

**Irish Fair Trade Network Limited**  
(A company limited by guarantee, not having a share capital)

**Report and Financial Statements**  
**for the year ended 31 December 2017**

KSI Faulkner Orr Ltd.  
Gateway House  
133 Capel Street  
Dublin 1

CHY Number: 11246  
Company Number: 217128

**Irish Fair Trade Network Limited**  
(A company limited by guarantee, not having a share capital)  
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## Irish Fair Trade Network Limited

(A company limited by guarantee, not having a share capital)

### REFERENCE AND ADMINISTRATIVE INFORMATION

Directors	Selina Donnelly (Resigned 22 February 2018) Alan Clayton Mark Cumming Tony Daly (Appointed 16 December 2017) Mark Doris Ciara Holland (Resigned 8 September 2017) Kevin Jenkinson (Appointed 16 December 2017) Densie Mc Cool Yvonne O'Callaghan (Appointed 20 September 2017)
Company Secretary	Peter Gaynor
Charity Number	CHY 11264 CRA number 20030452
Company Number	217128
Registered Office and Principal Address	Carmichael House North Brunswick Street Dublin 7 Republic of Ireland
Auditors	KSI Faulkner Orr Ltd. Gateway House 133 Capel Street Dublin 1 Ireland
Bankers	Bank of Ireland, Smithfield, Dublin 7.

**Irish Fair Trade Network Limited**  
(A company limited by guarantee, not having a share capital)  
**DIRECTORS' ANNUAL REPORT**  
for the year ended 31 December 2017

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2017. The financial statements have been prepared in accordance with the accounting policies set out on pages 16 to 23 and comply with the company's Constitution, applicable Company Law and, as far as possible, the requirements of the Statement of Recommended Practice (SORP), (effective January 2015) in accordance with FRS 102

## **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 and not having a share capital 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 FI e.V based in Germany, the organisation responsible for setting international Fairtrade standards. IFTN also works closely with FI'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.

### **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 directors who served throughout the year, except as noted, were as follows:

Selina Donnelly (Resigned 22 February 2018)

Alan Clayton

Mark Cumming

Tony Daly (Appointed 16 December 2017)

Mark Doris

Ciara Holland (Resigned 8 September 2017)

Kevin Jenkinson (Appointed 16 December 2017)

Denise McCool

Yvonne O'Callaghan, Chairperson, (Appointed 20 September 2017)

### **Governance Policies**

The board has adopted a comprehensive policy governance manual, and compliance with these policies is systematically reviewed at board meetings. As well as monitoring compliance with its Governance policies, the Board also ensures that all policies are reviewed at least once a year. Specifically the Governance Manual sets out the responsibilities of the directors for compliance with relevant legislation; for monitoring the achievement of progress of Fairtrade in Ireland, and for the delegation of responsibilities to, and accountability from the Executive Director.

### **Staff**

The organisation had the following staff in 2017:

Executive Director, Company Secretary,	Peter Gaynor
Project Manager	Melanie Drea
Business Development Manager	Ciara Holland
Business and Project Coordinator	Fiona Saluk

**Irish Fair Trade Network Limited**  
(A company limited by guarantee, not having a share capital)  
**DIRECTORS' ANNUAL REPORT**  
for the year ended 31 December 2017

**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 manages its financial assets and liabilities to ensure it will continue as a going concern. The principal financial assets of the company are bank and cash balances, which represent the maximum exposure to credit risk in relation to financial assets. The principal financial liabilities of the authority are creditors and other payables. The credit risk within the company is primarily attributable to its cash at bank.

**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 through the organisation's governance cycle, the major risks to which the organisation 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 examining the operational and business risks faced by the organization on a quarterly and annual basis. The company maintains directors' and officers' liability insurance in respect of itself, its directors and officers.

**ACTIVITIES**

**Activities**

To achieve its objectives IFTN currently has two main activities: (1) Fairtrade labelling and sourcing, and (2) education to raise public awareness of Fairtrade in Ireland.

**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 Ltd imported the first two tonnes of Fairtrade certified coffee to Ireland. All of Bewley's branded fresh coffee became Fairtrade certified at 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. The Fairtrade Sourcing Ingredient (FSI) business model is open to all Fairtrade categories except coffee and bananas. 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 FSI 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.

IFTN also supports international work through Fairtrade International and its members. In particular Fairtrade Ireland has worked with colleagues internationally on developing strategies for improving the livelihoods of farmers and workers involved with Fairtrade in developing countries.

# Irish Fair Trade Network Limited

(A company limited by guarantee, not having a share capital)

## DIRECTORS' ANNUAL REPORT

for the year ended 31 December 2017

### ACHIEVEMENTS AND PERFORMANCE

#### Review of activities

There was significant progress in Fairtrade activities in Ireland again in 2017:

**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.

As the Irish member of Fairtrade International, Fairtrade Ireland is aligned with the international global strategy for 2016 – 2020 'Changing Trade – Changing Lives', and focuses in particular on work in the core commodities of coffee, cocoa and bananas.

Irish consumers spent an estimated €342 million on Fairtrade certified products in 2017, an increase of 25 per cent on consumer spend on 2016. This increase is accounted for by 36% growth in the volume of Fairtrade coffees being sold by three companies; Bewleys, Insomnia and Starbucks – both Bewleys and Insomnia are serving 100% Fairtrade coffee and Starbucks' main espresso coffee is Fairtrade.

Sales of Fairtrade Certified cocoa declined in 2017 but are expected to grow again in 2018.

Sales of Fairtrade bananas grew by 6% in volume in 2017 and the majority of these sales in Irish retailers are from Fyffes.

The directors are satisfied that there is ongoing opportunities for Fairtrade in Ireland to grow in these core commodities as well as in other Fairtrade categories.

A Globescan consumer survey conducted in 2015 in 15 countries promoting Fairtrade showed that Ireland had consistently 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 Fortnight:** Fairtrade Fortnight is the main annual awareness raising period for Fairtrade in Ireland. It is now part of the annual calendar for most of the companies and supporters that Fairtrade Ireland works with. Events are organised during the Fortnight around the country and guests from different countries are invited to participate. We had coffee and cocoa producers in Ireland for Fairtrade Fortnight 2017.

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

#### **3. Support for overseas activities:**

IFTN continues to support international project work through financial support for Fairtrade International and its members.

### FINANCIAL REVIEW

#### Financial health

IFTN's work in Ireland is funded by licence fees paid by companies, based on their sales of products with the Fairtrade label. In 2017 it also received a grant from Fairtrade UK to contribute to work in Northern Ireland. There are 18 licencees at end of 2017 (which should grow in 2018) as well as dozens of international companies selling Fairtrade products in Ireland. Licence fees cover the vast majority of IFTN's operating costs. Income in 2017 was higher than anticipated.

IFTN does not 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.

## Irish Fair Trade Network Limited

(A company limited by guarantee, not having a share capital)

### DIRECTORS' ANNUAL REPORT

for the year ended 31 December 2017

#### PLANS FOR THE FUTURE

The Board look forward to ongoing modest growth in Fairtrade in Ireland and in implementing new business offers agreed internationally, further Fairtrade sourcing initiatives, and Fairtrade programmes and partnerships, as opportunities arise.

The Board expects that there will be some losses, as well as gains, in future Fairtrade business but expect continuing modest growth in future years.

#### 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.

##### Statement on Relevant Audit Information

There is no relevant audit information of which the statutory auditors are unaware. The directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and they have established that the statutory auditors are aware of that information.

#### ACCOUNTING RECORDS

To ensure that adequate accounting records are kept in accordance with Sections 281 to 285 of the Companies Act 2014, the directors have employed appropriately qualified accounting personnel and have maintained appropriate computerised accounting systems. The accounting records are located at the company's office at Carmichael House, North Brunswick Street, Dublin 7.

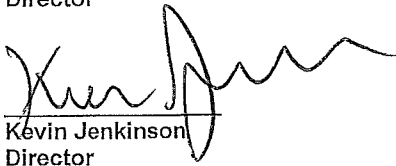
#### AUDITORS

KSI Faulkner Orr Ltd. were appointed auditors by the directors to fill the casual vacancy and they have expressed their willingness to continue in office in accordance with the Section 380 of the Companies Act 2014.

Signed on behalf of the Board



Alan Clayton  
Director



Kevin Jenkinson  
Director

Date: 6/6/18

# Irish Fair Trade Network Limited

(A company limited by guarantee, not having a share capital)

## DIRECTORS' RESPONSIBILITIES STATEMENT

for the year ended 31 December 2017

The directors are responsible for preparing the financial statements in accordance with applicable Irish law and Generally Accepted Accounting Practice in Ireland including the accounting standards issued by the Financial Reporting Council.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the net income or expenditure of the charity for that year. In preparing these financial statements the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the Charities SORP (effective January 2015) in accordance with FRS 102 has been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

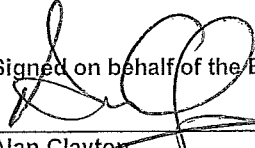
The directors confirm that they have complied with the above requirements in preparing the financial statements.

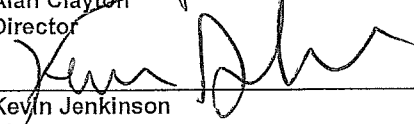
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and with Irish Statute comprising the Companies Act 2014, and all Regulations to be construed as one with those Acts. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information (information needed by the charity's auditor in connection with preparing the auditor's report) of which the charity's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

Signed on behalf of the Board of Directors

  
Alan Clayton  
Director

  
Kevin Jenkinson  
Director

Date: 6/6/18

# INDEPENDENT AUDITOR'S REPORT

## to the Members of Irish Fair Trade Network Limited

(A company limited by guarantee, not having a share capital)

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Irish Fair Trade Network Limited for the year ended 31 December 2017 which comprise the Statement of Financial Activities (incorporating an Income and Expenditure Account), the Balance Sheet, the Cash Flow Statement, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is Irish Law and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and the Provisions Available for Small Entities, in the circumstances set out in note 3 to the financial statements, 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 ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 financial statements are authorised for issue.

#### Other Information

Based solely on the work undertaken in the course of the audit, we report that:

- the information given in the Directors' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
  - in our opinion, the Directors' Annual Report has been prepared in accordance with 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.

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

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report. The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

# INDEPENDENT AUDITOR'S REPORT

## to the Members of Irish Fair Trade Network Limited

(A company limited by guarantee, not having a share capital)

### Respective responsibilities

#### Responsibilities of directors for the financial statements

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 for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is contained in the appendix to this report, located at page 11, which is to be read as an integral part of our report.

#### The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume any responsibility to anyone other than the company and the company's shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.



Emma Delaney  
for and on behalf of  
KSI FAULKNER ORR LIMITED  
Registered Auditors  
Gateway House,  
133 Capel Street,  
Dublin 1.

Date: 6 June 2018

# **INDEPENDENT AUDITOR'S REPORT**

## **to the Members of Irish Fair Trade Network Limited**

(A company limited by guarantee, not having a share capital)

### **APPENDIX TO THE INDEPENDENT AUDITOR'S REPORT**

#### **Further information regarding the scope of our responsibilities as auditor**

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Irish Fair Trade Network Limited**  
(A company limited by guarantee, not having a share capital)  
**STATEMENT OF FINANCIAL ACTIVITIES**  
(Incorporating an Income and Expenditure Account)

for the year ended 31 December 2017

	Unrestricted Funds 2017 €	Restricted Funds 2017 €	Designated Funds 2017 €	Total 2017 €	Total 2016 €
Incoming Resources					
Generated funds:					
Activities for generating funds	-	-	-	-	50,000
Donations and miscellaneous income	35,201	-	-	35,201	40,371
Grants for work in Ireland	6	-	-	6	41
Investment Income					
Charitable activities:					
Licence fee	585,592	-	-	585,592	626,231
Resources sales	809	-	-	809	914
<b>Total incoming resources</b>	<b>621,608</b>	<b>-</b>	<b>-</b>	<b>621,608</b>	<b>717,557</b>
Resources Expended on Charitable Activities					
Fairtrade Labelling	422,374	-	-	422,374	547,021
Public education and awareness	106,851	-	-	108,965	180,122
International Work	7,725	50,000	84,150	139,761	77,514
Governance and administration	43,709	-	-	43,709	-
<b>Total Resources Expended</b>	<b>580,659</b>	<b>50,000</b>	<b>84,150</b>	<b>714,809</b>	<b>804,657</b>
Gross transfers between funds	(30,000)	-	30,000	-	-
<b>Surplus/(deficit) for the year</b>	<b>10,949</b>	<b>(50,000)</b>	<b>(54,150)</b>	<b>(93,201)</b>	<b>(87,100)</b>
Reconciliation of funds					
Balances brought forward at 1 January 2017	418,761	50,000	150,601	619,362	706,465
<b>Balances carried forward at 31 December 2017</b>	<b>429,710</b>	<b>-</b>	<b>96,451</b>	<b>526,161</b>	<b>619,365</b>

**Irish Fair Trade Network Limited**  
(A company limited by guarantee, not having a share capital)  
**STATEMENT OF FINANCIAL ACTIVITIES**  
(Incorporating an Income and Expenditure Account)

Approved by the Board of Directors on 6/6/18 and signed on its behalf by:

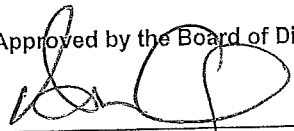
  
\_\_\_\_\_  
Alan Clayton  
Director

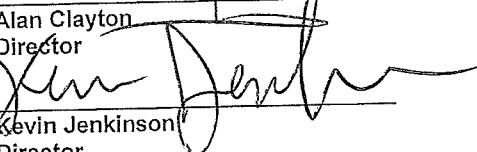
  
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Kevin Jenkinson  
Director

**Irish Fair Trade Network Limited**  
 (A company limited by guarantee, not having a share capital)  
**BALANCE SHEET**  
 as at 31 December 2017

	Notes	2017 €	2016 €
<b>Fixed Assets</b>			
Tangible assets	10	<u>286</u>	<u>650</u>
<b>Current Assets</b>			
Debtors	11	409,779	214,442
Cash and cash equivalents		<u>242,293</u>	<u>460,750</u>
		652,072	675,192
<b>Creditors: Amounts falling due within one year</b>	12	<u>(126,197)</u>	<u>(56,477)</u>
<b>Net Current Assets</b>		<u>525,875</u>	<u>618,715</u>
<b>Total Assets less Current Liabilities</b>		<u>526,161</u>	<u>619,365</u>
<b>Funds</b>			
Designated (unrestricted) funds		96,451	-
Income funds:			
General fund (unrestricted)		<u>429,710</u>	<u>619,365</u>
<b>Total funds</b>	16	<u>526,161</u>	<u>619,365</u>

Approved by the Board of Directors on 6/6/18 and signed on its behalf by:

  
 Alan Clayton  
 Director

  
 Kevin Jenkinson  
 Director

**Irish Fair Trade Network Limited**  
**CASH FLOW STATEMENT**  
for the year ended 31 December 2017

	Notes	2017 €	2016 €
<b>Cash flows from operating activities</b>			
Net movement in funds		(93,204)	(87,099)
Movement in Designated net of amounts converted into income		54,150	77,514
Adjustments for:			
Depreciation		364	364
		<u>(38,690)</u>	<u>(9,221)</u>
Movements in working capital:			
Movement in debtors		(195,337)	21,566
Movement in creditors		69,720	(6,469)
		<u>(164,307)</u>	<u>5,876</u>
Cash generated from operations			
		<u>(54,150)</u>	<u>(77,514)</u>
Movement in Designated net of amounts converted into income			
		(218,457)	(71,638)
Net increase in cash and cash equivalents		460,750	532,388
Cash and cash equivalents at 1 January 2017			
Cash and cash equivalents at 31 December 2017	20	<u>242,293</u>	<u>460,750</u>

**Irish Fair Trade Network Limited**  
(A company limited by guarantee, not having a share capital)  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2017

1. ACCOUNTING POLICIES

**Basis of preparation**

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 3. The nature of the company's operations and its principal activities are set out in the directors' report on pages 4 to 7.

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.

**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 free reserves**

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

**Unrestricted 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.

**Incoming Resources**

(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.

(iv) Licence fee income is recognised on a receivable basis. It is invoiced quarterly in arrears, invoices for the final quarter are estimated. Prior to 2017 any over or under provision was reflected in the results of the following period. At the year ended 31<sup>st</sup> December 2017, the licence fee income includes prior year licence fee income for 2016 and the over or under provision licence fee income for 2017 to the date of financial approval.

(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.

**Resources Expended**

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.

## Irish Fair Trade Network Limited

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# NOTES TO THE FINANCIAL STATEMENTS

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for the year ended 31 December 2017

### 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.

### Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or at valuation, less accumulated depreciation. The charge to depreciation is calculated to write off the original cost or valuation of tangible fixed assets, less their estimated residual value, over their expected useful lives as follows:

Fixtures, fittings and equipment - 20% Straight line

Assets are included where the net cost price is €500 or more.

### 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.

### 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).

### Pensions

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. Annual contributions payable to the company's pension scheme are charged to the income and expenditure account in the period to which they relate.

## 2. SIGNIFICANT 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. PROVISIONS AVAILABLE FOR SMALL ENTITIES

In common with many other charitable companies of our size and nature, we use our auditors to assist with the preparation of the financial statements.

**Irish Fair Trade Network Limited**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2017

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4. NET INCOMING RESOURCES

Net Incoming Resources are stated after charging/(crediting):  
Depreciation of tangible assets  
(Deficit)/ Surplus on foreign currencies

	2017	2016
	€	€
	364	364
	9,261	-
	<u>9,625</u>	<u>364</u>

**Irish Fair Trade Network Limited**  
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**NOTES TO THE FINANCIAL STATEMENTS**

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**5. ANALYSIS OF RESOURCES EXPENDED**

	Fairtrade Labelling education and awareness	Public education and awareness	International Work	Governance and administration	Total
	2017 €	2017 €	2017 €	2017 €	2017 €
Other costs					
Staff costs	136,497	70,992	17,725	-	225,214
Grants to other organisations	500	-	75,807	-	76,307
FLO Subscriptions and Licence fees	206,416	-	-	-	206,416
Consultancy	24,580	-	42,537	-	67,117
Resources, workshops and communications	40,121	30,166	1,696	-	71,983
Professional fees	-	-	-	-	-
Office expenses	14,260	5,693	4,110	-	24,063
	<u>422,374</u>	<u>106,851</u>	<u>141,875</u>	<u>-</u>	<u>671,100</u>
Governance Costs:	-	-	-	43,709	43,709
Totals	<u>422,374</u>	<u>106,851</u>	<u>141,875</u>	<u>43,709</u>	<u>714,809</u>
					2016 €
					243,418
					91,684
					202,829
					31,500
					118,528
					15,260
					101,438
					804,657
					-
					804,657

## Irish Fair Trade Network Limited

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### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

#### 6. ANALYSIS OF RESOURCES EXPENDED AND RELATED INCOME FOR CHARITABLE ACTIVITIES

	Fairtrade Labelling	Public education and awareness	International Work	Total 2017 €	Total 2016 €
Charitable activities:					
Direct and other costs					
Costs	(422,374)	(106,851)	(141,875)	(671,100)	(804,657)

#### 7. ANALYSIS OF SUPPORT AND GOVERNANCE COSTS

	Governance 2017 €	Basis of Apportionment
Wages	8,863	Governance
FLO subscriptions and licence fees	159	Governance
Professional fees	17,203	Governance
Office expenses	17,484	Governance
<b>Total</b>	<b>43,709</b>	

#### 8. EMPLOYEES AND REMUNERATION

The staff costs comprise:	2017 €	2016 €
Wages and salaries	186,145	194,570
Social security costs	20,011	20,728
Pension costs	27,921	28,120
	<u>234,077</u>	<u>243,418</u>

#### 9. EMPLOYEE BENEFITS

One employee received employee benefits between €80,000 - €90,000 for the reporting period.

The total remuneration for key management personnel for the financial year amounted to €81,050 (2016: €78,501).

No director received remuneration during the current financial year (2016: €Nil).

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**NOTES TO THE FINANCIAL STATEMENTS**  
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10. TANGIBLE FIXED ASSETS	Fixtures, fittings and equipment €	Total €
<b>Cost</b>		
At 31 December 2017	1,822	1,822
<b>Depreciation</b>		
At 1 January 2017	1,172	1,172
Charge for the year	364	364
At 31 December 2017	1,536	1,536
<b>Net book value</b>		
At 31 December 2017	286	286
At 31 December 2016	650	650
<b>10.1 TANGIBLE FIXED ASSETS PRIOR YEAR</b>		
	Fixtures, fittings and equipment €	Total €
<b>Cost</b>		
At 31 December 2016	1,822	1,822
<b>Depreciation</b>		
At 1 January 2016	808	808
Charge for the year	364	364
At 31 December 2016	1,172	1,172
<b>Net book value</b>		
At 31 December 2016	650	650
At 31 December 2015	1,014	1,014
<b>11. DEBTORS</b>	<b>2017</b>	<b>2016</b>
	€	€
Trade debtors	363,613	193,142
Prepayments and accrued income	46,166	21,300
	<u>409,779</u>	<u>214,442</u>

The increase in trade debtors in 2017 is due to the increase in outgoing cross border sales from Irish licensees to the UK which Fairtrade Ireland collects on behalf of Fairtrade UK. The bulk of this money has been received post year end.  
Prepayments and accrued income has increased due to the change in the income policy for recording licence fee income.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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12.	<b>CREDITORS</b>	2017	2016
	Amounts falling due within one year	€	€
	Trade creditors	54,621	15,363
	Taxation and social security costs (Note 13)	42,673	34,192
	Other creditors	7,347	3,472
	Accruals	21,556	3,450
		<u>126,197</u>	<u>56,477</u>

Accruals for 2017 include a provision for the increase in licence fee income contribution to Fairtrade International being recording in 2017.

13.	<b>TAXATION AND SOCIAL SECURITY</b>	2017	2016
		€	€
	Creditors:		
	VAT	42,497	28,824
	PAYE / PRSI	176	5,368
		<u>42,673</u>	<u>34,192</u>

14. **PENSION COSTS - DEFINED CONTRIBUTION**

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 €27,921 (2016: €28,119). The amount payable at the financial year-end was €2,043 (2016: €2,239).

15. **ANALYSIS OF NET ASSETS BY FUND**

	Fixed assets - charity use €	Current assets €	Current liabilities €	Total €
Unrestricted income	286	652,072	(126,197)	526,161
Charitable Activities	<u>286</u>	<u>652,072</u>	<u>(126,197)</u>	<u>526,161</u>

**Irish Fair Trade Network Limited**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
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**16. ANALYSIS OF MOVEMENTS ON FUNDS**

	Balance 1 January 2017 €	Incoming resources €	Resources expended €	Inter-fund transfers €	Balance 31 December 2017 €
<b>Designated funds</b>					
Overseas programme	150,601	-	(84,150)	30,000	96,451
<b>Restricted funds</b>					
Fairtrade Austria	10,000	-	(10,000)	-	-
Fairtrade Netherlands	40,000	-	(40,000)	-	-
	50,000	-	(50,000)	-	-
<b>Unrestricted Income</b>					
Charitable Activities	418,761	621,608	(580,659)	(30,000)	429,710
<b>Total funds</b>	<b>619,362</b>	<b>621,608</b>	<b>714,809</b>	<b>-</b>	<b>526,161</b>

At financial year end 31 December 2017, €30,000 was transferred from unrestricted funds to designated funds. The transfer of funds has been approved by the Board of Directors. The €96,451 designated funds are to be allocated for supply chain work with 100% Fair Trade companies.

**17. STATUS**

The company is limited by guarantee not having a share capital.

The liability of the members is limited.

Every member of the company undertakes to contribute to the assets of the company in the event of its being wound up while they are members, or within one year thereafter, for the payment of the debts and liabilities of the company contracted before they ceased to be members, and the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributors among themselves, such amount as may be required, not exceeding € 1.

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.

**18. CAPITAL COMMITMENTS**

2017  
€

2016  
€

The charity had no material capital commitments at the year-ended 31 December 2017.

**19. RELATED PARTY TRANSACTIONS**

There were no related party transactions in the financial year, other than those disclosed in note 9.

**20. CASH AND CASH EQUIVALENTS**

2017  
€

2016  
€

Cash and bank balances

242,293

460,750

**21. POST-BALANCE SHEET EVENTS**

There have been no significant events affecting the Charity since the year-end.

**Irish Fair Trade Network Limited**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2017

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**22. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved and authorised for issue by the Board of Directors on  
01/01/18