

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

Report and Financial Statements

for the year ended 31 December 2018

**KSI Faulkner Orr Ltd.
Behan House,
10 Lower Mount Street
Dublin 2**

**Company Number: 217128
Charity Number: 20030452**

Irish Fair Trade Network Company Limited by Guarantee
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CONTENTS

	Page
Reference and Administrative Information	3
Directors' Annual Report	4 - 8
Directors' Responsibilities Statement	9
Independent Auditor's Report	10 - 11
Statement of Financial Activities	12
Balance Sheet	13
Cash Flow Statement	14
Notes to the Financial Statements	15 - 22
Supplementary Information relating to the Financial Statements	23

Irish Fair Trade Network Company Limited by Guarantee
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REFERENCE AND ADMINISTRATIVE INFORMATION

Directors	Alan Clayton Mark Cumming Tony Daly (Appointed February 2018) Mark Doris (Resigned February 2019) Kevin Jenkinson Denise McCool (Resigned April 2019) Yvonne O'Callaghan (Appointed February 2018)
Company Secretary	Peter Gaynor
Charity Number	20030452
Company Number	217128
Registered Office and Principal Address	Carmichael House North Brunswick Street Dublin 7
Auditors	KSI Faulkner Orr Ltd. Behan House, 10 Lower Mount Street Dublin 2
Bankers	Bank of Ireland, Smithfield, Dublin 7.

Irish Fair Trade Network Company Limited by Guarantee

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

DIRECTORS' ANNUAL REPORT

for the year ended 31 December 2018

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2018. The financial statements have been prepared in accordance with the accounting policies set out on pages 13 and 14 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 7 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 February 2018)
Alan Clayton
Mark Cumming
Tony Daly (Appointed February 2018)
Mark Doris (Resigned February 2019)
Kevin Jenkinson
Denise McCool (Resigned April 2019)
Yvonne O'Callaghan (Appointed February 2018)

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 2018:
Executive Director, Company Secretary - Peter Gaynor
Project Manager - Melanie Drea
Business Development Manager - Ciara Holand
Business and Project Support Coordinator-Fiona Saluk (Resigned January 2019)

Irish Fair Trade Network Company Limited by Guarantee

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

DIRECTORS' ANNUAL REPORT

for the year ended 31 December 2018

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, during Fairtrade Fortnight and in other campaigns and educational work.

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.

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.

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) Support for overseas activities.

Irish Fair Trade Network Company Limited by Guarantee

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DIRECTORS' ANNUAL REPORT

for the year ended 31 December 2018

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 Eireann, 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. Support for overseas activities:

IFTN continues to support Fairtrade's international work through financial support from licence fees earned. In 2018 35% of total licence fees were paid to Fairtrade International, and to support the work of the three Fairtrade producer networks in Africa; Asia, and Latin America and Caribbean.

In addition to this the organisation also makes occasional extra discretionary contributions for the project work of Fairtrade International and the Fairtrade Producer Networks and/or to organisations like Prospero in Ireland, a micro finance organisation, that offers revolving loans to Fairtrade Certified producer groups.

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 2018;

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 €382 million on Fairtrade certified products in 2018, an increase of 11% per cent on consumer spend on 2017. This increase is accounted for by 17% growth in the volume of Fairtrade coffees being sold by three companies; Bewley's, Insomnia and Starbucks – both Bewleys and Insomnia are serving 100% Fairtrade coffee and Starbucks' main espresso coffee is Fairtrade.

Sales of Fairtrade bananas grew by 16% in volume in 2018 with Tesco Ireland Fairtrade bananas growing by 40%. The majority of Fairtrade banana sales in Irish retailers are from Fyffes.

Irish Fair Trade Network Company Limited by Guarantee

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DIRECTORS' ANNUAL REPORT

for the year ended 31 December 2018

Sales of Fairtrade Certified cocoa increased through Fairtrade Sourcing Programmes mainly through Lidl Ireland.

Aldi Ireland launched a new Fairtrade tea, McGraths, at the end of 2018, which will significantly increase the volumes of Fairtrade tea sold in Ireland.

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

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 a coffee farmer, Roberto Arturo Madrid, from Honduras, and a banana farm representative, Juliet Arku Mensah, from Ghana in Ireland for Fairtrade Fortnight 2018.

Over twenty CEOs from Fairtrade organisations around the world visited Ireland in late February for an international meeting to coincide with the launch of Fairtrade Fortnight 2018. They attended a Fairtrade Breakfast to launch Fairtrade Fortnight alongside representatives of NGOs, companies and individual supporters.

Fairtrade Towns: The total number of Fairtrade Towns and Cities was 49 by the end of the year.

3. Support for overseas activities:

IFTN continues to support Fairtrade's international work through financial support for from licence fees earned. In 2018 35% of total licence fees were paid to Fairtrade International, and to support the work of the three Fairtrade producer networks in Africa; Asia, and Latin America and Caribbean

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 2018 it also received a small grant from Fairtrade UK to contribute to work in Northern Ireland. There are 16 licensees at the end of 2018, as well as dozens of international companies selling Fairtrade products in Ireland. Licence fees cover the vast majority of IFTN's operating costs. Expenses were reduced in 2018 and a small surplus of nearly EUR16K was generated.

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

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 to a maximum of two year's operating costs and this is in line with requirements from the Revenue Commissioners.

The level of reserves is monitored by the directors at board meetings and will be reviewed annually.

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.

Irish Fair Trade Network Company Limited by Guarantee

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DIRECTORS' ANNUAL REPORT

for the year ended 31 December 2018

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.

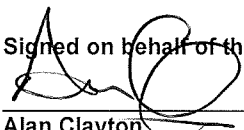
Statement on Relevant Audit Information

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.

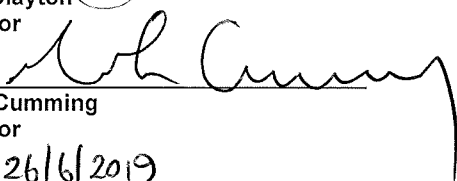
Accounting Records

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.

Signed on behalf of the Board



Alan Clayton
Director



Mark Cumming
Director

Date: 26/6/2019

Irish Fair Trade Network Company Limited by Guarantee

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

DIRECTORS' RESPONSIBILITIES STATEMENT

for the year ended 31 December 2018

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.

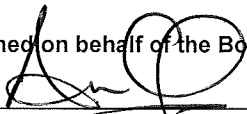
The directors confirm that they have complied with the above requirements in preparing the financial statements.

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.

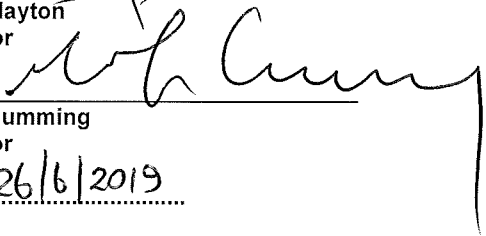
In so far as the directors are aware:

- 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



Mark Cumming
Director

Date: 26/6/2019

INDEPENDENT AUDITOR'S REPORT

to the Members of Irish Fair Trade Network Company Limited by Guarantee

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

We have audited the financial statements of Irish Fair Trade Network Company Limited by Guarantee for the year ended 31 December 2018 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. These financial statements have been prepared under the accounting policies set out therein.

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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 described in the Statement of Directors' Responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and the accounting standards issued by the Financial Reporting Council (Generally Accepted Accounting Practice in Ireland).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, and are properly prepared in accordance with the Companies Act 2014. We state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit and whether the financial statements are in agreement with the books of account. We also report to you our opinion as to:-

- whether the company has kept proper books of account; and
- whether the Directors' Annual Report is consistent with the financial statements.

We report to the members if, in our opinion, any information specified by law regarding directors' remuneration and directors' transactions is not given and, where practicable, include such information in our report.

We read the Directors' Annual Report and consider the implications for our report if we become aware of any apparent misstatement within it.

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 Directors' Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

We have undertaken the audit in accordance with the requirements of the APB Ethical Standards including the APB Ethical Standard, Provisions Available for Small Entities, in the circumstances set out in Note 3 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

to the Members of Irish Fair Trade Network Company Limited by Guarantee

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

Opinion

In our opinion the financial statements:

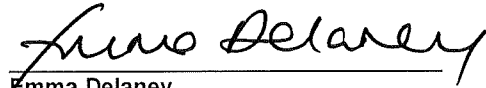
- give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of affairs of the company as at 31 December 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014

We have obtained all the information and explanations that we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the company. The financial statements are in agreement with the books of account.

In our opinion the information given in the Directors' Annual Report is consistent with the financial statements.

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 Sections 305 to 312 of the Act are not made.



Emma Delaney
for and on behalf of
KSF FAULKNER ORR LTD.
Behan House,
10 Lower Mount Street
Dublin 2

Date: 26 June 2019

Irish Fair Trade Network Company Limited by Guarantee

(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 2018

	Notes	Unrestricted Funds 2018 €	Endowment Funds 2018 €	Total 2018 €	Total 2017 €
Incoming Resources					
Generated funds:					
Activities for generating funds					
Grants for work in Ireland		1,220	-	1,220	35,201
Investment Income		-	-	-	6
Charitable activities:					
Licence fee		634,537	-	634,537	585,592
Resources sales		415	-	415	809
Total incoming resources		636,172	-	636,172	621,608
Resources Expended					
Net Incoming Resources available for charitable application		636,172	-	636,172	621,608
Resources Expended on Charitable Activities					
Fairtrade Labelling		468,197	-	468,197	422,374
Public education and awareness		109,172	-	109,172	106,851
International Work		9,358	960	10,318	141,875
Governance and administration		32,646	-	32,646	43,709
		619,373	960	620,333	714,809
Total Resources Expended	5	619,373	960	620,333	714,809
Gross transfers between funds		66,451	(66,451)	-	-
Surplus/(deficit) for the year		83,250	(67,411)	15,839	(93,201)
Net movement in funds for the year		83,250	(67,411)	15,839	(93,201)
Reconciliation of funds					
Balances brought forward at 1 January 2018		429,710	96,451	526,161	619,362
Balances carried forward at 31 December 2018		512,960	29,040	542,000	526,161

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

Alan Clayton
Director

Mark Cumming
Director

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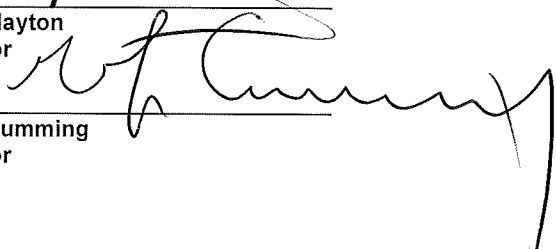
BALANCE SHEET

as at 31 December 2018

	Notes	2018 €	2017 €
Fixed Assets			
Tangible assets	10	143	286
Current Assets			
Debtors	11	402,906	409,779
Cash and cash equivalents		308,204	242,293
Creditors: Amounts falling due within one year	12	711,110 (169,253)	652,072 (126,197)
Net Current Assets		541,857	525,875
Total Assets less Current Liabilities		542,000	526,161
Funds			
Endowment funds		29,040	96,451
Income funds:			
General fund (unrestricted)		512,960	429,710
Total funds	16	542,000	526,161

Approved by the Board of Directors on 26/06/2019 and signed on its behalf by:


Alan Clayton
Director


Mark Cumming
Director

Irish Fair Trade Network Company Limited by Guarantee

CASH FLOW STATEMENT

for the year ended 31 December 2018

	Notes	2018 €	2017 €
Cash flows from operating activities			
Net movement in funds		15,839	(93,204)
Movement in endowments net of amounts converted into income		67,411	54,150
Adjustments for:			
Depreciation		143	364
		<u>83,393</u>	<u>(38,690)</u>
Movements in working capital:			
Movement in debtors		6,873	(195,337)
Movement in creditors		43,056	69,720
		<u>133,322</u>	<u>(164,307)</u>
Cash generated from operations			
		(67,411)	(54,150)
Movement in endowments net of amounts converted into income			
Net increase in cash and cash equivalents		65,911	(218,457)
Cash and cash equivalents at 1 January 2018		242,293	460,750
Cash and cash equivalents at 31 December 2018	19	<u>308,204</u>	<u>242,293</u>

Irish Fair Trade Network Company Limited by Guarantee

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2018

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.

(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 Company Limited by Guarantee

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

NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 31 December 2018

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 Company Limited by Guarantee

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

NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 31 December 2018

4. SURPLUS/(DEFICIT)	2018	2017
	€	€
Surplus/(Deficit) for the year is stated after charging/(crediting):		
Depreciation of tangible assets	143	364
(Deficit) on foreign currencies	2,281	9,261
	<u>2,424</u>	<u>9,625</u>

Irish Fair Trade Network Company Limited by Guarantee
(A company limited by guarantee, not having a share capital)
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

5. ANALYSIS OF RESOURCES EXPENDED

	Fairtrade Labelling	Public education and awareness	International Work	Governance and administratio n	Total	Total
	2018 €	2018 €	2018 €	2018 €	2018 €	2017 €
Other costs						
Staff costs	165,513	81,811	9,114	-	256,438	225,214
Grants to other organisations	2,273	-	-	-	2,273	76,307
FLO Subscriptions and Licence fees	200,709	-	-	-	200,709	206,416
Consultancy	24,495	-	960	-	25,455	67,117
Resources, workshops and communications	61,549	21,437	-	-	82,986	71,983
Professional fees	5,120	-	-	-	5,120	-
Office expenses	8,538	5,924	244	-	14,706	24,063
	<u>468,197</u>	<u>109,172</u>	<u>10,318</u>	<u>-</u>	<u>587,687</u>	<u>671,100</u>
Governance Costs:	-	-	-	32,646	32,646	43,709
Totals	<u>468,197</u>	<u>109,172</u>	<u>10,318</u>	<u>32,646</u>	<u>620,333</u>	<u>714,809</u>

Irish Fair Trade Network Company Limited by Guarantee

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2018

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

	Fairtrade Labelling	Public education and awareness	International Work	Total	Total
	2018 €	2018 €	2018 €	2018 €	2017 €
Charitable activities: Direct and other costs					
Costs	<u>(468,197)</u>	<u>(109,172)</u>	<u>(10,318)</u>	<u>(587,687)</u>	<u>(671,100)</u>

7. ANALYSIS OF SUPPORT AND GOVERNANCE COSTS

	2018 €
Wages	14,548
FLO subscriptions and licence fees	203
Consultancy	6,000
Professional fees	5,100
Office expenses	6,795
	<u>32,646</u>
Total	<u><u>32,646</u></u>

8. EMPLOYEES AND REMUNERATION

The staff costs comprise:	2018 €	2017 €
Wages and salaries	211,007	186,145
Social security costs	22,895	20,011
Pension costs	31,651	27,921
	<u>265,553</u>	<u>234,077</u>

9. EMPLOYEE BENEFITS

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

The total remuneration for key management personnel for the financial year amounted to €84,923 (2017: €81,050).

No director received remuneration during the current financial year (2017: €Nil).

Irish Fair Trade Network Company Limited by Guarantee

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2018

continued

10. TANGIBLE FIXED ASSETS

	Fixtures, fittings and equipment €	Total €
Cost		
At 31 December 2018	1,822	1,822
Depreciation		
At 1 January 2018	1,536	1,536
Charge for the year	143	143
At 31 December 2018	1,679	1,679
Net book value		
At 31 December 2018	143	143
At 31 December 2017	286	286

10.1 TANGIBLE FIXED ASSETS PRIOR YEAR

	Fixtures, fittings and equipment €	Total €
Cost		
At 31 December 2017	1,822	1,822
Depreciation		
At 1 January 2017	1,172	1,172
Charge for the year	364	364
At 31 December 2017	1,536	1,536
Net book value		
At 31 December 2017	286	286
At 31 December 2016	650	650

11. DEBTORS

	2018	2017
	€	€
Trade debtors	343,298	363,613
Prepayments and accrued income	59,608	46,166
	402,906	409,779

12. CREDITORS

Amounts falling due within one year	2018	2017
	€	€
Trade creditors	43,336	54,621
Taxation and social security costs (Note 13)	35,370	42,673
Other creditors	6,580	7,347
Accruals	83,967	21,556
	169,253	126,197

Irish Fair Trade Network Company Limited by Guarantee

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

NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 31 December 2018

13. TAXATION AND SOCIAL SECURITY

	2018	2017
	€	€
Creditors:		
VAT	34,504	42,497
PAYE / PRSI	866	176
	<u>35,370</u>	<u>42,673</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 €31,651 (2017: €27,921). The amount payable at the financial year-end was €5,464 (2017: €2,043).

15. ANALYSIS OF NET ASSETS BY FUND

	Fixed assets - charity use	Current assets	Current liabilities	Total
	€	€	€	€
Unrestricted income				
Charitable Activities	143	711,110	(169,253)	542,000
	<u>143</u>	<u>711,110</u>	<u>(169,253)</u>	<u>542,000</u>

16. ANALYSIS OF MOVEMENTS ON FUNDS

	Balance 1 January 2018	Incoming resources	Resources expended	Inter-fund transfers	Balance 31 December 2018
	€	€	€	€	€
Endowment capital					
Overseas programme	96,451	-	(960)	(66,451)	29,040
Unrestricted income					
Charitable Activities	429,710	636,172	(619,373)	66,451	512,960
Total funds	<u>526,161</u>	<u>636,172</u>	<u>620,333</u>	<u>-</u>	<u>542,000</u>

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. RELATED PARTY TRANSACTIONS

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

Irish Fair Trade Network Company Limited by Guarantee

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

NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 31 December 2018

19. CASH AND CASH EQUIVALENTS

	2018	2017
	€	€
Cash and bank balances	299,698	233,788
Cash equivalents	8,506	8,505
	<u>308,204</u>	<u>242,293</u>

20. POST-BALANCE SHEET EVENTS

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

21. APPROVAL OF FINANCIAL STATEMENTS

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

26/6/2019