams were enhanced across all areas and the China team was expanded.

The Leadership Team continued to refine its thinking around target audiences for communications and engagement, and how the Charity can best influence them to act. It believes that the transition to a circular economy is best achieved through industrial global transformation, with business as the key driver of industry innovation at pace and scale. The Insight & Analysis team have explored how to align the Charity's assets to support the objectives of the target audiences and the building of world class data and metrics. The Charity explores and reviews early stage research on a variety of topics such as bio-technology, material innovation and artificial intelligence to remain at the forefront of thought leadership and collates and collects case studies for use across the Charity's five workstreams:

- **Business**
- **Systemic Initiatives**
- **Institutions, Governments & Cities**
- **Learning**
- **Communications**

The Trustees and Leadership Team have actively fostered and supported the Charity's culture and values to create an environment for its people and teams to thrive. These values of thinking ahead of the curve, knowing the extraordinary is possible, getting the job done, working with rigour and being part of the best possible team underpin how the Charity operates and provide a nimble, creative and innovative culture to support efficiency, effectiveness and appropriate management of operational risk.

BUSINESS build relationships with corporates and innovators to drive global transformation of key systems to circular economy practices.

Within its business programme, the Charity's **Global Partners** worked on a number of circular economy ideas and activities. These organisations are Danone, DS Smith (which became Global Partners in March 2019), Google, H&M, Intesa Sanpaolo, Philips, Renault, Solvay, SC Johnson (which became Global Partners in January 2019) and Unilever. Since the year end a new global partnership was formed with Blackrock (in September 2019) and IKEA (in March 2020). Unilever and Danone have renewed their commitment as global partners and renewal discussions are underway with Renault and Philips.

As reported last year, Intesa Sanpaolo launched a circular economy hub in Italy with a €5bn credit ceiling and a commitment to offer best terms to businesses that adopt the circular model in innovative ways. In 2019 Thames Water was one of the first to use the fund with a £175 million finance agreement in which it is incentivised to meet targets based around adopting circular economy principles to unlock improved financial terms. Philips launched its Green & Sustainability Innovation Bond Framework, with the first bond issued in May 2019 to finance expenditures on green innovation, the transition to the circular economy and becoming carbon neutral, for which it has set clear targets.

Danone, H&M, Philips, SC Johnson and Unilever are all signatories of the New Plastics Economy ('NPEC') Global Commitment, having committed to a set of global targets as well as annual disclosure of progress against these targets. One common vision and shared definitions creates global alignment and transparency, setting a path to a circular economy for plastics. Renault has been looking at retrieving materials from used vehicles and transforming them to help produce new vehicles.

In January 2019 the Charity, in collaboration with Google and with analytical support from McKinsey & Company, published an initial exploration of how artificial intelligence (AI) could accelerate the transition to a circular economy. The paper finds that AI can offer substantial improvements in product design, operations, and infrastructure optimisation. In February 2019 the Charity supported the GoogleCloud-sponsored competition "Circular Economy 2030" which invited innovators to submit revenue-generating proposals using data analytics and machine learning. It was won by a technology company that uses data science to maximize the utility of commercial and industrial waste materials. The competition was also supported by UN Environment, WWF International and SAP.

Solvay has been rethinking with key stakeholders the way materials and products are made and used to preserve the resources of the planet. It announced targets and pilot projects in 2020 to support its vision of unleashing the power of science to deliver clean mobility and lower carbon footprints and take steps towards a more circular economy. DS Smith is exploring projects on packaging design for a circular economy and improving collection systems in urban areas. Pilot projects will build on DS Smith's efforts on recycling throw-away consumable items such as coffee cups and radically reducing the amount of fibre in its cardboard packaging.



The Circular Economy 100 ('CE100') is a leading circular economy network bringing together corporates, governments and cities, universities, emerging innovators and other affiliates to share learnings and foster collaboration. At 31 August 2019 CE100 comprised 55 corporate members and 40 government and cities, emerging innovators, universities and affiliates.

During the year the Charity began a restructuring of the network to enable it to increase its scale, with a target of adding new corporate members every year and creating more space for non-corporate (non fee-paying) members such as cities, emerging innovators and universities.

An important element of CE100 are its Acceleration Workshops which bring together business partners, government representatives and other collaborators. During the year workshops were hosted by local City Mayors and national government ministers and welcomed representatives from around 100 different bodies. Two were convened in Europe: Lisbon (Portugal) in November 2018 and Barcelona (Spain) in May 2019. The Charity's CE100 team collaborated with sister charity, EMF USA Inc, on workshops in California in October 2018 and Oregon in April 2019.

Co.Projects are the formal vehicle for collaboration within CE100 and produce a variety of outputs from reports to on-the-ground pilot projects or the creation of tools and resources. In the period, six Co.Projects completed and a further seven were launched. Co.Projects are led by CE100 members, typically last between 6 to 18 months and must lead to tangible outcomes.

Co.Projects topics included 'Circular business competencies building', 'Remanufactured and Refurbished parts', 'Enabling a Circular Economy for Chemicals with the mass balance approach' and 'BetterThanNew: Designing new products for many lives'. Outputs are publicly disseminated on the Charity's website.

USA: During the year sister charity EMF USA Inc revised its program delivery to reflect the Charity's 2025 vision. The US-based organisations in the Charity's network grew to over 30 with momentum building in terms of both content and engagement. EMF USA Inc was also Principal Partner of the Circularity 19 conference hosted by GreenBiz, the largest convening of a circular economy business audience in the US to date, with over 850 delegates.

SYSTEMIC INITIATIVES *work to apply circular principles to key material streams and accelerate the global transition towards a circular economy.*

By fundamentally rethinking industrial systems there is an enormous opportunity to generate economic, environmental, and societal benefits. Systemic Initiatives aim to spark unprecedented levels of cross-sectoral collaboration and innovation to move towards a circular economy in each focus material stream.



Launched in 2016, **NPEC** brings together key stakeholders to rethink and redesign the future of plastics, starting with packaging. The initiative is catalysing change within the plastics sector through its common vision and three key actions: **eliminate** the plastics we don't need, **innovate** to ensure the plastics we do need are reusable, recyclable or compostable and **circulate** all the plastic items we use to keep them in the economy and out of the environment.

The first three year phase of NPEC came to an end during 2019. Phase 2 is a three-year collaboration of forty leading companies with philanthropic partners Eric & Wendy Schmidt Fund for Strategic Innovation (lead) and Oak Foundation. Amcor, Borealis, The Coca-Cola Company, Danone, L'Oréal, MARS, Nestle, PepsiCo, Unilever, Veolia and Walmart are Core Partners.

NPEC's varied participants, including global consumer goods companies, retailers, packaging manufacturers and plastic producers, work together with businesses involved in collection, sorting, and reprocessing to drive collaborative projects and co-shape the initiative. A joint philanthropic-business advisory board oversees the initiative to ensure the inclusion of a wide set of social, environmental and business considerations. Workshops are held bi-annually and in the period both were attended by over 100 participants from around 60 organisations. Since year end a further workshop was held in Stockholm with 111 participants from over 70 organisations.

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At the Charity's London Annual Summit in June 2019 NPEC disseminated its research on reuse models which highlighted ways that significant benefits to both users and businesses are achieved and mapped 69 reuse examples. It provides a description of how different reuse models work as well as typical implementation challenges and will inspire and help structure thinking. In the first six months the Reuse booklet was downloaded over 40,000 times.

During the year four Pioneer Projects concluded within phase 1 of the NPEC initiative ('Pi.Pros'). These brought together stakeholders from across the plastics value chain to address system challenges that no organisation could face alone. Encouraged to engage circular thinking and a systems perspective, the teams set out to independently design and test innovations that could change the way plastic packaging is made, used, and reused. The Charity disseminated high-level learnings from these Pi.Pros with three published reports on the Charity's website:

- Lodestar: an alternative modelling to the conventional plastics reprocessing facility which offers potential advantages from combining mechanical and chemical recycling in a single facility.
- Proof: the design and prototyping of a plastic-based flexible packaging solution that facilitates higher quality recycling and contains recycled content.
- Holy Grail: tagging and tracing packaging to facilitate accurate sorting and high-quality recycling. This project is moving forward outside of the NPEC platform as it has reached a commercialisation phase. The findings of the project attracted much media attention which attracted prizes for sustainability and circular economy innovation.



At the Our Ocean conference in Bali in October 2018 the Charity, in collaboration with UNEP, launched the **NPEC Global Commitment**. The Charity has united more than 400 businesses and governments behind a common vision of a circular economy for plastics, supported by a successful campaign **#lineinthesand**. Within a week of launch this campaign had enjoyed 700,000 social media impressions and featured in international media with a combined reach of 900 million.

The Charity was encouraged by the shift seen in the narrative around plastics as NPEC key messages formed an essential part of this reporting.

The first report issued in Spring 2019 revealed details of industry and government efforts to tackle plastic waste and pollution. An update followed in June 2019 showing commitments of key consumer goods companies and retailers to increase recycled content in their plastic packaging to an average of 25% by 2025 compared with the current global average of 2%. In addition, many leading businesses and governments expect to end the use of certain problematic and unnecessary plastic. In October 2019 the Charity issued the first progress report demonstrating an unprecedented level of transparency on how almost 200 businesses and governments are reshaping the plastics system.

The Charity has challenged signatories to develop reuse solutions and 50 brands and retailers are piloting or expanding reuse and refill schemes. The targets and action plans of the Global Commitment are a significant step forward however they are still far from truly matching the scale of the problem, particularly when it comes to the elimination of unnecessary items and innovation towards reuse models. Ambition levels must continue to rise to make real strides in addressing global plastic pollution by 2025.

To drive momentum towards solutions the Charity has created a global **Plastics Pact Network** bringing together national and regional initiatives working towards a shared global vision of a circular economy for plastics. Each plastics pact is led by a local partner and co-ordinates companies, governments and civil society to work towards regional time-bound targets to eliminate unnecessary and problematic single-use plastic packaging, and to redesign all plastic packaging to be reusable, recyclable or compostable. The pacts stimulate increased collection, recycling and recycled content in plastic packaging.

The UK Plastics Pact was developed in collaboration with the Waste and Resources Action Programme ('WRAP'), supported by the UK Government Department for Environment, Food and Rural Affairs. It unites businesses that account for two thirds of consumer plastic packaging in the UK. Within 12 months WRAP confirmed that unrecyclable plastics and polystyrene were disappearing from UK supermarket shelves and that members had started removing unnecessary single use plastics such as straws and plastic cutlery. In February 2019 the French Government launched its Pacte National sur les emballages plastiques bringing together French companies and non-governmental organisations (NGOs) led by ConsultantSeas. It will mobilise a growing number of participants in the country to support the French Circular Economy Roadmap and the European Strategy on Plastics.

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In April 2019 the Charity's network welcomed its first Latin American Plastics Pact, Circula El Plastico. This Chilean initiative, led by Fundacion Chile, is a collaboration between businesses and the Ministries of Environment and Economy, the Climate Change Agency, the Association of Municipalities for Environmental Sustainability and Plastic Oceans (amongst others). After the year end further pacts joined the network in South Africa, Portugal, the Netherlands and regional pacts for Europe and the Pacific. The network will continue to extend into new geographies.



The Charity's second Systemic Initiative, **Make Fashion Circular ('MFC')**, aims to radically change the way clothes are designed, made, used and reused.

The initiative comprises fifty members including global brands, retailers, NGOs and other relevant key players. It has six core partners: Burberry, Gap, H&M, HSBC, PVH and Stella McCartney. It is supported by Laudes Foundation, MAVA and players of the People's Postcode Lottery. Workshops were held in November 2018 in the US and May 2019 in Spain to discuss and explore ongoing topics and plan the focus and activities for the next year.

In March 2019 MFC joined forces with New York City's Department of Sanitation and Economic Development Corporation on its #WearNext campaign, a city-wide effort to tackle waste in the fashion industry. Participating stores and other locations across New York City provided 1,100 drop off points to make it as easy as possible for consumers to save clothes from being landfilled. The Campaign was successful in raising awareness about New York City's existing clothing collection infrastructure and collection volumes did increase compared to the same time period of 2018. The Charity engaged with influencers with a combined reach of 1.4 million on the campaign which also benefited from social media coverage from core partners and members H&M, Zara, Gap and others.

In July 2019 MFC published guidelines to drive leading fashion brands and manufacturers to transform the way they produce jeans, tackling waste, pollution, and the use of harmful practices. The Jeans Redesign Guidelines set out minimum requirements on garment durability, material health, recyclability, and traceability. Based on the principles of the circular economy, the guidelines work to ensure jeans last longer, can easily be recycled, and are made in a way that is better for the environment and the health of garment workers. Over fifty leading brands, manufacturers, and fabric mills are using the guidelines to make jeans that are scheduled to reach consumers in 2020. The guidelines have been covered extensively in the fashion media including Vogue, Fast Company, CNN, Greenbiz and Yahoo giving a total reach of over 65 million.

In January 2019, at the WEF Annual Meeting in Davos, the Charity published a report entitled "**Cities and Circular Economy for Food**". This found that air pollution, water contamination, pesticide exposure and excessive use of antibiotics and fertilisers were making healthy eating impossible for people around the world as well as causing enormous environmental damage. A circular economy redesign for the food industry could mean food is grown in a way that regenerates natural resources and locally where relevant, waste is eliminated through better redistribution and by-product use and healthy food is produced without the need for harmful practices.



At the EAT Forum in Stockholm in June 2019 the Charity launched its third Systemic Initiative, **Food**, which at the date of this report was supported by philanthropic partners Calouste Gulbenkian Foundation, Stiftung Doen, IKEA Foundation and Porticus.

The initiative works with core partners Danone, Mizkan, Nestle, Novamont, Veolia and Yara, other corporate members and a community of eleven participant cities located in Europe, Brazil, Canada and USA. Three Flagship Cities, London, New York and São Paulo, will inspire other cities through demonstration projects to develop a regenerative global food system.

In August 2019 the Charity published a Chinese translation of its Cities and Circular Economy for Food report at the third Good Food Summit in Suzhou, China. The Good Food Fund, China's leading non-profit organisation promoting sustainable and mindful food, hosted the summit which brought together key stakeholders working to transform China's food system into one that is healthier, more sustainable, and ethical.

Brazil: During the financial year sister charity, EMF Brasil, shifted its focus from a differentiated CE100 Brazil programme to a cross-programmatic operating model, with activities and resources allocated to food and plastics Systemic Initiatives, and interaction with policymakers under the Charity's brand. Utilising funding from Porticus Latin America, a Brazilian chapter of the Cities and Circular Economy for Food report featuring Flagship City São Paulo was published. In April 2019, EMF Brasil extended its reach into Latin America and is working with Global Commitment signatories and national plastic pacts across the continent.

INSTITUTIONS, GOVERNMENTS AND CITIES enable industrial transformation through regulatory partnerships that enable conditions and policy for the circular economy to emerge and thrive.

Institutional engagement during the period saw the Charity informing international policy-making agencies and multi-lateral processes including French G7 Presidency, European Commission's Directorate-General Environment, UN Environment's Economy Division and G20 Resource Efficiency Dialogue at the invitation of the Japanese Presidency.

The Charity participated in a number of conferences including the fourth session of the UN Environment Programme ('UNEP') Assembly in Kenya where it was encouraged by a number of adopted resolutions, in particular "Innovative pathways to achieve sustainable consumption and production" where the circular economy is explicitly referenced.

The Charity is a strategic partner of UNEP's International Resource Panel, with access to annual strategy sessions. Since 2017 it has observed the bi-annual meetings of the Organisation for Economic Co-operation and Development ('OECD') Waste and Resource Working Party and is considering further engagement with the OECD.

In April 2019 the Charity hosted the world's first pacific summit on the circular economy, in partnership with the New Zealand Ministry of the Environment and Scion, in Rotorua (New Zealand), supported by Principal Sponsor The Nature Conservancy. Speakers and panellists included the Minister for Conservation from New Zealand, Chairman of the Federation of Maori Authorities, Director-General of the Secretariat of the Pacific Regional Environment Programme and learned academics. The event raised the profile of local projects and catalysed new relationships.

The Charity was an official partner of the third World Circular Economy Forum in Helsinki (Finland) in June 2019. The event, hosted by innovation fund Sitra, focused on scaling up the transition to a circular economy. The Charity joined 2000 key circular economy stakeholders to examine how businesses can seize new opportunities to gain a competitive advantage with circular economy solutions.

Shortly after year end during Climate Week in New York, the Charity released a paper in collaboration with Material Economics, 'Completing the Picture: How the Circular Economy Tackles Climate Change' which was then presented at the UN Climate Change Conference (COP25). This paper demonstrates the potential of the circular economy to tackle global greenhouse gas emissions by looking at five key areas - steel, plastic, aluminium, cement, and food. The paper was published by the Charity in English, Spanish, Portuguese and Chinese.

Cities: The Charity continued to inform the narrative of prominent events for the **city government** audience, disseminating learnings at many events and hosting webinars, including a Disruptive Innovation Festival ('DIF') session that achieved more than 24,000 views. The Charity continues to build on key relationships and explore collaborations with international city networks including the C40 Cities Climate Leadership Group and Local Governments for Sustainability ('ICLEI'), a global network of more than 1,750 local and regional governments committed to sustainable urban development.

In September 2018 the Charity shared its report "The Circular Economy Opportunity for Urban and Industrial Innovation in China" at the World Economic Forum's Annual Meeting in Tianjin (China). The report showed that applying circular economy principles at scale in China's cities could make goods and services more affordable for citizens while at the same time making cities more liveable, reducing emissions of fine particulate matter and greenhouse gases, and traffic congestion. China's cities are well placed to become beacons of successful circular economy transitions.

During the year the Charity delivered tools and resources to support cities in the transition towards a circular economy for food. In-depth analysis was conducted on four focus cities: Brussels (Belgium), Guelph (Canada), Porto (Portugal) and São Paulo (Brazil). A guide was created as a digital tool for other cities interested in conducting their own studies and two case studies showcased effective organic collection systems in Italy and circular restaurants in Finland.

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An online suite of resources, Circular Economy in Cities, was launched on the Charity's website in March 2019 as a reference point for urban policymakers. The suite was developed in partnership with ARUP and with the financial support of the MAVA Foundation. The resources focus on the opportunities in three key urban systems – buildings, mobility and products and looks at how city governments can enable a circular economy transition.

In April 2019 the Charity forged a partnership with ICLEI East Asia to develop case studies and tools and foster dialogue among municipal stakeholders to accelerate the transition to a circular economy in the East Asia region.

***WITHIN LEARNING** the Charity works across ages and disciplines to develop the vision, skills and mindsets needed to transition to a circular economy.*

LEARNING HUB

In 2019 the Charity launched a **circular economy learning programme** including a free-to-access online resource which aims to reach more than one million learners globally and engage 150,000 by 2025. The Learning Hub is supported by the Eric and Wendy Schmidt Fund for Strategic Innovation and leverages a broad range of digital tools and learning materials.

Within six months the Learning Hub had reached over 185,000 learners and engaged 74,000, demonstrating that the Charity is on track to reach its overall reach and engagement targets.

In **formal education**, the Charity has continued to integrate circular economy into the curricula of the International Baccalaureate ('IB') whose Diploma Programme for students aged 16 to 19 years is respected by leading universities across the globe. The Charity has worked with IB to integrate circular economy principles into the Geography and Economics curricula and is now working on the development of the Business Management curriculum to be released in 2022 which will reach approximately 25,000 students per year for the next seven years.

In 2019 the Charity ran its first summer school in Oxford (UK) for 15-18 year olds in collaboration with Leadership in Global Change. The week-long immersive learning experience gave ten students the opportunity to meet local practitioners and entrepreneurs and design and build their own cities based on circular economy principles. This pilot experience will be developed by the Charity during 2020 into a downloadable resource that can reach large numbers of educators and schools globally.

In **Higher Education** the Charity's Pioneer University programme came to an end during 2018 and its members joined the growing University Network which aims to engage with 1000 universities by 2022. The Higher Education team expanded and its focus shifted to widen the Charity's work with universities beyond teaching and research. The new whole campus approach aims to showcase the power of the sector to support the transition to a circular economy.

The Charity is actively promoting circular economy teaching to academics around the world to drive increased capability and its learning resources are being used by academics to educate their colleagues as well as students. The Charity published a snapshot report in September 2018 of circular economy learning offerings available in higher education institutions globally. Finland and the Netherlands were the front runners followed by the UK and the report's findings suggested a strong focus on resource use and waste, life-cycle assessments, circular business models, design, and the social aspects of a circular economy.

In Summer 2019, the Charity held an academic dialogue event which brought together 25 universities from around the world. The Charity also launched its **From Linear to Circular** programme, an immersive 8-week online learning offering plus face-to-face workshop. Funded by the Eric and Wendy Schmidt Fund for Strategic Innovation, the programme brings together early-career professionals, emerging innovators and post graduate students with experts from the Charity and its wider network. The 44 delegates from 20 countries have gone on to become Circular Economy Pioneers in their local context and a further three courses are planned for up to 210 participants in 2020.

The Charity's learning social media campaigns have been extremely successful, reaching 5.1 million learners globally, with over 690,000 of these learners actively participating with the content. Marketing and communication campaigns have focussed on 18-30 year olds harnessing the power of YouTube as a key educational resource to draw in and inspire the target audiences and satisfy their growing needs to learn more.

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In **professional learning**, the team worked with external providers on a learning portfolio sitting alongside the Charity's Learning Hub to provide a broad offering for circular economy learning to its business network. The Circular Economy Masterclass run by the University of Exeter saw over 170 Global Partner participants register during the period. In May 2019 the Charity launched an Action Learning Set Toolkit to guide professionals in a structured learning process that equips them to better address complex circular economy challenges within their organisations.



The Charity ran its fifth online **Disruptive Innovation Festival** ('DIF') inviting people to share disruptive ideas and stories. It attracted a worldwide audience, sparking critical conversations and giving free access to a combination of live interviews, films, and podcasts. The uplift from 140,000 views (of more than 30 seconds) in 2017 to 1.5 million in 2018 demonstrates the extraordinary level of interest in themes including 'people and the economy', 'materials and design and the importance of the earth's resources', and 'cities and transition'. In 2018 DIF content was translated into eleven different languages.

The Charity transitioned DIF to a more regular format during the period, running five sessions in London in June 2019 on topics such as renewable energy, circular economy and cities and an introduction to the circular economy. Further sessions ran after year end in September and November 2019 with a total 5 million views achieved. During 2020 a programme of targeted monthly live broadcasts aired.



The Charity is aiming to persuade 20 million designers to adopt **circular design** in their work and to make a further 60 million designers aware of circularity by 2025.

The Circular Design Guide, a collaboration with global design company, IDEO, has established and deepened relationships with real influencers and creatives. The Guide provides information and tools to help designers understand the significance of integrating circular material choices into the design process. More than 100,000 users from across the globe have used the Guide in 2018/2019, 20% of those making returning visits. Enhancements to the Guide during the year included the addition of free workshop tools packages.

The Charity's design team engages with an online community of over 16,000 members and during the year ran a successful Instagram campaign. Its ambitions and work for circular design were featured in several issues of Dezeen, the world's most influential architecture and design magazine.

In September 2018 the Charity collaborated with the Royal Society of Arts, Manufactures and Commerce (RSA) on a Student Design Award with Global Partner Philips. The RSA Circular Emergencies Design Award was won by the designers of a reusable medical device which stays with patients throughout their treatment journey, eliminating single-use alternatives, and reducing waste by 67%.

In December 2018 the Charity ran a week-long workshop on circular design in London (UK) in collaboration with the British Council with selected delegates from Thailand, Vietnam, Indonesia, Malaysia and the Philippines. This Circular Futures Lab was a prototype workshop to discover how best to support designers in their efforts to design out waste. A further workshop was run after the year end in December 2019 with 12 designers from Sub-Saharan Africa.

In March 2019 the Charity and RSA were awarded funding by the People's Postcode Lottery Dream Fund for a two-year project beginning in 2020, to build tools and directly engage with design institutions, top designers and innovators which will inspire the reimagination of products, business models and systems for a circular economy for fashion.

*Through its **COMMUNICATIONS** channels, the Charity disseminates leading examples of circular economy activity by businesses and policymakers around the globe.*

During the financial year, the overall focus shifted to increasing the reach and engagement of communication efforts in line with the 2025 strategy. The Communications team was restructured and expanded for this change of gear and continued to build **key partnerships** across communications, media and branding, focusing on those most likely to deliver high quality, high impact input and outcomes.

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In 2018 independent global design and innovation consultancy, Dragon Rouge, joined the Charity's network as a Knowledge Partner. As the Charity continues to grow and create global momentum around the circular economy concept, Dragon Rouge supports with research and advice on strategic communications and brand strategy to ensure that circular economy messages inform, resonate and inspire. It also provides expert input into the development of the Charity's brand strategy which is being re-defined to clarify a brand identity that can connect with both its existing community of stakeholders and a scaled global audience. A centralised One Brand approach has also been explored with a view to promoting the Charity's work under a unified umbrella.

At the end of the financial year strategic communications advisory firm, Brunswick Group, became a Knowledge Partner. The focus of Brunswick's work with the Charity is on brand reputation management, brand positioning, risk mitigation and communications strategy.

The Charity recognises the power of the **media** to deliver news on its initiatives at scale and to its most important audiences. During the financial year the Charity began tracking coverage of "Ellen MacArthur Foundation", its Systemic Initiatives and campaigns and "Circular Economy". This information will inform its communications strategy going forwards which will include delivering broader, detailed media content about the big ideas surrounding the circular economy. Since year end the Charity has contributed in the UK to special reports in the Financial Times (December 2019) and National Geographic (February 2020).

During the year the Charity commanded in excess of 58 million total impressions across its **social media** channels: Twitter, Facebook, LinkedIn, YouTube and Instagram, a 20% increase on the previous year. The Charity sees most engagement through Twitter and LinkedIn, evidence of the impact and importance the Charity enjoys in the business and policymaker communities. Going forwards the teams are focusing on depth of engagement rather than growth in overall impressions whilst building awareness of the circular economy idea and its benefits globally.

It was notable that the Charity's content created at and streamed from its Annual Summit in June 2019 achieved 2 million views, double that of its 2018 Summit.

STRATEGIC REPORT - LOOKING AHEAD

As the world faces unprecedented challenges, the Charity and its partners are more committed than ever to accelerating the transition to a circular economy — creating solutions for plastics, fashion, food, finance, and beyond that combine economic opportunity with benefits to wider society and the environment. The circular economy offers a powerful framework to address the world's most pressing challenges, including climate change, biodiversity loss, and pollution. Industry leaders are recognising that they have the power to shift to circular solutions through innovation, reinforced by changing consumer trends and supportive regulations. The Charity has set clear and impactful targets for 2025 and during the year will work towards these across all five areas of Business, Systemic Initiatives, Institutions Governments & Cities, Learning and Communications, supported by its Insight & Analysis team.

The Global Partnership with BlackRock and their launch of the first circular economy fund will drive investment in businesses already contributing to, or benefiting from, the transition to a circular economy. It is also an important milestone towards unlocking the power of finance and investments to scale the circular economy. The Charity is looking to increase its work in this area, collaborating with its Global Partners BlackRock and Intesa Sanpaolo, as well as other financial institutions and stakeholders.

Circulytics, launched in 2020, will highlight and inspire opportunities for innovation, while allowing companies to track their own progress towards circular business practices. It is a freely-available digital measuring tool which gives companies a fully comprehensive picture of their circularity across all operations. Going beyond simply measuring products and material flows, Circulytics uses company-level data with applied insights and analysis from the Charity to provide an understanding of where users lie in relation to their industry. The Charity will engage with companies that generate outstanding scores to create inspirational case studies.

To extend the circular economy message to 1 billion people, the Charity will collaborate with existing and future partners, starting with key consumer-facing organisations within its network. An initial campaign is being developed to establish the circular economy as a solutions framework to address global challenges, associate leading brands with this framework and promote their circular innovation activities to encourage other brands to follow.

Promising progress is being made on plastic packaging with companies looking to eliminate problematic plastic and pledging to increase the use of recycled plastic by more than five-fold for 2025. Global Commitment signatories have committed to 100% of their plastic packaging being reusable, recyclable or compostable. The Charity will continue to call for more businesses and governments to sign the commitment and raise ambition levels. It will also work with Technology Partners to scale-up solutions to eliminate plastic waste and pollution.

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As one of its target geographies, the Charity has been invited to submit an application for a Representative Office by the Department of International Cooperation of China's Ministry of Environment and Ecology. The Charity now has a small team working in Shanghai. The Charity will also expand its North America team to continue growth of the CE100 network there and deliver distinct US-originated projects that augment the Charity's international reach. The Latin America network will be developed through EMF Brasil, with a focus on content generation and distribution.

FUNDING MODEL

The Charity's funding continues to come from two main sectors: corporate partnership / membership, and philanthropy. No funding is generated from the general public. The Trustees monitor the activities of Ellen MacArthur Foundation and Ellen MacArthur Foundation Trading Limited in relation to fundraising. Global Partnerships, the CE100 and the Systemic Initiatives are all three-year programmes of activity. As at 31 August 2019, there were ten Global Partners and 55 corporate members of the CE100 network.

From the philanthropic community the Charity receives both unrestricted (core) and project funding. In the year, core funding was received from the Eric & Wendy Schmidt Fund for Strategic Innovation, MAVA Fondation pour la Nature, SUN (Foundation for Environmental Economics and Sustainability) and People's Postcode Lottery. Ten funders supported projects and initiatives including the Schmidt Family Foundation, the Eric & Wendy Schmidt Fund for Strategic Innovation, MAVA Fondation pour la Nature, Global Environment Facility, People's Postcode Lottery, the OAK Foundation, the C&A Foundation, the Walmart Foundation, Calouste Gulbenkian Foundation, SITRA and Stiftung Auxilium. The Charity continues to seek opportunities to increase its core and project funding from trusts and grant awarding bodies.

FINANCIAL REVIEW AND RESERVES POLICY

The statement of financial activities for the year ended 31 August 2019 is set out on page 18 of this report.

Income

Total incoming resources for the year increased by £6,465,391 to £16,348,314, an increase of 65% on the previous financial year (2018: £9,882,923). The income received was predominantly from donations (£12,858,740) which accounts for 78.7% of income received in the year (2018: £6,786,389 - 68.7%).

The increase reported in income for the year is partly attributable to increased funding being achieved by the Charity in support of its Systemic Initiatives and international outreach in China and partly due to a change in policy on the recognition of income from Global Partners. Previously income from Global Partners was recognised over the three-year period of the funding agreements with a third of the income attributed to each year in line with the anniversary of the date of the agreement. The Trustees believe that entitlement to the full donation is provided by the agreement and the income is now fully recognized on the inception of the agreement with a corresponding debtor included within accrued income. More information can be found in note 16 to the accounts.

Expenditure

Total expenditure for the year decreased by £813,408 to £9,763,906 (2018: £10,577,314). This decrease is largely due to the timing of projects where income is received before project expenditure is committed, particularly within the Systemic Initiatives and with the delay in achieving registration in China.

Investments

The objective of the Charity's investment policy is to preserve and, if possible, enhance the real value of its assets by keeping an appropriate balance between maximizing long-term returns while avoiding undue risk and volatility in capital values. Given the nature of the work carried out, and the need to access funds at short notice, the Charity invests in interest bearing cash deposits with its bank. These readily realisable investments are reported within the total Cash and Cash Equivalents on the Balance Sheet. Investment gains were £24,784 (2018: £17,236) with an overall return of 0.1%. The current investment approach is being reviewed in order to maximise the current return seen, and to look at other investment options which would fit with the ethos of the Charity.

Reserves Policy

As of 31 August 2019 the Charity had consolidated net assets of £13,518,626 (2018: £6,934,218), primarily representing cash at bank of £11,482,490 (2018: £5,848,542). The amount of cash at bank has increased in the period due to the timing of projects where income has been received before project expenditure has been committed.

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Of the net assets, £6,759,165 (2018: £3,020,310) are restricted income funds which are held for the completion of projects undertaken by the Charity. The Trustees ensure the overall health of the Charity by requiring its free reserves (the sums retained to withstand any short-term financial risk) to be closely monitored. The reserves policy is considered annually by the Trustees. At 31 August 2019 the Charity's free reserves stood at £2.86 million (2018: £2.16 million), and the increase reflects the timing of core projects and activities undertaken. At approximately 7 months of charitable operating expenditure, this is within the Charity's policy to maintain 6-9 months of operating costs in reserve. The Charity continues to operate in an uncertain economic environment where the timing of the funding for new and substantial projects are both uncertain and irregular. The Charity remains vigilant to ensure funding is in place to undertake future projects and operations. The Charity remains a dynamic organisation, which has seen rapid growth of, and interest in, its activities, and such a level of reserves is considered sufficient to unwind the ongoing commitments to projects and the financial obligations from contracts in place.

Subsidiaries

The profit distributed to the Charity during the year from the trading subsidiary was £899,367 (2018: £34,116). Profits from the trading subsidiary are detailed in note 7 to the accounts. The increase achieved is attributable to cost efficiencies in the Global Partner and CE100 programmes and the inclusion of income for Systemic Initiative workshops. The results for the Charity's two sister charities are shown as designated funds and can be seen in note 7 to the accounts.

COVID-19

The Charity's work continues in all of its geographies as its funders and almost all of its partners have indicated their ongoing support and its liquidity position is strong. During the first quarter of 2020 all employees transitioned to working from home with no changes to their remuneration arrangements and will return to their places of work in phases as government regulations allow. The Spring 2020 CE100 Acceleration, NPEC, MFC and Food Workshops were delivered successfully in virtual formats and the Charity's Annual Summit will follow in Autumn 2020. The extraordinary engagement and commitment of the Charity's team has enabled workstreams to be repurposed to

respond to the conditions and opportunities, albeit with some delays. These include the launch of certain plans of action in the MFC, Food and Finance Systemic Initiatives and Plastic Pacts Network. Covid-19 has increased audience participation in online formats and tools, extending reach for the Charity in its Learning programme and social media platforms.

At the date of this report the principal risks identified as posed by the Covid-19 pandemic are:

- interruptions to scheduled workstreams during 2020 and early 2021, although these are not expected to impact the longer term targets and ambitions of the Charity; and
- from the inability to travel and/or lone remote working, a disenfranchised or demotivated workforce.

The likelihood for these risks is categorised from "likely" to "unlikely" respectively. Teams have been provided with the equipment they require to work from home and have regular check-ins and weekly interactive updates with the CEO. The Charity's Employee Wellness and Team Day programmes have continued successfully in virtual formats.

There remains significant uncertainty on the true macroeconomic impact of Covid-19 and as the situation unfolds the emerging landscape and any barriers will be scoped and considered. In particular income uncertainty, whilst not a risk for 2020, will need to be re-assessed for 2021 and beyond once the economic effects of the pandemic both globally and regionally are quantifiable.

Going Concern

The Trustees have reviewed the financial position and financial forecasts, taking into account the systems of financial control and risk management. As a result of this review, the Trustees believe that the Charity is well placed to manage operational and financial risks successfully. Accordingly, the Trustees have a reasonable expectation that the Charity and its subsidiary have adequate resources to continue in operational existence for the foreseeable future. As a consequence, they continue to support the going concern basis of accounting in preparing the annual accounts.

RISK MANAGEMENT

In a challenging economy, ongoing funding for a growing organisation, with a payroll of around £5.3 million per annum, is the most obvious risk for the Charity. It addresses this risk by taking a conservative approach to new initiatives, ensuring that they are funded before they begin. Funds are rarely committed in advance. In addition, the funding model is increasingly diversified and is not dependent on any core industry or partnership structure.

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The Trustees review and monitor a comprehensive risk register compiled by the Leadership Team and presented to the Trustees annually by the CEO and COO. As the Charity has grown and as its external relationships have become more involved, the management of its assets, including data, intellectual and physical property has become more involved. Its exposure to legal disputes has also increased. Each of the territories in which the Charity operates has local legal support and there is increased legal and compliance resource internally. Capacity within the information technology and data teams is in the process of being enhanced to meet the demands of the Charity as it moves forward to achieve its 2025 vision and targets. The Charity covers financial exposures with commercial, professional indemnity, directors' and officers' liability, cyber security and travel insurance policies.

The Charity's team is both its biggest asset and cost, and its physical location on the Isle of Wight brings particular recruitment and retention challenges. Additionally, the UK's future relationship with the EU, whilst not expected to have a significant impact on the Charity's current workforce, will impact future recruitment costs and practices. The Charity has placed significant focus on recruitment, individual and team development, flexible working practices and employee welfare to encourage retention of its high-performing team and to assist in recruitment.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for their annual report and the preparation of financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company and charity law requires the Trustees to prepare financial statements for each financial year. Under company law the directors must not approve financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charity and of the surplus or deficit of the Charity for that year. In the preparation of those financial statements, the Trustees are required to:

- Select suitable accounting policies and ensure they are applied consistently;
- Make judgments and estimates that are reasonable and prudent;
- Ensure that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

The Trustees are responsible for ensuring that the Charity keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and which enable them to ensure that the financial statements comply with the Companies Act 2006 and with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They also have responsibility for ensuring that the Charity has appropriate systems and controls (financial and otherwise) and that reasonable steps are taken for safeguarding the assets of the Charity and for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Trustees are aware, there is no relevant audit information of which the Charity's auditors are unaware, and each Trustee has taken all the steps that they ought to have taken as a Trustee in order to make themselves aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

In approving the Trustees Annual Report, we also approve the Strategic Report included therein, in our capacity as Company directors.

Approved and Signed on behalf of the Board of Trustees:



Dame Ellen MacArthur

Dated: 25th August 2020

Ellen MacArthur Foundation
Report and Financial Statements for the year ended 31 August 2019

AUDIT REPORT

Independent Auditors' Report to the trustees and members of Ellen MacArthur Foundation

Opinion

We have audited the financial statements of Ellen MacArthur Foundation for the year ended 31 August 2019 which comprise the Group and Parent Charitable Company Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the statement of cash flows and the related notes set out on pages 17 to 37. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice), and the Charities SORP 2015.

In our opinion the accounts:

- give a true and fair view of the state of the group charitable company's affairs as at 31 August 2019 and of its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011, and the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended); and
- have been prepared in accordance with the Charities SORP 2015.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- the Trustees have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the Charitable Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the accounts are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the Trustees' Report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

Ellen MacArthur Foundation
Report and Financial Statements for the year ended 31 August 2019

AUDIT REPORT (continued...)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report, including the incorporated strategic report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder. Our objectives are to obtain reasonable assurance about whether the accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these accounts.

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

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act and with Chapter 3 of Part 8 of the Charities Act 2011, and regulations made under section 154 of that Act, and in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Moore Kingston Smith LLP

NEIL FINLAYSON (SENIOR STATUTORY AUDITOR)
FOR AND ON BEHALF OF MOORE KINGSTON SMITH LLP, STATUTORY AUDITOR

Devonshire House
60 Goswell Road
London
EC1M 7AD

Dated: 26 August 2020

Moore Kingston Smith LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

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Report and Financial Statements for the year ended 31 August 2019

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)

For the year ended 31 August 2019

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 As restated £
INCOME AND ENDOWMENTS FROM:					
Donations and legacies	3	4,477,488	8,381,252	12,858,740	6,786,389
Charitable activities	4	2,651	7,922	10,573	10,793
Income from other trading activities					
Other trading operations	7	3,454,217	-	3,454,217	3,068,505
Investments	5	<u>24,784</u>	<u>-</u>	<u>24,784</u>	<u>17,236</u>
TOTAL INCOME		<u>7,959,140</u> =====	<u>8,389,174</u> =====	<u>16,348,314</u> =====	<u>9,882,923</u> =====
EXPENDITURE ON:					
Fund raising costs	8	142,688	-	142,688	392,753
Commercial trading operations	7	2,554,851	-	2,554,851	2,714,389
Charitable activities	8	2,109,439	4,886,897	6,996,336	7,413,035
Other	8	<u>70,031</u>	<u>-</u>	<u>70,031</u>	<u>57,137</u>
TOTAL EXPENDITURE		<u>4,877,009</u> =====	<u>4,886,897</u> =====	<u>9,763,906</u> =====	<u>10,577,314</u> =====
NET INCOME/(EXPENDITURE)		3,082,131	3,502,277	6,584,408	(694,391)
Transfers between funds		<u>(236,578)</u>	<u>236,578</u>	<u>-</u>	<u>-</u>
NET MOVEMENT IN FUNDS		2,845,553	3,738,855	6,584,408	(694,391)
RECONCILIATION OF FUNDS					
Fund balances as at 1 September 2018		<u>3,913,908</u>	<u>3,020,310</u>	<u>6,934,218</u>	<u>7,628,609</u>
Fund balances as at 31 August 2019		<u>6,759,461</u> =====	<u>6,759,165</u> =====	<u>13,518,626</u> =====	<u>6,934,218</u> =====

The Statement of Financial Activities includes all gains and losses in the period.

All incoming resources and resources expended derive from continuing activities.

The notes on pages 21 to 37 form an integral part of these financial statements.

A full comparative statement of financial activities is shown in note 2.

Ellen MacArthur Foundation
Report and Financial Statements for the year ended 31 August 2019

CONSOLIDATED AND CHARITY BALANCE SHEET
At 31 August 2019

	Notes	Group 2019 £	Group 2018 As restated £	Charity 2019 £	Charity 2018 As restated £
FIXED ASSETS					
Tangible fixed assets	11	340,785	343,401	164,410	191,942
Fixed asset investment	12	-	-	1	1
		<u>340,785</u>	<u>343,401</u>	<u>164,411</u>	<u>191,943</u>
CURRENT ASSETS					
Debtors	13	4,419,869	2,901,016	3,189,327	2,542,501
Cash at bank and in hand		<u>11,482,490</u>	<u>5,848,542</u>	<u>9,971,049</u>	<u>4,386,417</u>
		15,902,359	8,749,558	13,160,376	6,928,918
CREDITORS					
Amounts falling due within one year	14	<u>(2,724,518)</u>	<u>(2,158,741)</u>	<u>(1,098,574)</u>	<u>(843,140)</u>
NET CURRENT ASSETS		<u>13,177,841</u>	<u>6,590,817</u>	<u>12,061,802</u>	<u>6,085,778</u>
TOTAL NET ASSETS		<u>13,518,626</u> =====	<u>6,934,218</u> =====	<u>12,226,213</u> =====	<u>6,277,721</u> =====
FUNDS					
Unrestricted funds	16	6,759,461	3,913,908	5,467,048	3,257,411
Restricted funds	15	<u>6,759,165</u>	<u>3,020,310</u>	<u>6,759,165</u>	<u>3,020,310</u>
		<u>13,518,626</u> =====	<u>6,934,218</u> =====	<u>12,226,213</u> =====	<u>6,277,721</u> =====

The financial statements on pages 18 to 37 were approved by the Board of Trustees and signed on its behalf by:



Dame Ellen MacArthur

Dated: 25th August 2020

Company Registration Number: 06897785

The notes on pages 21 to 37 form an integral part of these financial statements

Ellen MacArthur Foundation
Report and Financial Statements for the year ended 31 August 2019

STATEMENT OF CASH FLOWS
Year ended 31 August 2019

		Group 2019	Group 2018 As restated
	Notes	£	£
CASH FLOW FROM OPERATING ACTIVITIES	(Below)	<u>5,674,391</u>	<u>(369,834)</u>
Cash flow from investing activities			
Payments to acquire tangible fixed assets		(65,227)	(22,914)
Interest received		<u>24,784</u>	<u>17,236</u>
NET CASH FLOW FROM INVESTING ACTIVITIES		<u>(40,443)</u>	<u>(5,678)</u>
Net increase in cash and cash equivalents		5,633,948	(375,512)
Cash equivalents at 1 September 2018		<u>5,848,542</u>	<u>6,224,054</u>
CASH EQUIVALENTS AT 31 AUGUST 2019		<u>11,482,490</u> =====	<u>5,848,542</u> =====

Cash and cash equivalents consists of:

Cash at bank and in hand	<u>11,482,490</u>	<u>5,848,542</u>
CASH AND CASH EQUIVALENTS AT 31 AUGUST 2019	<u>11,482,490</u> =====	<u>5,848,542</u> =====

RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES:

	2019 £	2018 £
Surplus / (deficit) for the year	6,584,408	(694,391)
Depreciation	67,359	65,881
Loss on disposal of fixed assets	484	-
Interest received	(24,784)	(17,236)
Movement in deferred income	312,914	828,353
Movement in creditors	252,863	3,896
Movement in debtors	<u>(1,518,853)</u>	<u>(556,337)</u>
Net cash flow from operating activities	<u>5,674,391</u> =====	<u>(369,834)</u> =====

ANALYSIS OF CHANGES IN NET DEBT

	As at 1 September 2018 £	Cash-flows £	As at 31 August 2019 £
Cash	5,848,542	5,633,948	11,482,490
Bank charge cards repayable on demand	<u>(13,795)</u>	<u>(4,197)</u>	<u>(17,992)</u>
	<u>5,834,747</u> =====	<u>5,629,751</u> =====	<u>11,464,498</u> =====

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the period.

General information and basis of preparation

The Ellen MacArthur Foundation is a charitable company limited by guarantee incorporated in England and Wales. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the registered office is given in the charity information on page 2 of these financial statements. The nature of the charity's operations and principal activities are as an Educational and Research Charity with the aim to inspire a generation to re-think, redesign and build a restorative circular economy.

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014, the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2015.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the charity, and rounded to the nearest £1.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Group accounts

The financial statements consolidate the results of the Charity and its wholly owned subsidiaries Ellen MacArthur Foundation Trading Limited, Ellen MacArthur Foundation Inc., a sister charity based in the US, and Ellen MacArthur Foundation Brasil on a line by line basis. A separate Statement of Financial Activities, and income and expenditure account, for the charity itself are included as note 6 to these accounts. The retained funds within the sister charities in US and Brazil, are reflected in designated funds.

Fund accounting

- Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.
- Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements. The funds held with sister charities are included as designated funds.
- Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Income recognition (including prior year adjustment)

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received. The following specific policies are applied to particular categories of income:

- Voluntary income is received by way of grants, donations, legacies and gifts and is included in full in the Statement of Financial Activities when receivable.
- Grants, where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant. Where donations relate to a work programme based on academic years, then receipt in advance is deferred to the appropriate year. This represents a change in the application of the policy which had previously recognised grants on the basis of the agreed timing of grant receipts on stages of the projects, rather than the agreed work budget (see note 16);
- For donations to be recognised, the charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained, then income is deferred until those conditions are fully met or the fulfillment of those conditions is within the control of the charity and it is probable that they will be fulfilled. This represented a change in policy which previously recognised Global Partner donations across the duration of their involvement, and now reflects entitlement in accordance with the Global partner funding agreements (see note 16).
- Donated facilities and donated professional services are recognised in income at their fair value when their economic benefit is probable, it can be measured reliably and the charity has control over the item. Fair value is determined on the basis of the value of the gift to the charity. For example: the amount the charity would be willing to pay in the open market for such facilities and services. A corresponding amount is recognised in expenditure;
- Value in Kind commitments on projects is often used as a method to obtain engagement with funding partners on projects, although these are not within the Charity's control, and cannot be verified, and as a result there is no attempt to measure and include these third party commitments within the financial statements.

Ellen MacArthur Foundation

Report and Financial Statements for the year ended 31 August 2019

NOTES TO THE FINANCIAL STATEMENTS (continued...)

Income recognition (continued)

- No amount is included in the financial statements for volunteer time in line with the SORP (FRS 102). Further detail is given in the Trustees' Annual Report;
- Income from trading activities includes income earned from fundraising events and trading activities to raise funds for the charity. Income is received in exchange for supplying goods and services in order to raise funds and is recognised when entitlement has occurred.
- Incoming resources from grants, where related to performance and specific deliverables, are accounted for as the charity earns the right to consideration by its performance.
- Investment income is earned through holding assets for investment purposes such as funds on deposit, shares and property. It includes interest. It is included when the amount can be measured reliably.

Debtors

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid.

Accrued income

The amounts receivable on future dates under signed funding agreements are included in accrued income.

Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required, and the amount of the obligation can be measured reliably. It is categorised under the following headings:

- Costs of raising funds includes activities to seek out and agree terms with major donors, together with the costs of the trading subsidiary;
- Expenditure on charitable activities includes project costs on the charity's various projects as identified in the notes to these accounts; and
- Other expenditure represents those items not falling into the categories above including governance costs.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

Creditors

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Grants payable to third parties are within the charitable objectives. Where unconditional grants are offered, this is accrued as soon as the recipient is notified of the grant, as this gives rise to a reasonable expectation that the recipient will receive the grants. Where grants are conditional relating to performance then the grant is only accrued when any unfulfilled conditions are outside of the control of the charity.

Pension

The charity has a defined contribution pension scheme for all eligible employees. The assets of the scheme are held separately to the Charity. Pension costs charged in the Statement of Financial Activities represent the contributions payable for the year.

Support costs allocation

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, governance costs, administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity and include project management. Where support costs cannot be directly attributed to particular headings they have been allocated to cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resources.

Financial assets and liabilities

The Charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' of FRS102 to all its financial instruments.

Financial Instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument. Basic financial assets (which include debtors and bank and cash balances) and basic financial instruments (which includes creditors) are initially measured at transaction price including transaction costs, and are subsequently carried at amortised cost. Financial assets classified as receivable within one year or financial liabilities classified as payable within one year are not amortised.

Fixed Assets and Depreciation

Assets costing more than £500 are capitalised. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Computer equipment	25% and 33%	Straight line
Furniture and equipment	20% and 25%	Reducing balance
Improvements to leasehold property	10% to 33%	Straight line, over the duration of the lease

Ellen MacArthur Foundation
Report and Financial Statements for the year ended 31 August 2019

NOTES TO THE FINANCIAL STATEMENTS (continued...)

Taxation

No corporation tax has been provided in these accounts because the income of the charity is within the exemption granted by HM Revenue & Customs to the extent that these funds are applied to Charitable objects.

Foreign Currency Transactions

Transactions in foreign currencies are translated into Sterling at the average rate prevailing for the month in which they occur. Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date.

The results of the US and Brazil sister charities are translated at average rate (income and expenses) and closing rate for the purposes of Consolidation.

Judgements and key sources of estimation uncertainty

In the application of the charitable company's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Going concern

Subsequent to the year-end, as a result of the impact of the coronavirus and the measures taken by governments both in the UK and overseas, the group has transitioned successfully into remote working with little disruption to the activities of the group. This is discussed in more detail in the Trustees Report on pages 12 and 13. The forecasts and budgets have been adjusted accordingly, and the group is confident that it can meet its liabilities as they fall due for a period of at least twelve months from the date of approval of these financial statements.

2. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted Funds As restated £	Restricted Funds As restated £	Total 2018 As restated £	Total 2017 As restated £
INCOME AND ENDOWMENTS FROM:				
Donations and legacies	2,432,635	4,353,754	6,786,389	6,935,806
Charitable activities	10,793	-	10,793	21,256
Other trading operations	3,068,505	-	3,068,505	3,223,695
Investments	<u>17,236</u>	<u>-</u>	<u>17,236</u>	<u>13,478</u>
TOTAL INCOME	5,529,169	4,353,754	9,882,923	10,194,235
	=====	=====	=====	=====
EXPENDITURE ON:				
Fund raising costs	392,753	-	392,753	181,945
Commercial trading operations	2,714,389	-	2,714,389	2,921,019
Charitable activities	1,832,475	5,580,560	7,413,035	5,046,565
Other	<u>57,137</u>	<u>-</u>	<u>57,137</u>	<u>89,953</u>
TOTAL EXPENDITURE	4,996,754	5,580,560	10,577,314	8,239,482
	=====	=====	=====	=====
NET INCOME/(EXPENDITURE)	532,415	(1,226,806)	(694,391)	1,954,753
Transfers between funds	<u>(33,217)</u>	<u>33,217</u>	<u>-</u>	<u>-</u>
NET SURPLUS FOR THE PERIOD	499,198	(1,193,589)	(694,391)	1,954,753
RECONCILIATION OF FUNDS				
Fund balances as at 1 September 2017	<u>3,414,710</u>	<u>4,213,899</u>	<u>7,628,609</u>	<u>5,673,856</u>
Fund balances as at 31 August 2018	<u>3,913,908</u>	<u>3,020,310</u>	<u>6,934,218</u>	<u>7,628,609</u>
	=====	=====	=====	=====

Ellen MacArthur Foundation
Report and Financial Statements for the year ended 31 August 2019

NOTES TO THE FINANCIAL STATEMENTS (continued...)

3. DONATIONS, LEGACIES AND GRANT INCOME

	Unrestricted Funds	Restricted Funds	Total 2019	Total 2018 As restated
	£	£	£	£
Learning:				
The Schmidt-MacArthur HE Programme	-	606,749	606,749	389,621
Business:				
Global Partner Donations	2,250,200	-	2,250,200	450,000
Core Philanthropic Funding	1,669,387	-	1,669,387	1,585,301
Institutions, Governments and Cities:				
Specific Research Projects	-	221,437	221,437	408,919
International Outreach	557,901	1,885,000	2,442,901	1,581,406
Systemic Initiatives:				
New Plastics Economy Initiative	-	3,326,765	3,326,765	942,252
Make Fashion Circular	-	1,476,781	1,476,781	898,897
Cities and Circular Economy for Food	-	864,520	864,520	529,993
Total grants and donations	4,477,488	8,381,252	12,858,740	6,786,389
	=====	=====	=====	=====

For details of the grant income and restricted funds, please refer to note 15. As part of funding agreements, for many projects, the Foundation seeks value in kind commitments to research projects, which although pledged, cannot be verified and are therefore not included within these statements.

Comparative Donations, Legacies and grant income

	Unrestricted Funds As restated	Restricted Funds As restated	Total 2018 As restated	Total 2017 As restated
	£	£	£	£
Learning:				
The Schmidt-MacArthur HE Programme	-	389,621	389,621	-
The Schmidt-MacArthur Foundation	-	-	-	247,463
Business:				
Global Partner Donations	450,000	-	450,000	2,767,854
Core Philanthropic Funding	1,585,301	-	1,585,301	606,321
Institutions, Governments and Cities:				
Specific Research Projects	-	408,919	408,919	526,966
International Outreach	397,334	1,184,072	1,581,406	1,158,028
Systemic Initiatives:				
New Plastics Economy Initiative	-	942,252	942,252	1,432,535
Make Fashion Circular	-	898,897	898,897	-
Cities and Circular Economy for Food	-	529,993	529,993	196,639
Total grants and donations	2,432,635	4,353,754	6,786,389	6,935,806
	=====	=====	=====	=====

Ellen MacArthur Foundation
Report and Financial Statements for the year ended 31 August 2019
NOTES TO THE FINANCIAL STATEMENTS (continued...)

4. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
Rental income	2,400	-	2,400	2,400
Rechargeable items	<u>251</u>	<u>7,922</u>	<u>8,173</u>	<u>8,393</u>
Total other incoming resources	2,651 =====	7,922 =====	10,573 =====	10,793 =====

Comparative Income from Charitable Activities

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
Rental income	2,400	-	2,400	-
Rechargeable items	<u>8,393</u>	<u>-</u>	<u>8,393</u>	<u>21,256</u>
Total other incoming resources	10,793 =====	- =====	10,793 =====	21,256 =====

5. INTEREST AND INVESTMENT INCOME

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
Bank interest – monies held in interest bearing deposit accounts	24,784 =====	- =====	24,784 =====	17,236 =====

Comparative Interest and Investment Income

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
Bank interest – monies held in interest bearing deposit accounts	17,236 =====	- =====	17,236 =====	13,478 =====

Ellen MacArthur Foundation
Report and Financial Statements for the year ended 31 August 2019

NOTES TO THE FINANCIAL STATEMENTS (continued...)

6. FINANCIAL PERFORMANCE OF THE CHARITY

The Consolidated Statement of Financial Activities includes the results of the Charity's wholly owned subsidiary Ellen MacArthur Foundation Trading Limited and the results of Ellen MacArthur Foundation Inc., which operate events and services for the Charity and clients. The summary financial performance of the Charity alone is:

	2019	2018
	£	As restated
		£
Income from donations and legacies	12,300,839	6,389,055
Rechargeable items	10,573	10,793
Rental Income	-	-
Gift aid donation from subsidiary company	354,116	302,676
Investment income	<u>24,784</u>	<u>17,236</u>
	12,690,312	6,719,760
Expenditure on charitable activities	(6,599,132)	(7,287,582)
Cost of generating funds	<u>(142,688)</u>	<u>(392,753)</u>
Net income for the year	5,948,492	(960,575)
Total funds brought forward	<u>6,277,721</u>	<u>7,238,296</u>
Total funds carried forward	12,226,213	6,277,721
	=====	=====
Represented by:		
Restricted funds	6,759,165	3,020,310
Unrestricted funds	<u>5,467,048</u>	<u>3,257,411</u>
	12,226,213	6,277,721
	=====	=====

7. INCOMING RESOURCES FROM ACTIVITIES FOR GENERATING FUNDS

Income from Trading Subsidiary:

The wholly owned trading subsidiary Ellen MacArthur Foundation Trading Limited is incorporated in England and Wales and pays all of its profits to the Charity by distribution. The company operates events, runs the Circular Economy 100 programme for businesses, publishes books, and undertakes commercial trading operations. The Charity owns the £1 ordinary share of the company.

The summary financial performance of the subsidiary above is:

	2019	2018
	£	As restated
		£
Turnover	3,449,518	3,068,506
Cost of sales and admin costs	<u>(2,550,151)</u>	<u>(2,709,789)</u>
Net Profit	<u>899,367</u>	<u>354,116</u>
Retained in the subsidiary	899,367	354,116
	=====	=====
The assets and liabilities of the subsidiary were:		
Fixed assets	175,547	148,957
Current assets	2,407,231	2,659,430
Current liabilities	<u>(1,683,410)</u>	<u>(2,454,270)</u>
Net assets	899,368	354,117
	=====	=====

Ellen MacArthur Foundation
Report and Financial Statements for the year ended 31 August 2019

NOTES TO THE FINANCIAL STATEMENTS (continued...)

7. INCOMING RESOURCES FROM ACTIVITIES FOR GENERATING FUNDS (continued...)

Subsequent to the balance sheet date a distribution of £899,367 was made to the Charity.

These Group accounts also include the results of the US sister charitable company Ellen MacArthur Foundation Inc., which for the year generated a surplus of £90,660 (2018: £214,744) and had reserves carried forward of £393,041 (2018: £302,381). These funds are represented as designated in note 16 to the accounts.

The Foundation also has a sister charity in Brazil, Ellen MacArthur Foundation Brasil, which for the year generated a surplus of £824 (2018 - £(818) deficit), and has reserves carried forward of £6 (2018 - £(818) deficit).

8. EXPENDITURE BY ACTIVITY

	Charitable	Support	Other	Fundraising	Total	Total
	£	£	(Governance) £	£	2019 £	2018 £
Learning:						
The Schmidt-MacArthur HE Programme	464,205	46,420	-	-	510,625	214,733
Schmidt-MacArthur Foundation	-	-	-	-	-	146,820
Education Projects	490,940	50,102	-	-	541,042	577,432
Business:						
Global Partners and Funding	-	14,562	-	142,688	157,250	392,753
Grant payment	1,750	-	-	-	1,750	295,130
Institutions, Governments and Cities:						
Specific Research Projects	726,541	143,722	-	-	870,263	236,754
International Outreach	1,522,175	103,591	-	-	1,625,766	1,567,124
Systemic Initiatives:						
New Plastics Economy Initiative	1,107,465	17,669	-	-	1,125,134	2,851,675
Make Fashion Circular	802,149	79,473	-	-	881,622	866,119
Cities and Circular Economy For Food	722,564	43,624	-	-	766,188	185,889
Finance	33,557	3,425	-	-	36,982	-
Insight & Communications	558,280	56,975	-	-	615,255	472,316
Governance						
Audit and accountancy	-	-	26,863	-	26,863	39,028
Legal and professional	-	-	43,168	-	43,168	18,109
Support allocation	-	7,147	-	-	7,147	(957)
	6,429,626	566,710	70,031	142,688	7,209,055	7,862,925
	=====	=====	=====	=====	=====	=====

Ellen MacArthur Foundation
Report and Financial Statements for the year ended 31 August 2019

NOTES TO THE FINANCIAL STATEMENTS (continued...)

8. EXPENDITURE BY ACTIVITY (continued...)

The grant payable within the year was in respect of work carried out by a third party research partner.

Support costs are made up as follows:

	2019	2018
	£	£
Communications and IT	102,813	88,993
Design, print and office costs	2,141	8,927
Rent, and property costs	92,448	42,811
Insurances	23,402	16,294
Depreciation	28,333	35,827
Professional services and consultancy	21,113	69,575
Currency translation and finance costs	16,853	(33,453)
Staff costs	197,686	200,505
Travel training and recruitment	<u>81,921</u>	<u>70,647</u>
	566,710	500,126
	=====	=====

Support costs are allocated to direct projects, firstly on the basis of any agreed project contribution to support costs, and then on the basis of the total resources incurred in each area.

Comparative Expenditure by Activity

	Charitable	Support	Other	Fundraising	Total	Total
	£	£	(Governance)	£	2018	2017
	£	£	£	£	£	£
Learning:						
The Schmidt-MacArthur HE Programme	195,212	19,521	-	-	214,733	-
Schmidt-MacArthur Foundation Education Projects	121,323	25,497	-	-	146,820	332,701
	577,432	-	-	-	577,432	794,341
Business:						
Global Partners and Funding	-	-	-	392,753	392,753	181,945
Grant payment	295,130	-	-	-	295,130	-
Institutions, Governments and Cities:						
Specific Research Projects	236,754	-	-	-	236,754	545,025
International Outreach	1,468,957	98,167	-	-	1,567,124	948,114
Systemic Initiatives:						
New Plastics Economy Initiative	2,592,432	259,243	-	-	2,851,675	1,761,992
Make Fashion Circular	787,381	78,738	-	-	866,119	126,338
Cities and Circular Economy For Food	165,972	19,917	-	-	185,889	-
Communications	472,316	-	-	-	472,316	538,054
Governance:						
Audit and accountancy	-	-	39,028	-	39,028	39,385
Legal and professional	-	-	18,109	-	18,109	36,683
Support allocation	<u>-</u>	<u>(957)</u>	<u>-</u>	<u>-</u>	<u>(957)</u>	<u>13,885</u>
	6,912,909	500,126	57,137	392,753	7,862,925	5,318,463
	=====	=====	=====	=====	=====	=====

9. RESOURCES EXPENDED

	Group 2019 £	Group 2018 £	Charity 2019 £	Charity 2018 £
Included in administrative expenses are the following amounts:				
Audit fee – Moore (South) LLP	-	20,200	-	13,200
Audit fee – Moore Kingston Smith	18,000	-	12,000	-
Non-audit services	15,731	29,124	6,932	20,558
Payroll services	5,838	5,040	5,838	5,040
Taxation services	1,674	700	474	-
Depreciation of owned fixed assets	67,359	65,881	28,333	35,827
	=====	=====	=====	=====

10. STAFF COSTS

	2019 £	2018 £
Staff costs in the Charitable Company and Trading Company were		
Wages and salaries	4,769,360	3,960,700
Social Security costs	440,259	431,287
Pension costs	110,977	98,128
Other Employee Benefits	<u>10,504</u>	<u>9,947</u>
	5,331,100	4,500,062
	=====	=====

The Charity and Trading Company have auto-enrolled to meet the requirements of employer pensions. The Charity and Company operates a defined contribution scheme, the assets of which are held separately from those of the Charity in an independently administered fund. The pension cost charge represents contributions payable by the Charity to the fund. Amounts owing at the year-end amounted to £30,330 (2018: £24,030) and are included in other creditors.

	2019	2018
The average weekly number of employees during the period was as follows:	105	98
	==	==

Eleven employees (2018 – Thirteen) received remuneration in excess of £60,000, and they fell in the bands as follows:

	2019	2018
£60,000 to £70,000	4	3
£70,000 to £80,000	1	5
£80,000 to £90,000	3	2
£90,000 to £100,000	1	1
£120,000 to £130,000	1	1
£150,000 to £160,000	-	1
£170,000 to £180,000	1	-

Payments to Trustees and expenses reimbursed can be seen in note 19 to these accounts.

The payment of gross remuneration to Senior Management Personnel during the year was £654,506 (2018 - £628,967).

Ellen MacArthur Foundation
Report and Financial Statements for the year ended 31 August 2019

NOTES TO THE FINANCIAL STATEMENTS (continued...)

11. TANGIBLE FIXED ASSETS – GROUP AND CHARITY

	Improvements to Leasehold Property £	Plant and Equipment £	Total £
Consolidated:			
Cost at 1 September 2018	449,481	210,825	660,306
Additions	32,512	32,715	65,227
Disposals	-	(861)	(861)
At 31 August 2019	481,993	242,679	724,672
	=====	=====	=====
Depreciation at 1 September 2018	164,891	152,014	316,905
Charge for the year	43,308	24,051	67,359
Disposals	-	(377)	(377)
At 31 August 2019	208,199	175,688	383,887
	=====	=====	=====
Net Book Value at 31 August 2019	273,794	66,991	340,785
	=====	=====	=====
Net Book Value at 31 August 2018	284,590	58,811	343,401
	=====	=====	=====
	Improvements to Leasehold Property £	Plant and Equipment £	Total £
Charity:			
Cost at 1 September 2018	306,126	118,621	424,747
Additions	-	801	801
At 31 August 2019	306,126	119,422	425,548
	=====	=====	=====
Depreciation at 1 September 2018	123,416	109,389	232,805
Charge for the year	<u>25,720</u>	<u>2,613</u>	<u>28,333</u>
At 31 August 2019	149,136	112,002	261,138
	=====	=====	=====
Net Book Value at 31 August 2019	156,990	7,420	164,410
	=====	=====	=====
Net Book Value at 31 August 2018	182,710	9,232	191,942
	=====	=====	=====

12. FIXED ASSET INVESTMENTS

**Shares in group Undertakings and
Participating Interests
£**

Ellen MacArthur Foundation Trading Limited
Cost at 1 September 2018 and at 31 August 2019

1
==

Net book value
At 31 August 2018 and at 31 August 2019

1
==

The charitable company holds more than 20% of the share capital of the following company:

Ellen MacArthur Foundation Trading Limited

100%

This Company is registered in England and Wales (company number 07110767), and provides consultancy services based on the circular economy, organises the CE100 programme and books and publications.

Ellen MacArthur Foundation
Report and Financial Statements for the year ended 31 August 2019

NOTES TO THE FINANCIAL STATEMENTS (continued...)

13. DEBTORS

	Group		Charity	
	2019	2018	2019	2018
		As restated		As restated
	£	£	£	£
Trade debtors	1,651,691	1,713,459	866,882	599,105
Other debtors	93,405	389,443	5,469	2,169
Accrued income	2,262,500	750,000	2,150,000	750,000
Prepayments	412,273	48,114	88,673	46,158
Amounts due from Trading Subsidiary Ellen MacArthur Foundation Trading Limited	-	-	78,303	1,145,069
	<u>4,419,869</u>	<u>2,901,016</u>	<u>3,189,327</u>	<u>2,452,501</u>
	=====	=====	=====	=====

Included in the above figures, for both the Group and Charity, are £750,000 (2019 - £150,000) of debtors that are due after more than 1 year.

14. CREDITORS

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
Amounts falling due within one year:				
Trade creditors – project costs	572,595	152,644	236,990	113,531
Accruals	40,534	106,225	30,044	87,998
Other creditors	65,846	63,141	46,393	34,443
Taxation and Social Security	(704)	103,398	(704)	103,398
Deferred income (2019/20 income received in advance)	<u>2,046,247</u>	<u>1,733,333</u>	<u>785,851</u>	<u>503,770</u>
	<u>2,724,518</u>	<u>2,158,741</u>	<u>1,098,574</u>	<u>843,140</u>
	=====	=====	=====	=====

Deferred income arises on donations received in advance of the various work programmes relating to the 2019/20 financial year which commenced on 1 September 2019. All of the income deferred at 31 August 2018 was taken to the income and expenditure account in the 2019 accounts.

	Group		Charity	
	2019	2018	2019	2018
		As restated		As restated
	£	£	£	£
Deferred income represented:				
At 1 September 2018	1,733,333	904,980	503,770	150,000
Amounts released to income in the year	(1,733,333)	(904,980)	(503,770)	(150,000)
Consultancy fees in advance	452,500	792,063	-	-
Schmidt HE	785,851	503,770	785,851	503,770
Fibres	264,980	-	-	-
NPEC	225,000	-	-	-
Circular Economy 100 fees received	<u>317,916</u>	<u>437,500</u>	<u>-</u>	<u>-</u>
At 31 August 2019	<u>2,046,247</u>	<u>1,733,333</u>	<u>785,851</u>	<u>503,770</u>
	=====	=====	=====	=====

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NOTES TO THE FINANCIAL STATEMENTS (continued...)

15. RESTRICTED FUNDS

	At 1 September 2018 As restated £	Income received £	Fund Expenditure £	Transferred from un-restricted fund £	At 31 August 2019 £
Learning:					
Schmidt-MacArthur Higher Education Programme (1)	174,888	606,749	(510,624)	-	271,013
Institutions, Governments and Cities:					
ResCoM Funded Project (3)	12,458	(15,016)	-	2,558	-
Policy Makers Toolkit (MAVA) (4)	20,005	-	(20,005)	-	-
Growth Within (Sun Foundation) (5)	34,058	-	(34,058)	-	-
Eric & Wendy Schmidt Fund (6)	37,691	-	(37,691)	-	-
MAVA G&C, CE100 and Circular Materials (7)	270,315	455,603	(518,589)	-	207,329
H&M (8)	220,751	(218,771)	-	(1,980)	-
China (12)	981,796	1,885,000	(932,317)	-	1,934,479
Systemic Initiatives:					
New Plastics Economy Initiative (13)	801,665	3,332,797	(1,193,225)	236,000	3,177,237
Make Fashion Circular (14)	122,579	1,478,292	(874,200)	-	726,671
Cities and Circular Economy For Food (15)	<u>344,104</u>	<u>864,520</u>	<u>(766,188)</u>	<u>-</u>	<u>442,436</u>
Total	<u>3,020,310</u> =====	<u>8,389,174</u> =====	<u>(4,886,897)</u> =====	<u>236,578</u> =====	<u>6,759,165</u> =====

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NOTES TO THE FINANCIAL STATEMENTS (continued...)

15. RESTRICTED FUNDS (continued...)

Comparative information for Restricted Funds

	At 1 September 2017	Income received As restated	Fund Expenditure	Transferred from un-restricted fund	At 31 August 2018 As restated
	£	£	£	£	£
Learning:					
Schmidt-MacArthur Higher Education Programme (1)	-	389,621	(214,733)	-	174,888
Schmidt-MacArthur Foundation (2)	101,463	-	(146,820)	45,357	-
Institutions, Governments and Cities:					
ResCoM Funded Project (3)	16,302	-	(3,844)	-	12,458
Policy Makers Toolkit (MAVA) (4)	20,005	-	-	-	20,005
Growth Within (Sun Foundation) (5)	34,058	-	-	-	34,058
Eric & Wendy Schmidt Fund (6)	10,007	60,000	(32,316)	-	37,691
MAVA G&C, CE100 and Circular Materials (7)	288,299	100,168	(153,152)	35,000	270,315
H&M (8)	226,556	220,751	(239,680)	13,124	220,751
Mainstream (9)	-	-	(1,090)	1,090	-
Mava Partnership (10)	-	28,000	-	(28,000)	-
India (11)	28,928	(28,928)	(1,646)	1,646	-
China (12)	687,297	1,213,000	(883,501)	(35,000)	981,796
Systemic Initiatives:					
New Plastics Economy Initiative (13)	2,711,182	942,252	(2,851,769)	-	801,665
Make Fashion Circular (14)	89,802	898,897	(866,120)	-	122,579
Cities and Circular Economy For Food (15)	-	529,993	(185,889)	-	344,104
Total	4,213,899	4,353,754	(5,580,560)	33,217	3,020,310
	=====	=====	=====	=====	=====

All restricted funds are held within Ellen MacArthur Foundation. As such the consolidated and charity only restricted funds are one and the same.

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NOTES TO THE FINANCIAL STATEMENTS (continued...)

15. RESTRICTED FUNDS (continued...)

- (1) The Schmidt-MacArthur Higher Education Programme relates to funding received from the Schmidt Foundation, a US based Trust, and aims to educate more than one million learners globally. It has been financially supported by the Eric and Wendy Schmidt Fund for Strategic Innovation and will launch in 2019.
- (2) The Schmidt-MacArthur Foundation project relates to an ongoing joint education project with the Schmidt Foundation to run a programme for Masters and PhD Graduate students and their mentors, including a summer school, and then to include a thesis.
- (3) The ResCoM Funded project is a four year working project, working with global manufacturing businesses to identify opportunities to move towards circular economy models.
- (4) Policy Makers Toolkit - in 2015, the MAVA Foundation funded a Foundation-led project to create a toolkit for policymakers inspired by the vision of what a circular economy could look like in a city or region.
- (5) Growth Within, in 2015, the SUN Foundation funded a research project to look at a circular economy vision for a competitive Europe, which the Foundation delivered in conjunction with McKinsey & Co.
- (6) Eric and Wendy Schmidt Fund for Strategic Innovation – Design for Circular Economy Course. In 2016 funding was received for a web-based toolkit, aimed to build capability amongst designers, who are designing for the circular economy.
- (7) MAVA G&C, CE100 and Circular Materials – The Government and Cities project relates to funding to advance the engagement of government and cities with circular economy. The CE100 project relates to funding to drive momentum in the Circular Economy innovation in Cities. The Circular Materials project relates to a project to carry out initial research to advance the understanding of the circular materials landscape.
- (8) H&M – A collaborative project between the Ellen MacArthur Foundation, The Stockholm Resilience Centre (SRC) and H&M, working towards creating a vision for a circular textile fibre industry. The Ellen MacArthur Foundation are acting as a commercial intermediary contracting SRC on H&M Foundation's behalf in regard to this collaboration.
- (9) The Mainstream project is a CEO-led global initiative created by the Ellen MacArthur Foundation and the World Economic Forum, which helps to scale business driven circular economy innovations.
- (10) The Mava Partnership - the Ellen MacArthur Foundation acts as a Partner Organisation to MAVA, providing technical knowledge and strategic advice to identify opportunities for engagement under Mava's proposed strategy outcomes SE4 'Circular Economy in Europe' and SE5 'Circular Economy for Plastics'.
- (11) India (Climateworks) – Climateworks funded a study on the potential for the Circular Economy to reduce energy use and carbon emissions in India.
- (12) China (MAVA) – MAVA have funded a project to mobilise the broader momentum and focus on the Circular Economy in China, including the growing alignment between the private and public sector on the role the Circular Economy can play in enabling better forms of economic growth.
- (13) The New Plastics Economy Initiative project launched in 2016 to bring together key stakeholders to rethink and redesign the future of plastics, starting with packaging.
- (14) The Make Fashion Circular project is an initiative to help the fashion industry ensure clothes are made from safe and renewable materials and investigate new business models that increase their use and turn old clothes into new. This new textiles economy would benefit business, society, and the environment.
- (15) The Cities and Circular Economy for Food initiative aims to fundamentally rethink the role of cities in the food system based on the principles of a circular economy. The initiative will stimulate, inform and mobilise new approaches for restorative and regenerative urban food systems and related bio-cycle economic activity.

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16. FUNDS AND PRIOR PERIOD ADJUSTMENT

Consolidated funds:	Unrestricted Funds	Restricted Funds	Total Funds
	£	£	£
As previously stated 1 September 2017	1,914,710	4,213,899	6,128,609
Prior period adjustment [(1) below]	<u>1,500,000</u>	<u>-</u>	<u>1,500,000</u>
As restated	3,414,710	4,213,899	7,628,609
<u>Year ended 31 August 2018</u>			
Income [(1) & (2) below]	5,529,169	4,353,754	9,882,923
Expenditure	(4,996,754)	(5,580,560)	(10,577,314)
Transfers between funds	<u>(33,217)</u>	<u>33,217</u>	<u>-</u>
At 31 August 2018	3,913,908	3,020,310	6,934,218
<u>Year ended 31 August 2019</u>			
Income	7,959,140	8,389,174	16,348,314
Expenditure	(4,996,754)	(5,580,560)	(10,577,314)
Transfers between funds	<u>(236,578)</u>	<u>236,578</u>	<u>-</u>
At 31 August 2019	<u>6,759,461</u>	<u>6,759,165</u>	<u>13,518,626</u>
	=====	=====	=====
Charity funds:	Unrestricted Funds	Restricted Funds	Total Funds
	£	£	£
As previously stated 1 September 2017	1,524,396	4,213,899	5,738,295
Prior period adjustment [(1) below]	<u>1,500,000</u>	<u>-</u>	<u>1,500,000</u>
As restated	3,024,396	4,213,899	7,238,295
<u>Year ended 31 August 2018</u>			
Income [(1) & (2) below]	2,366,006	4,353,754	6,719,760
Expenditure	(2,099,775)	(5,580,560)	(7,680,335)
Transfers between funds	<u>(33,217)</u>	<u>33,217</u>	<u>-</u>
At 31 August 2018	3,257,410	3,020,310	6,277,720
<u>Year ended 31 August 2019</u>			
Income	3,981,139	8,389,174	12,370,313
Expenditure	(1,534,923)	(4,886,897)	(6,421,820)
Transfers between funds	<u>(236,578)</u>	<u>236,578</u>	<u>-</u>
At 31 August 2019	<u>5,467,048</u>	<u>6,759,165</u>	<u>12,226,213</u>
	=====	=====	=====

Prior period adjustments:

The prior period adjustments related to:

(1) a change in policy on the recognition of income on Global Partner agreements in line with the Charity SORP treatment. Previously the income was recognised over the period of the funding agreements, typically three years, with the income recognised each year in line with the receipt on the anniversary of the date of the agreement. The Charity believes that entitlement is provided by the agreement, and so in accordance with the Charity SORP the income can be recognised on inception of the agreement with the corresponding debtor included within accrued income.

The effect of the prior period adjustment is to record £1,500,000 income prior to the start of the comparative period, with that accrued income reducing to £750,000 at 31 August 2018, and increasing again to £2,262,500 at 31 August 2019.

(2) In reviewing the recognition of grant income, the Schmidt MacArthur Higher Education Foundation restricted fund has been adjusted to recognise the income in line with the agreed work budget, as a performance condition. Consequently, the income within the 2018 accounts has been amended to reflect the deferral of £503,770, which has been recognised as income in the 2019 accounts, with a further £785,851 deferred from grants received in this period.

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**17. ANALYSIS OF GROUP NET ASSETS
BY FUNDS**

Consolidated:

	Unrestricted Funds	Restricted Funds	Total 2019	Total 2018 As restated
	£	£	£	£
Fixed assets	340,785	-	340,785	343,401
Current assets	3,392,845	1,027,024	4,419,869	2,901,016
Cash at bank	4,807,261	6,675,229	11,482,490	5,848,542
Creditors	<u>(1,781,430)</u>	<u>(943,088)</u>	<u>(2,724,518)</u>	<u>(2,158,741)</u>
	6,759,461	6,759,165	13,518,626	6,934,218
	=====	=====	=====	=====

Charity:

	Unrestricted Funds	Restricted Funds	Total 2019	Total 2018 As restated
	£	£	£	£
Fixed assets	164,411	-	164,411	191,943
Current assets	2,162,303	1,027,024	3,189,327	2,542,501
Cash at bank	3,295,820	6,675,229	9,971,049	4,386,417
Creditors	<u>(155,486)</u>	<u>(943,088)</u>	<u>(1,098,574)</u>	<u>(843,140)</u>
	5,467,048	6,759,165	12,226,213	6,277,721
	=====	=====	=====	=====

Comparative Analysis of Group and Charity Net Assets by type of fund

Consolidated:

	Unrestricted Funds As restated	Restricted Funds As restated	Total 2018 As restated	Total 2017 As restated
	£	£	£	£
Fixed assets	343,401	-	343,401	386,367
Current assets	2,333,091	567,925	2,901,016	2,344,679
Cash at bank	2,596,218	3,252,324	5,848,542	6,224,054
Creditors	<u>(1,358,802)</u>	<u>(799,939)</u>	<u>(2,158,741)</u>	<u>(1,326,491)</u>
	3,913,908	3,020,310	6,934,218	7,628,609
	=====	=====	=====	=====

Charity:

	Unrestricted Funds As restated	Restricted Funds As restated	Total 2018 As restated	Total 2017 As restated
	£	£	£	£
Fixed assets	191,943	-	191,943	227,770
Current assets	1,974,576	567,925	2,542,501	2,520,121
Cash at bank	1,134,093	3,252,324	4,386,417	4,948,691
Creditors	<u>(43,201)</u>	<u>(799,939)</u>	<u>(843,140)</u>	<u>(458,287)</u>
	3,257,411	3,020,310	6,277,721	7,238,295
	=====	=====	=====	=====

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18. FINANCIAL COMMITMENTS - LEASES

At 31 August 2019 the group had the following minimum lease payments under non-cancellable operating leases, as follows:

	2019 Property £	2019 Other £	2018 Property £	2018 Other £
<u>Consolidated:</u>				
Due within 1 year	57,750	4,722	35,000	23,747
Due between 2-5 years	315,000	16,783	140,000	526
Due after more than 5 years	<u>262,500</u>	<u>-</u>	<u>105,000</u>	<u>-</u>
	635,250	21,505	280,000	24,273
	=====	=====	=====	=====
<u>Charity only:</u>				
Due within 1 year	57,750	526	35,000	2,399
Due between 2-5 years	315,000	-	140,000	526
Due after more than 5 years	<u>262,500</u>	<u>-</u>	<u>105,000</u>	<u>-</u>
	635,250	526	280,000	2,925
	=====	=====	=====	=====

19. RELATED PARTIES

During the year the Charity and Trading Company have occupied offices at an agreed rent, owned by EM (IOW) Ltd, a Company 50% owned by Dame Ellen MacArthur. A charge was made by EM (IOW) Limited for £35,000 (2018 - £35,000) in respect of the office rental, and at the year end £Nil (2018 - £Nil) was outstanding, with £Nil (2018 - £17,500) included in prepayments.

Charges were made by EM (IOW) Ltd to Ellen MacArthur Foundation Trading Ltd for £33,600 (2018 - £21,600) in respect of services provided by Dame Ellen MacArthur, who is a Trustee of the Charity and also a director of the trading subsidiary. At the year end £Nil, (2018 - £12,000) was outstanding. These services were in respect of Ellen's time as a speaker, and for appearances in helping the Company carry out its activities. The payments were not in respect of Ellen's duties as a Trustee of the Charity, and permission was granted in 2014 by the Charity Commission in respect of these payments.

No remuneration was paid to Trustees for their services as Trustees (2018 – £ Nil). Expenses were reimbursed to two Trustees totaling £586 (2018 – two Trustees £523) in respect of travelling expenses. At the year end, £142 (2018 - £162) was outstanding.

20. CONTROLLING PARTY

The charity is controlled by the Trustees.

21. FINANCIAL INSTRUMENTS

	Group		Charity	
	2019	2018	2019	2018
	£	As restated £	£	As restated £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	15,490,086	8,701,444	13,071,703	7,202,760
Carrying amount of financial liabilities				
Liabilities measured at amortised cost	<u>p(640,362)</u>	<u>(387,360)</u>	<u>(284,946)</u>	<u>(315,339)</u>
	14,849,724	8,314,084	12,786,757	6,887,421
	=====	=====	=====	=====