

Irish Fair Trade Network  
Company Limited by Guarantee

Reports and Financial Statements  
for the financial year ended  
31 December 2016



**IRISH FAIR TRADE NETWORK COMPANY LIMITED BY GUARANTEE**

**REPORTS AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

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**IRISH FAIR TRADE NETWORK COMPANY LIMITED BY GUARANTEE**

**DIRECTORS AND OTHER INFORMATION**

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**DIRECTORS**

Selina Donnelly (Chairperson)  
Alan Clayton  
Mark Cumming  
Mark Doris  
Ciara Holland  
Denise McCool

**SECRETARY**

Peter Gaynor

**REGISTERED OFFICE**

Carmichael House  
North Brunswick Street  
Dublin 7

**REVENUE CHARITABLE STATUS NUMBER**

CHY 11264

**COMPANY REGISTRATION NUMBER**

217128

**CHARITIES REGULATORY AUTHORITY  
NUMBER**

20030452

**AUDITORS**

Deloitte  
Chartered Accountants and Statutory Audit Firm  
Deloitte & Touche House  
Earlsfort Terrace  
Dublin 2

**BANKERS**

Bank of Ireland  
Smithfield  
Dublin 7

**REPORT OF THE DIRECTORS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

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The directors present their annual report and the audited financial statements of the company for the financial year ended 31 December 2016. The financial statements have been prepared in accordance with the accounting policies set out in note 1 and comply with the company's Memorandum and Articles of Association, applicable Company Law and the requirements of the Statement of Recommended Practice (SORP 2015) "Accounting and Reporting by Charities", in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued by the Financial Reporting Council.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Structure**

Irish Fair Trade Network (IFTN) is a non-governmental organisation established in 1992 and incorporated in Ireland as a company limited by guarantee on 12 May 1994. It was granted charitable status for tax purposes by the Revenue Commissioners on 17 May 1995. It works to promote fair trading practices between Ireland and developing countries.

IFTN is a founder member of Fairtrade International (FLO e.V.), based in Germany, the organisation responsible for setting international Fairtrade standards. IFTN also works closely with FLO's subsidiary FLO Cert, which is responsible for certifying adherence to these standards by producers and traders.

IFTN is supported by the main international development and human rights organisations in Ireland – including ActionAid Ireland, Amnesty International (Irish Section), Christian Aid, Comhlámh, Concern, Friends of the Earth, Oxfam Ireland and Trócaire – and by the Irish Congress of Trade Unions.

**DIRECTORS AND SECRETARY**

The directors and secretary, who served at any time during the financial year except as noted, were as follows:

**Directors:**

Alan Clayton  
Mark Cumming  
Selina Donnelly  
Miriam Hamilton (resigned 30 April 2017)  
Una Johnston (resigned 28 June 2016)  
Cathy McCarthy (resigned 11 October 2016)  
Mark Doris (appointed 11 October 2016)  
Ciara Holland (appointed 29 March 2017)  
Denise McCool (appointed 18 October 2016)

**Secretary:**

Peter Gaynor

**Appointment of directors**

IFTN is governed by a board of directors, which has overall responsibility for the policy and strategy of the organisation. The board currently has 6 members. The directors meet at least four times a year. With effect from 1 January 2010, each director can serve for a maximum of six years from that date. New directors are appointed to the board following nomination by existing directors. Following appointment they are offered induction training which includes a review of documents and policies, and briefings from IFTN staff.

The board has adopted a comprehensive policy governance manual and compliance with these policies is systematically reviewed at board meetings, so that all policies are reviewed at least once a year.

The directors in office at the date of this report are set out on page 2.

## IRISH FAIR TRADE NETWORK COMPANY LIMITED BY GUARANTEE

### REPORT OF THE DIRECTORS (CONTINUED) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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#### Staff

The organisation had the following staff in 2016:

Executive Director, Company Secretary	Peter Gaynor
Project Manager	Melanie Drea
Business Development Manager	Emma Daly
Project Officer	Ingrid Kaar
Project Worker	Lucia Robles (Finished in August 2016)

#### Voluntary help and gifts in kind

IFTN is grateful to the hundreds of volunteers throughout Ireland who work to promote Fairtrade, especially through Fairtrade Town groups.

#### CREDIT AND LIQUIDITY RISKS

##### Credit risk

The company's principal financial assets are bank balances and cash, trade and other receivables. The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The credit risk on cash at bank is limited because the counterparties are banks with satisfactory credit-ratings assigned by international credit-rating agencies. The company has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

##### Liquidity risk

The liquidity risk is managed by regular review of cash flow forecasts and regular monitoring of cash balances and short-term liquidity trends and the credit risk on liquid funds is mitigated by the spreading of deposits over a number of financial institutions.

##### Risk management

The directors have identified and regularly review the major risks to which the company is exposed. They are satisfied that effective systems exist to mitigate those risks, especially ensuring that controls exist over key financial systems, by monitoring reserve levels and by periodically examining the operational and business risks faced by the company. The company maintains directors' and officers' liability insurance in respect of itself and its directors.

#### OBJECTIVES AND ACTIVITIES

##### Objects

Its Memorandum of Association defines the organisation's principal objects as being:

- a) To alleviate poverty in developing countries through the promotion of awareness among the Irish public of the needs of developing countries and, in particular, without prejudice to the generality of the foregoing, to educate and promote awareness among the Irish public of the need for fair trading practices between Ireland and developing countries and
- b) To promote and to provide, where appropriate, educational facilities, including education materials, resource centres and training programmes, for the Irish public on the needs of developing countries and, in particular, without prejudice to the generality of the foregoing, on the need for and development of fair trading practices between Ireland and developing countries.

The company can do all such other lawful things as are incidental to and conducive to the attainment of the foregoing objects.

**REPORT OF THE DIRECTORS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

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**Activities**

To achieve its objectives IFTN currently has three main activities: (1) Fairtrade labelling, (2) education to raise public awareness of Fairtrade in Ireland and (3) supporting small-scale producers in East Africa to meet international Fairtrade and UTZ Certified sustainability standards.

**1. *Fairtrade labelling and sourcing:***

Since 1996, work with businesses to promote the availability of Fairtrade certified products in Ireland has been the main activity of IFTN; in November that year Bewley's Limited imported the first two tonnes of Fairtrade certified coffee to Ireland. All of Bewley's branded fresh coffee will be Fairtrade certified by the end of 2017. The Fairtrade Mark on a product is an independent certification that meets internationally agreed Fairtrade standards and ensures that the smallholders or plantation workers who produce it receive a fair return for their work. Up to 2014, a Fairtrade label was awarded only to products in which all of the ingredients that could be Fairtrade certified were Fairtrade certified. Thus, all of the cocoa and sugar in a chocolate bar had to be Fairtrade certified if the chocolate bar was to have a Fairtrade label. With effect from 2014, under a new 'Fairtrade sourcing programme', a different label can be awarded to products that contain one Fairtrade ingredient. This programme currently operates only for cotton, cocoa and sugar. IFTN carries out its labelling and sourcing work under the names *Fairtrade Ireland* and *Fairtrade Éireann*, which it registered as business names on 21 April 2011.

**2. *Public education and awareness-raising:***

As well as working with businesses trading in Ireland, Fairtrade Ireland promotes public awareness of the Fairtrade Mark and the benefits of Fairtrade. This is done mainly through (a) Fairtrade Towns, particularly during (b) Fairtrade Fortnight each year.

a) *Fairtrade Towns:* Local voluntary groups work to get their town or city to fulfil six goals which qualify the town or city for Fairtrade Town or City status. The goals include official support by the town or city council and widespread local availability of Fairtrade certified products. Fairtrade Ireland organises an annual conference for representatives of Fairtrade Town groups.

b) *Fairtrade Fortnight* has been Fairtrade Ireland's flagship awareness-raising initiative each year since 2002. Events during the Fortnight include visits by representatives of Fairtrade certified organisations in producer countries to schools, colleges, community groups, town and city councils, businesses and other organisations throughout the country.

**3. *Overseas:***

IFTN has received grants from Irish Aid, the Irish Government's programme of assistance to developing countries, to assist small-scale producers in Central America (El Salvador, Guatemala, Honduras and Nicaragua) and East Africa (Kenya, Uganda, Tanzania and Ethiopia) to improve their agricultural practices and to meet Fairtrade International ([www.fairtrade.net](http://www.fairtrade.net)) and UTZ Certified ([www.utzcertified.org](http://www.utzcertified.org)) sustainability standards. There has also been some support for the development of the Fairtrade International and UTZ Certified organisations themselves.

IFTN also supports international work through Fairtrade International and its members.

**ACHIEVEMENTS AND PERFORMANCE**

**Review of activities**

There was continuing progress in all three areas of activity in 2016:

**1. *Fairtrade labelling:***

Fairtrade certified products are now widely available in shops, restaurants and cafes throughout Ireland and in all the main supermarkets. The range of products continues to grow and includes coffee, tea, sugar, bananas, chocolate, cocoa, confectionery, cosmetics, biscuits, fresh and dried fruit, cut flowers, ice cream, nuts, spices, fruit juice, honey, jams, rice, wine, oils, cotton and gold. Irish consumers spent an estimated €272 million on Fairtrade certified products in 2016, an increase of 9 per cent from 2015.

**REPORT OF THE DIRECTORS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

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**ACHIEVEMENTS AND PERFORMANCE (CONTINUED)**

**Review of activities (Continued)**

*1. Fairtrade labelling (Continued):*

A Globescan consumer survey conducted in 2015 in 15 countries promoting Fairtrade showed that Ireland consistently had one of the highest levels of awareness and familiarity with the Fairtrade Mark in the world. Unprompted awareness at 35% was the highest of any country.

The chairperson of the board of IFTN participated in the general assembly of Fairtrade International during the year.

*2. Public education and awareness-raising:*

The two main activities, Fairtrade Towns and Fairtrade Fortnight, continued to make progress.

*Fairtrade Towns:* The total number of Fairtrade Towns and Cities were 48 by the end of the year.

*Fairtrade Fortnight:* Producer representatives from SOPPEXCCA, a coffee cooperative in Nicaragua visited Ireland during the Fortnight. They participated in a busy schedule of visits to voluntary groups and supporters around the country.

*3. Support for overseas activities:*

In the period 2006-2014, Irish Aid grant support amounted to €20,212,000 (€8,380,000 for Central America and €11,832,000 for East Africa), divided equally between support for Fairtrade and UTZ Certified. The Central America programme ended in 2013. 2015 was the final year for grant payment from Irish Aid in relation to the East Africa programme.

IFTN continues to support international project work through financial support for Fairtrade International and its members. IFTN received donations of €10,000 from Fairtrade Netherlands and €40,000 from Fairtrade Austria for international project work during the financial year.

**FINANCIAL REVIEW**

**Financial health**

IFTN's work in Ireland is funded by license fees paid by companies based on their sales of products with the Fairtrade label. In 2016, it also received a grant from Fairtrade UK to contribute to work in Northern Ireland as well as grants from Fairtrade Netherlands and Fairtrade Austria for international work. There are now more than 22 licensees, and license fees have been sufficient to cover IFTN's operating costs in Ireland since 2011, a major milestone for the organisation. Income in 2016 continued to be satisfactory.

IFTN does not actively raise funds from the public: supporters support Fairtrade by buying Fairtrade certified products.

**Investment policy**

Surplus cash balances are held in interest-bearing deposit accounts in Irish banks.

**Reserves policy**

Reserves are required to smooth fluctuations in income and expenditure and to ensure that sufficient resources are available to meet all commitments. The directors have decided that a prudent level of unrestricted reserves is the equivalent of "not less than four months' but not more than six months' domestic costs".

The level of reserves is monitored by the directors at board meetings and will be reviewed annually. During 2016, the Board decided to use surplus reserves for international project work and to the micro-finance organisation, Prospero, to the amount of €51,824 each.

At 31 December 2016 the level of total unrestricted reserves was €418,764. There was also a designated reserves of €150,601 set aside for international work. There was a further €50,000 in restricted funds.

**REPORT OF THE DIRECTORS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

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**FUTURE DEVELOPMENTS IN THE BUSINESS**

There are currently no planned changes to the nature of the business.

**GENERAL**

**Health & Safety**

The well-being of the company's employees is safeguarded through strict adherence to safety standards. The Safety, Health and Welfare at Work Act, 2005, imposes certain requirements on directors, managers and employees. The company has taken the necessary action to ensure compliance with the Act.

**EVENTS AFTER THE BALANCE SHEET DATE**

There have been no significant events affecting the company since the financial year end.

**ACCOUNTING RECORDS**

The measures that the directors have taken to secure compliance with the requirements of sections 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records, are the employment of appropriately qualified accounting personnel and the maintenance of computerised accounting systems. The company's accounting records are maintained at the company's registered office Carmichael House, North Brunswick Street, Dublin 7.

**DISCLOSURE OF INFORMATION TO AUDITORS**

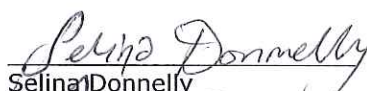
In the case of each of the persons who are directors at the time the directors' report and financial statements are approved:

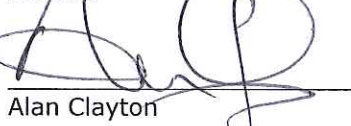
- a) So far as the director is aware, there is no relevant audit information of which the company's statutory auditors are unaware; and
- b) Each director has taken all steps that ought to have been taken by the director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 330 of the Companies Act 2014.

**AUDITORS**

The auditors, Deloitte Chartered Accountants and Statutory Audit Firm, continue in office in accordance with the provisions of Section 383(2) of the Companies Act, 2014.

  
Selina Donnelly  
Director

  
Alan Clayton  
Director

31/5/17  
Date:

## **IRISH FAIR TRADE NETWORK COMPANY LIMITED BY GUARANTEE**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

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The directors are responsible for preparing the directors' report and the financial statements in accordance with the Companies Act 2014.

Irish company law requires the directors to prepare financial statements for each financial year. Under the law, the directors have elected to prepare the financial statements in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("relevant financial reporting framework"). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the company as at the financial year end date and of the profit or loss of the company for the financial year and otherwise comply with the Companies Act 2014.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies for the Company Financial Statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with the applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for ensuring that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, enable at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy, enable them to ensure that the financial statements and directors' report comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IRISH FAIR TRADE NETWORK COMPANY LIMITED BY GUARANTEE**

We have audited the financial statements of Irish Fair Trade Network Company Limited by Guarantee for the financial year ended 31 December 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows, and the related notes 1 to 23. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2014 and FRS 102 The Financial Reporting Standard Applicable in the UK and the Republic of Ireland ("relevant financial reporting framework").

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014. Our responsibility is to audit and express an opinion on the financial statements in accordance with the Companies Act 2014 and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Reports and Financial Statements for the financial year ended 31 December 2016 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its incoming resources and application of resources, including its income and expenditure for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014.

### **Matters on which we are required to report by the Companies Act 2014**

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the directors' report is consistent with the financial statements.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
IRISH FAIR TRADE NETWORK COMPANY LIMITED BY GUARANTEE**

**Matters on which we are required to report by exception**

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.



Sinead McHugh  
For and on behalf of Deloitte  
Chartered Accountants and Statutory Audit Firm  
Dublin

Date: 12 July 2017

IRISH FAIR TRADE NETWORK COMPANY LIMITED BY GUARANTEE

STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Notes	2016			2015			Total Funds 2015	€
		Restricted Funds 2016	Designated Funds 2016	Unrestricted Funds 2016	Total Funds 2016	Restricted Funds 2015	Designated Funds 2015		
<b>INCOME FROM:</b>									
Donations	4	-	-	-	-	-	-	17,196	17,196
Charitable activities	5	50,000	-	667,516	717,516	-	600,000	683,044	1,283,044
Investments	6	-	-	42	42	-	-	799	799
<b>TOTAL INCOME</b>		<b>50,000</b>	<b>-</b>	<b>667,558</b>	<b>717,558</b>	<b>-</b>	<b>600,000</b>	<b>701,039</b>	<b>1,301,039</b>
<b>EXPENDITURE ON:</b>									
Raising funds	7	-	-	2,199	2,199	-	-	2,544	2,544
Charitable activities	8	-	77,565	724,893	802,458	-	600,000	497,339	1,097,339
<b>TOTAL EXPENDITURE</b>		<b>-</b>	<b>77,565</b>	<b>727,092</b>	<b>804,657</b>	<b>-</b>	<b>600,000</b>	<b>499,883</b>	<b>1,099,883</b>
<b>Net income/(expenditure)</b>		<b>50,000</b>	<b>(77,565)</b>	<b>(59,534)</b>	<b>(87,099)</b>	<b>-</b>	<b>-</b>	<b>201,156</b>	<b>201,156</b>
Taxation	12	-	-	-	-	-	-	-	-
Transfers between funds	13	-	83,136	(83,136)	-	145,030	-	(145,030)	-
<b>Net movement in funds</b>		<b>50,000</b>	<b>5,571</b>	<b>(142,670)</b>	<b>(87,099)</b>	<b>145,030</b>	<b>-</b>	<b>56,126</b>	<b>201,156</b>
<b>Reconciliation of funds:</b>									
Total funds brought forward	19	-	145,030	561,434	706,464	-	-	505,308	505,308
Total funds carried forward	19	<b>50,000</b>	<b>150,601</b>	<b>418,764</b>	<b>619,365</b>	<b>145,030</b>	<b>-</b>	<b>561,434</b>	<b>706,464</b>

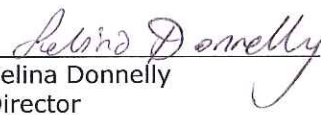
There are no other recognised gains or losses other than those listed above and the net movement in funds for the financial year. All income and expenditure derives from continuing activities.

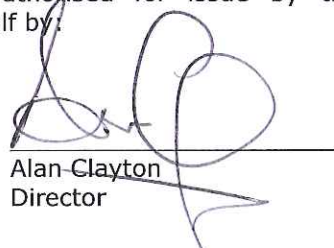
**IRISH FAIR TRADE NETWORK COMPANY LIMITED BY GUARANTEE**

**BALANCE SHEET AS AT 31 DECEMBER 2016**

	<i>Notes</i>	<b>2016</b> €	2015 €
<b>Fixed Assets</b>			
Tangible assets	14	<b>650</b>	1,014
<b>Current Assets</b>			
Debtors	15	<b>214,443</b>	236,008
Cash at bank and in hand		<b>460,750</b>	532,388
		<b>675,193</b>	768,396
<b>Creditors:</b> Amounts falling due within one year	16	<b>(56,478)</b>	(62,946)
<b>Net current assets</b>		<b>618,715</b>	705,450
<b>NET ASSETS</b>		<b>619,365</b>	706,464
<b>REPRESENTED BY:</b>			
Restricted funds	19	<b>50,000</b>	-
Unrestricted: designated funds	19	<b>150,601</b>	145,030
Unrestricted funds	19	<b>418,764</b>	561,434
		<b>619,365</b>	706,464

The financial statements were approved and authorised for issue by the Board of Directors on 31/5/17 and signed on its behalf by:

  
Selina Donnelly  
Director

  
Alan Clayton  
Director

**IRISH FAIR TRADE NETWORK COMPANY LIMITED BY GUARANTEE**

**STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

<b>Reconciliation of net (expenditure)/income to net cash flows from operating activities</b>	<b>2016 €</b>	<b>2015 €</b>
<b>Net (expenditure)/income</b>	<b>(87,099)</b>	201,156
Adjustment for: Depreciation charge	<b>364</b>	364
<b>Operating cash flows before movement in working capital</b>	<b>(86,735)</b>	201,520
Decrease/(increase) in debtors (Decrease)/increase in creditors	<b>21,565 (6,468)</b>	96,117 (122,716)
<b>Net cash (used in)/provided by operating activities</b>	<b>(71,638)</b>	174,921
<b>Cash flows from investing activities</b>		
Purchase of capital equipment	-	(714)
<b>Net cash used in investing activities</b>	-	(714)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(71,638)</b>	174,207
Cash and cash equivalents at beginning of the financial year	<b>532,388</b>	358,181
Cash and cash equivalents at end of the financial year	<b>460,750</b>	532,388
<b>Reconciliation to cash at bank and in hand</b>		
Cash at bank and in hand at end of financial year		
Current	<b>229,553</b>	279,670
Deposit	<b>231,197</b>	252,718
	<b>460,750</b>	532,388

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

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**1. ACCOUNTING POLICIES**

The principal accounting policies are summarised below. They have all been applied consistently throughout the financial year and to the preceding year.

**General Information and Basis of Accounting**

Irish Fair Trade Network Company Limited by Guarantee is a company incorporated in Ireland under the Companies Act 2014. The address of the registered office is given on page 2. The nature of the company's operations and its principal activities are set out in the directors' report on pages 3 to 7.

Prior to the Companies Act 2014, company law scoped out companies not trading for gain for the members from the requirements with regard to format and content of financial statements which applied to for profit companies thus permitting the adoption of a format appropriate to a charity.

The Companies Act 2014 became effective in law on 1 June 2015 and from that date applies the format and content of financial statements requirements appropriate for a company trading for the profit of its members to a company that is a not-for-profit organisation such as Irish Fair Trade Network Company Limited by Guarantee for example, to present a profit and loss account and report on items such as turnover, cost of sales, profit or loss on ordinary activities before taxation, along with related notes. In the view of the directors, this is neither an appropriate presentation nor terminology for a not-for-profit organisation.

In order to provide information relevant to understanding the stewardship of the directors and the performance and financial position of the charity, Irish Fair Trade Network Company Limited by Guarantee has prepared its financial statements in accordance with the format provided for in the Statement of Recommended Practice (SORP) for charities (2015) '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 (FRS102)' as published by the Charity Commission for England and Wales. In particular Irish Fair Trade Network Company Limited by Guarantee reports its performance for the financial year in the format of the SORP's Statement of Financial Activities (SOFA).

The functional currency of Irish Fair Trade Network Company Limited by Guarantee is considered to be euro because that is the currency of the primary economic environment in which the company operates.

**Going Concern**

The company's forecasts and projections, taking account of reasonable possible changes in performance, show that the company will be able to operate within the level of its current cash and investment resources. The Board have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements. Accordingly, these financial statements do not include any adjustments to the carrying amount and classification of assets and liabilities that may arise if the company was unable to continue as a going concern.

**Recognition of Income**

- (i) Income from donations and miscellaneous income are recognised when received.
- (ii) Grant income is recognised when the organisation is legally entitled to it, receipt is probable and the amount involved can be measured with sufficient reliability.
- (iii) Interest income is recognised on a receivable basis.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

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**1. ACCOUNTING POLICIES (CONTINUED)**

**Recognition of Income (Continued)**

- (iv) Licence fee income is recognised on a receivable basis. It is invoiced quarterly in arrears; invoices for the final quarter are estimated, and any under-provision or over-provision is reflected in the results of the following period.
- (v) Income from the sale of promotional or educational resources is included on a receivable basis.
- (vi) The value of volunteer time is not included in the financial statements. Gifts in kind are deemed non-material and are not included in the financial statements.

**Recognition of expenditure**

Expenditure is analysed between raising funds and charitable activities. The cost of each activity has been separately accumulated and disclosed. Expenditure is recognised in the period to which it relates and includes attributable VAT which cannot be recovered. Expenditure incurred but unpaid at the balance sheet date is included in accruals or other creditors.

**(i) Raising funds**

Staff time is the only cost involved in generating funds which is allocated based on percentage of time spent.

**(ii) Charitable activities**

Most costs are directly attributable to specific activities. Staff costs are apportioned on the basis of staff time spent on each activity; other costs which cannot be allocated directly to one activity (support costs) are allocated to activities in proportion to the estimated benefits received.

**Tangible Fixed Assets**

Tangible fixed assets are stated at cost less accumulated depreciation. Assets are included where the net cost price is €500 or more. Depreciation of fixed assets is provided on cost in equal instalments over the estimated useful lives of the assets. The annual rates of depreciation are as follows:

Office Equipment	20%
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**FUNDS ACCOUNTING**

**Restricted Funds**

These are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

**Unrestricted Funds**

These are funds which can be used in accordance with the charitable objects at the discretion of the Directors.

**Designated Funds**

At its discretion and/or with the agreement of the original donors of the funds, the company may set aside funds for specific purposes which would otherwise form part of the unrestricted funds of the company.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

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**1. ACCOUNTING POLICIES (CONTINUED)**

**Foreign Currencies**

Transactions in foreign currency are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All exchange differences are taken to the Statement of Financial Activities (SOFA).

**Pension Scheme**

The company does not have a pension scheme. Instead, the organisation makes contributions for employees to a Personal Retirement Savings Account (PRSA) for each employee, the assets of which are held and managed separately from those of the charity by the pension company, Zurich. The annual contributions are charged to the Statement of Financial Activities (SOFA).

**Leases**

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged to the Statement of Financial Activities (SOFA).

**Financial Instruments**

Financial assets and financial liabilities are recognised when the charitable company becomes a party to the contractual provisions of the instrument. Financial liabilities are classified according to the substance of the contractual arrangements entered into.

*(i) Financial assets and liabilities*

All financial assets and liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the charitable company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the charitable company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires. Balances that are classified as payable or receivable within one year on initial recognition are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

**2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**Critical judgements and estimates in applying the Company's accounting policies**

The following are the critical judgements and estimates that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

**Recoverability of debtors**

The directors make an assessment at the end of each financial year of whether there is objective evidence that a debtor is recoverable. When assessing recoverability of debtors and other amounts receivable, the directors consider factors including the age profile of outstanding amounts receivable, recent correspondence and historical experience in cash collectors from debtors.

**Rates of depreciation**

The annual depreciation on tangible fixed assets is sensitive to changes in the estimated useful lives of the assets. The useful economic lives are reviewed annually. They are amended when necessary to reflect current estimates, based on economic utilisation, technological advancements and the physical condition of the assets.

**3. LEGAL STATUS OF THE COMPANY**

The company is a company limited by guarantee. Every member of the company undertakes to contribute to the assets of the company in the event of the same being wound up while he/she is a member, or within one year after he/she ceases to be a member, for payment of the debts and liabilities of the company contracted before he/she ceases to be a member and of the costs, charges and expenses of winding up and for the adjustment of the rights of the contributories among themselves, such amount as may be required not exceeding €1.00.

The company is prohibited by its Memorandum of Association from distributing any of its reserves by way of a dividend or otherwise to its members.

**4. INCOME FROM DONATIONS**

	Restricted funds €	Unrestricted funds €	2016 €	2015 €
Donations	-	-	-	17,196
	=====	=====	=====	=====

The company receives unsolicited donations from supporters and the public from time to time.

**IRISH FAIR TRADE NETWORK COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

**5. INCOME FROM CHARITABLE ACTIVITIES**

	<b>Restricted Funds €</b>	<b>Unrestricted Funds €</b>	<b>2016 Total €</b>	<b>2015 Total €</b>
Grants for work in Ireland				
- Fairtrade UK	-	40,371	40,371	48,504
Grants for work overseas				
- Irish Aid (East Africa)	-	-	-	600,000
- Fairtrade Netherlands	10,000	-	10,000	-
- Fairtrade Austria	40,000	-	40,000	-
License fees	-	626,231	626,231	634,335
Resource sales	-	914	914	205
	<u>50,000</u>	<u>667,516</u>	<u>717,516</u>	<u>1,283,044</u>

During the prior financial year, the company received grants from Irish Aid (the Irish Government's official development assistance programme). The company also receives grants from other organisations such as Fairtrade UK, Fairtrade Netherlands and Fairtrade Austria.

IFTN receives licence fees from Irish-based businesses selling Fairtrade certified products. It also receives licence fees from members of Fairtrade International in other countries relating to sales of products by their licensees in Ireland. These fees cover the cost of monitoring and auditing to ensure compliance with Fairtrade standards and contribute to the cost of public education and awareness-raising work. Product certification in Ireland is managed by IFTN, while producer certification is the responsibility of FLO-Cert, which receives a proportion of IFTN's licence fee income to pay for this activity.

Resource sales income are generated from the sale of a range of promotional and educational materials to help promote Fairtrade. These items are sold at a price that covers the cost of production and processing.

**6. INVESTMENTS**

	<b>Restricted Funds €</b>	<b>Unrestricted Funds €</b>	<b>2016 Total €</b>	<b>2015 Total €</b>
Deposit interest	-	42	42	799
	<u>-</u>	<u>42</u>	<u>42</u>	<u>799</u>

**7. EXPENDITURE ON RAISING FUNDS**

	<b>Restricted Funds €</b>	<b>Unrestricted Funds €</b>	<b>2016 Total €</b>	<b>2015 Total €</b>
Support costs (Note 9)	-	2,199	2,199	2,544
	<u>-</u>	<u>2,199</u>	<u>2,199</u>	<u>2,544</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

8. EXPENDITURE ON CHARITABLE ACTIVITIES

	Activity Undertaken Directly €	Support Costs (Note 9) €	2016 Total Costs €	2015 Total Costs €
Fairtrade labelling	432,525	60,323	492,848	315,113
Public education	172,154	8,067	180,221	144,922
Overseas programme (Note 8.1)	36,514	1,191	37,705	637,304
Grants to other organisations (Note 8.2)	91,684	-	91,684	-
	<u>732,877</u>	<u>69,581</u>	<u>802,458</u>	<u>1,097,339</u>

8.1 Overseas programme

	Restricted Funds €	Designated Funds €	Unrestricted funds €	Total 2016 €	Total 2015 €
<b>East Africa</b>					
Solidaridad	-	-	-	-	582,000
Staff costs	-	19,075	-	19,075	44,848
Consultancy costs	-	9,503	-	9,503	1,000
Other direct costs	-	7,936	-	7,936	6,255
Support costs	-	1,191	-	1,191	3,201
	-	<u>37,705</u>	-	<u>37,705</u>	<u>637,304</u>

8.2 Grants to other organisations

	Restricted Funds €	Designated Funds €	Unrestricted funds €	Total 2016 €	Total 2015 €
Grant to Prospero	-	-	51,824	51,824	-
Grant to AFIT (Association for Fairness in Trade)	-	19,860	-	19,860	-
Grant to Fairtrade Deutschland	-	20,000	-	20,000	-
	-	<u>39,860</u>	<u>51,824</u>	<u>91,684</u>	-

**IRISH FAIR TRADE NETWORK COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

**9. ANALYSIS OF SUPPORT COSTS**

Support costs which are allocated to activities have been incurred as follows:

	<b>Raising funds €</b>	<b>Fairtrade labelling €</b>	<b>Public education €</b>	<b>Overseas programme €</b>	<b>Total 2016 €</b>	<b>Total 2015 €</b>
Consultancy costs	2,199	-	-	-	2,199	2,544
Office expenses	-	749	448	66	1,263	2,380
Depreciation	-	216	129	19	364	364
Governance	-	59,358	7,490	1,106	67,954	(13,130)
	<b>2,199</b>	<b>60,323</b>	<b>8,067</b>	<b>1,191</b>	<b>71,780</b>	<b>(7,842)</b>

Support costs are allocated against the various activities on the basis of percentages of time spent on each activities. Governance costs included above can be summarised as follows:-

	<b>Restricted Funds €</b>	<b>Designated Funds €</b>	<b>Unrestricted funds €</b>	<b>Total 2016 €</b>	<b>Total 2015 €</b>
Accounting fees	-	448	8,102	8,550	4,200
Audit fees	-	207	3,738	3,945	2,900
Travel expenses	-	22	419	441	-
Bank charges	-	49	888	937	1,187
Insurance	-	125	2,255	2,380	1,975
Foreign currency loss/(gain)	-	-	46,841	46,841	(28,874)
Staff training	-	255	4,605	4,860	5,482
	-	<b>1,106</b>	<b>66,848</b>	<b>67,954</b>	<b>(13,130)</b>

**10. NET INCOME/(EXPENDITURE)  
FOR THE FINANCIAL YEAR**

This is stated after charging/(crediting):

Directors' remuneration	-	-
Auditors' remuneration	3,945	2,900
Depreciation	364	364
Interest earned	(42)	(799)

**IRISH FAIR TRADE NETWORK COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

**11. EMPLOYEES AND REMUNERATION**

	<b>2016</b>	2015
	<b>No</b>	No
The average number of persons employed by the company during the financial year	<b>4</b>	5

<b>Staff costs:</b>	<b>2016</b>	2015
	<b>€</b>	€
Wages and salaries	<b>194,571</b>	234,601
Social insurance costs	<b>20,728</b>	25,189
Other retirement benefit costs	<b>28,119</b>	28,296
	<b>243,418</b>	288,086

Staff costs are classified according to the functions of each staff member as follows:

	<b>2016</b>	2015
	<b>€</b>	€
Fairtrade labelling	<b>142,603</b>	160,069
Public education	<b>81,740</b>	57,732
Overseas programme	<b>19,075</b>	44,848
<b>Total</b>	<b>243,418</b>	288,086

No employee earned a salary of more than €80,000 (2015: €80,000), inclusive of employer PRSA contributions.

The total remuneration for key management personnel including employer PRSI and employer pension contribution for the financial year amounted to €78,501 (2015: €116,707).

No director received remuneration during the current financial year (2015: €Nil).

**12. TAXATION**

As a result of the company's charitable tax status, no charge to corporation tax arises under the provision of Section 207 of the Taxes Consolidation Act, 1997.

**13. TRANSFER BETWEEN FUNDS**

At financial year end 31 December 2016, €83,136 was transferred from unrestricted funds to designated funds. The transfer of funds has been approved by the Board of Directors to be designated for programme in relation to international workers' rights.

IRISH FAIR TRADE NETWORK COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

14. TANGIBLE FIXED ASSET: OFFICE EQUIPMENT

	Cost €	Depreciation €	Book Value €
Balance at 1 January 2016	3,340	(2,326)	1,014
Disposals	(1,519)	1,519	-
Charge for the financial year	-	(364)	(364)
<b>Balance at 31 December 2016</b>	<b>1,821</b>	<b>(1,171)</b>	<b>650</b>

In respect of prior financial year:

	Cost €	Depreciation €	Book Value €
Balance at 1 January 2015	3,212	(2,548)	664
Additions	714	-	714
Disposals	(586)	586	-
Charge for the financial year	-	(364)	(364)
Balance at 31 December 2015	3,340	(2,326)	1,014

15. DEBTORS: (Amounts falling due within one year)

	2016 €	2015 €
Trade debtors	193,142	236,008
Prepayments	21,301	-
	<b>214,443</b>	<b>236,008</b>

16. CREDITORS: Amounts falling due within one year

	2016 €	2015 €
Trade creditors	15,364	11,487
Accruals	3,450	9,939
Taxation (see analysis below)	34,192	38,232
Other creditors	3,472	3,288
	<b>56,478</b>	<b>62,946</b>
Taxation consists of the following:		
VAT	28,824	32,484
PAYE/PRSI	5,368	5,748
	<b>34,192</b>	<b>38,232</b>

**IRISH FAIR TRADE NETWORK COMPANY LIMITED BY GUARANTEE**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)**

**17. COMMITMENTS**

The company has no commitments under non-cancellable operating leases.

**18. PENSION**

The company does not operate a pension scheme. Instead, it makes contributions to PRSAs for employees. The assets of the PRSAs are held separately from those of the company, in externally managed funds. The pension costs charged in the financial statements represent the contribution payable by the company during the financial year.

The pension expense for the financial year amounted to €28,119 (2015: €28,296). The amount payable at the financial year-end was €2,239 (2015: €2,588).

**19. TOTAL FUNDS**

**(a) Reconciliation of funds:**

	<b>Restricted Funds €</b>	<b>Designated Funds €</b>	<b>Unrestricted Funds €</b>	<b>Total Funds 2016 €</b>	<b>Total Funds 2015 €</b>
Fund balance at 1 January	-	145,030	561,434	706,464	505,308
Net income/(expenditure)	50,000	(77,565)	(59,534)	(87,099)	201,156
Transfers between funds	-	83,136	(83,136)	-	-
<b>Fund balance at 31 December</b>	<b>50,000</b>	<b>150,601</b>	<b>418,764</b>	<b>619,365</b>	706,464

**(b) Analysis of net assets between funds:**

	<b>Restricted Funds €</b>	<b>Designated Funds €</b>	<b>Unrestricted Funds €</b>	<b>Total Funds 2016 €</b>	<b>Total Funds 2015 €</b>
Fixed assets	-	-	650	650	1,014
Current assets	50,000	150,601	474,592	675,193	768,396
Current liabilities	-	-	(56,478)	(56,478)	(62,946)
	<b>50,000</b>	<b>150,601</b>	<b>418,764</b>	<b>619,365</b>	706,464

**(c) Movement in funds:**

	<b>Balance as at 01/01/2016 €</b>	<b>Income €</b>	<b>Expenditure €</b>	<b>Transfer between funds €</b>	<b>Balance as at 31/12/2016 €</b>	<b>Balance as at 31/12/2015 €</b>
Restricted funds	-	50,000	-	-	50,000	-
Unrestricted funds	561,434	667,558	(727,092)	(83,136)	418,764	561,434
Designated funds	145,030	-	(77,565)	83,136	150,601	145,030
<b>Total funds</b>	<b>706,464</b>	<b>717,558</b>	<b>(804,657)</b>	<b>-</b>	<b>619,365</b>	706,464

IRISH FAIR TRADE NETWORK COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

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20. FINANCIAL INSTRUMENTS

	2016 €	2015 €
<b>Financial Assets</b>		
<i>Measured at undiscounted amounts receivable</i>		
Trade debtors (Note 15)	<b>193,142</b>	236,008
	<hr/> <hr/>	<hr/> <hr/>
<b>Financial Liabilities</b>		
<i>Measured at undiscounted amounts payable</i>		
Trade creditors (Note 16)	<b>15,364</b>	11,487
Other creditors (Note 16)	<b>3,472</b>	3,288
	<hr/> <hr/>	<hr/> <hr/>

21. RELATED PARTIES

There were no related party transactions in the financial year that are required to be disclosed under S33 FRS 102.

22. CONTROLLING PARTY

The board of directors is the ultimate controlling party.

23. EVENTS AFTER THE BALANCE SHEET DATE

There were no material subsequent events after the balance sheet date that require disclosure within the financial statements.