

**Irish Fair Trade Network Limited**

**Reports and Financial Statements  
for the financial year ended  
31 December 2015**



**IRISH FAIR TRADE NETWORK LIMITED**  
**REPORTS AND FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

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**IRISH FAIR TRADE NETWORK LIMITED**  
**DIRECTORS AND OTHER INFORMATION**

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**DIRECTORS**

Miriam Hamilton (Chairperson)  
Alan Clayton  
Mark Cumming  
Selina Donnelly  
Cathy McCarthy

**SECRETARY AND REGISTERED OFFICE**

Peter Gaynor  
Carmichael House  
North Brunswick Street  
Dublin 7

**AUDITORS**

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

**BUSINESS ADDRESS**

Carmichael House  
North Brunswick Street  
Dublin 7

**BANKERS**

Bank of Ireland  
Smithfield  
Dublin 7

**CHARITY STATUS NUMBER**

CHY 11264

**COMPANY NUMBER**

217128

## IRISH FAIR TRADE NETWORK LIMITED

### REPORT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2015. The financial statements have been prepared in accordance with the accounting policies set out in note 1 and comply with the company's Memorandum and Articles of Association, applicable Company Law, FRS 102 *"The Financial Reporting Standard applicable in the UK and Republic of Ireland"* ("relevant financial reporting framework") and, as far as possible, the requirements of the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities", issued in March 2005.

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

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

#### DIRECTORS AND SECRETARY

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

##### Directors:

Alan Crayton (appointed 1 September 2015)  
Mark Cumming (appointed 15 December 2015)  
Tom Crowley (resigned 9 October 2015)  
Selina Donnelly (appointed 9 October 2015)  
Michael Doorly (resigned 21 December 2015)  
Miriam Hamilton  
Norman Hewson (resigned 21 December 2015)  
Una Johnston (resigned 30 March 2016)  
Cathy McCarthy  
Lino Olivieri (resigned 21 December 2015)

##### Secretary:

Peter Gaynor (appointed 23 October 2015)  
John Daly (resigned 23 October 2015)

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

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

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



## IRISH FAIR TRADE NETWORK LIMITED

### REPORT OF THE DIRECTORS (CONTINUED) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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#### Staff

The organisation had the following staff in 2015:

Executive Director	Peter Gaynor
Company Secretary/Overseas Programme	John Daly (To October 2015)
Project Manager	Melanie Drea
Financial Manager	Dunstan Burke (To October 2015)
Business Development Manager	Emma Daly
Project Officer	Ingrid Kaar (From July 2015)

#### 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 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 periodically examining the operational and business risks faced by the organisation. The company maintains directors' and officers' liability insurance in respect of itself and its directors.

### OBJECTIVES AND ACTIVITIES

#### Objects

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

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

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



REPORT OF THE DIRECTORS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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**Activities**

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

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

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

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

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

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

IFTN itself does not implement overseas programmes; instead, producer support work is implemented by Solidaridad, an international development organisation founded in the Netherlands – [www.solidaridadnetwork.org](http://www.solidaridadnetwork.org).

Fairtrade has two economic features which distinguish it from other sustainability schemes: a guaranteed minimum price and a Fairtrade premium. The minimum price is set at a level that covers the cost of sustainable production and acts as a safety net at times when world market prices fall below a sustainable level; when the market price is higher than the Fairtrade minimum price, the buyer must pay the market price or negotiate a higher price. The Fairtrade premium is a sum of money paid on top of the agreed price for investment in social, environmental or economic development projects. Its use is decided upon democratically by producers within a farmers' organisation (usually a cooperative) or jointly by workers and management on a plantation.

UTZ Certified believes that the main benefits of certification for producers are reduction in input costs, increased yields and improved quality, not the extra premium earned. It sets no fixed minimum price and no fixed premium; price and premium are negotiated freely between buyer and seller.



## IRISH FAIR TRADE NETWORK LIMITED

### REPORT OF THE DIRECTORS (CONTINUED) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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#### ACHIEVEMENTS AND PERFORMANCE

##### Review of activities

There was continuing progress in all three areas of activity in 2015:

*1. Fairtrade labelling:* Fairtrade certified products are now widely available in shops, restaurants and cafes throughout Ireland and in all the main supermarkets. The range of products continues to grow, and includes coffee, tea, sugar, bananas, chocolate, cocoa, confectionery, cosmetics, biscuits, fresh and dried fruit, cut flowers, ice cream, nuts, spices, fruit juice, honey, jams, rice, wine, oils, cotton and gold. Irish consumers spent an estimated €250 million on Fairtrade certified products in 2015, an increase of 10 per cent on 2014.

A special Eurobarometer survey on attitudes to food security, food quality and the countryside (*Eurobarometer 389*), published in July 2012, showed a 78 per cent awareness of the Fairtrade logo in Ireland, more than double the EU average of 36 per cent.

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:* Producer representatives from the Windward Islands (bananas) and Ghana (cashew nuts) toured Ireland in Fairtrade Fortnight.

*Fairtrade Towns:* The total number of Fairtrade Towns and Cities increased to 53 by the end of the year, and the annual Fairtrade Towns conference took place in Dublin in September, coinciding with the Dublin Coffee and Tea Festival.

*3. Support for overseas activities:* IFTN receives grants from Irish Aid, the Irish Government's programme of assistance to developing countries, to assist smallholder producers in Central America and East Africa to improve their agricultural practices and to meet Fairtrade International and UTZ Certified sustainability standards.

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

#### 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 2015 it also received a grant from Fairtrade UK to contribute to work in Northern Ireland. There are now more than 20 licencees, and licence fees have been sufficient to cover IFTN's operating costs in Ireland since 2011, a major milestone for the organization. Income in 2015 continued to be satisfactory.

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.



## IRISH FAIR TRADE NETWORK LIMITED

### REPORT OF THE DIRECTORS (CONTINUED) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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#### 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 cash 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. At 31 December 2015 the level of total unrestricted reserves was €561,434. There was also a designated reserve of €145,030 set aside for international work.

#### PLANS FOR THE FUTURE

Continuing modest growth is expected in future years.

#### GENERAL

##### Health & Safety

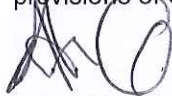
The well-being of the company's employees is safeguarded through strict adherence to safety standards. The Safety, Health and Welfare at Work Act, 2005, imposes certain requirements on directors, managers and employees. The company has taken the necessary action to ensure compliance with the Act.

#### BOOKS OF ACCOUNT

To ensure that proper books and 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 books of account are located at the company's office at Carmichael House, North Brunswick Street, Dublin 7.

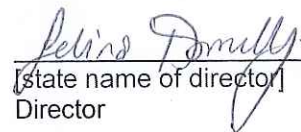
#### AUDITORS

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



[state name of director]

Director



[state name of director]

Director

25/5/16

Date

## IRISH FAIR TRADE NETWORK LIMITED

### DIRECTORS' RESPONSIBILITIES STATEMENT

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

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

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

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Irish legislation governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



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

We have audited the financial statements of Irish Fair Trade Network Limited for the financial year ended 31 December 2015 which comprise the Statement of Accounting Policies, the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement, and the related notes 1 to 22. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2014 and FRS 102 The Financial Reporting Standard Applicable in the UK and the Republic of Ireland ("relevant financial reporting framework").

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

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

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Reports and Financial Statements for the financial year ended 31 December 2015 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended 31 December 2015; and
- have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014.

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

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

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

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

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



Richard Howard  
For and on behalf of Deloitte  
Chartered Accountants and Statutory Audit Firm  
Dublin

25 May 2016

# IRISH FAIR TRADE NETWORK LIMITED

## STATEMENT OF FINANCIAL ACTIVITIES (including the Income and Expenditure Account) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Notes	2015				2014			
		Restricted Funds 2015 €	Designated Funds 2015 €	Unrestricted Funds 2015 €	Total Funds 2015 €	Restricted Funds 2014 €	Designated Funds 2014 €	Unrestricted Funds 2014 €	Total Funds 2014 €
<b>Incoming resources:</b>									
<b>Incoming resources from generated funds:</b>									
- Grants for work in Ireland	3.2	-	-	48,504	48,504	9,270	-	51,466	60,736
- Grants for work overseas	3.3	600,000	-	-	600,000	600,000	-	-	600,000
- Interest earned		-	-	799	799	-	-	3,891	3,891
- Donations and miscellaneous income		-	-	17,196	17,196	-	-	-	-
<b>Incoming resources from charitable activities</b>	4	-	-	-	-	-	-	-	-
- Licence fees		-	-	634,335	634,335	-	-	588,952	588,952
- Resource sales		-	-	205	205	-	-	1,326	1,326
<b>Total incoming resources</b>		<b>600,000</b>	<b>-</b>	<b>701,039</b>	<b>1,301,039</b>	<b>609,270</b>	<b>-</b>	<b>645,635</b>	<b>1,254,905</b>
<b>Resources expended:</b>									
<b>Cost of generating funds</b>	5								
<b>Charitable activities</b>									
- Fairtrade labelling	6.1	-	-	311,039	311,039	-	-	490,618	490,618
- Public education	6.2	-	-	139,692	139,692	-	-	178,811	178,811
- Overseas programmes	6.3	600,000	-	34,101	634,101	600,000	-	49,361	649,361
- Governance and administration	7	-	-	15,051	15,051	-	-	36,101	36,101
<b>Total resources expended</b>	8	<b>600,000</b>	<b>-</b>	<b>499,883</b>	<b>1,099,883</b>	<b>600,000</b>	<b>-</b>	<b>754,891</b>	<b>1,354,891</b>
<b>Net incoming/(outgoing) resources</b>	8	<b>-</b>	<b>-</b>	<b>201,156</b>	<b>201,156</b>	<b>9,270</b>	<b>-</b>	<b>(109,256)</b>	<b>(99,986)</b>
Transfer between funds	18	-	145,030	(145,030)	-	(9,270)	-	9,270	-
<b>Total funds brought forward</b>		<b>-</b>	<b>145,030</b>	<b>56,126</b>	<b>201,156</b>	<b>-</b>	<b>-</b>	<b>(99,986)</b>	<b>(99,986)</b>
<b>Total funds carried forward</b>	18	<b>-</b>	<b>145,030</b>	<b>505,308</b>	<b>505,308</b>	<b>-</b>	<b>-</b>	<b>605,294</b>	<b>605,294</b>
<b>Total funds brought forward</b>		<b>-</b>	<b>145,030</b>	<b>561,434</b>	<b>706,464</b>	<b>-</b>	<b>-</b>	<b>505,308</b>	<b>505,308</b>

IRISH FAIR TRADE NETWORK LIMITED

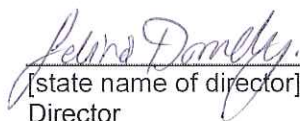
BALANCE SHEET AS AT 31 DECEMBER 2015

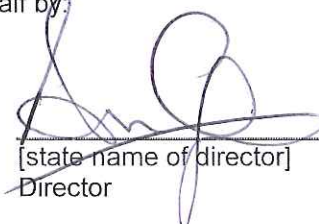
	Notes	2015 €	2014 €
<b>Fixed Assets</b>			
Tangible assets	12	1,014	664
<b>Current Assets</b>			
Debtors	13	236,008	332,125
Cash at bank and in hand		532,388	358,181
		768,396	690,306
<b>Creditors:</b> (Amounts falling due within one year)	14	(62,946)	(185,662)
<b>Net current assets</b>		705,450	504,644
<b>NET ASSETS</b>		706,464	505,308

**REPRESENTED BY:**

Restricted funds	18	-	-
Unrestricted: designated funds		145,030	-
Unrestricted funds	18	561,434	505,308
		706,464	505,308

The financial statements were approved and authorised for issue by the Board of Directors on 25/5/2016 and signed on its behalf by:

  
[state name of director]  
Director

  
[state name of director]  
Director



**IRISH FAIR TRADE NETWORK LIMITED**

**CASH FLOW STATEMENT  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

Reconciliation of operating surplus/(deficit) to cash generated by operations

	2015 €	2014 €
<b>NET INCOMING/(OUTGOING) RESOURCES</b>	<b>201,156</b>	<b>(99,986)</b>
Adjustment for:		
Depreciation charge	364	642
<b>Operating cash flows before movement in working capital</b>	<b>201,520</b>	<b>(99,344)</b>
Decrease/(increase) in debtors	96,117	(49,478)
(Decrease)/increase in creditors	(122,716)	86,076
<b>Cash generated by operations</b>	<b>174,921</b>	<b>(62,746)</b>
<b>Cash flows from investing activities</b>		
Purchase of capital equipment	(714)	-
<b>Net increase in cash and cash equivalents</b>	<b>174,207</b>	<b>(62,746)</b>
Cash at bank and in hand at start of year	358,181	420,927
Cash at bank and in hand at end of year	<b>532,388</b>	<b>358,181</b>
<b>Reconciliation to cash at bank and in hand</b>		
Cash at bank and in hand at end of year		
Current	279,670	183,467
Deposit	252,718	174,714
	<b>532,388</b>	<b>358,181</b>

## 1. ACCOUNTING POLICIES

### **Basis of Preparation**

The financial statements have been prepared under historical cost convention in accordance with the Companies Act 2014 Financial Reporting Standard (FRS 102) issued by the Financial Reporting Council.

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Companies Acts, 2014. The financial statements have been prepared under the historical cost convention and, in as far as possible, in accordance with the Statement of Recommended Practice (SORP) (Revised 2005) "Accounting and Reporting by Charities".

The Companies Act 2014 became effective in law on 1 June 2015 and from that date applies the format and content of financial statements requirements appropriate for a company trading for the profit of its members to a company that is a not for profit organisation such as the company.

In order to provide information relevant to understanding the stewardship of the directors and the performance and financial position of the Charity, the company has prepared its financial statements in accordance with the formats provided for in the Charities SORP, consistent with the prior year.

Had the Companies format and content of financial statements requirements suitable for a company trading for the profit of its members been presented instead, a profit and loss account with related notes showing items such as Turnover and Cost of Sales would have been reported along with a "profit" on ordinary activities before taxation.

### **Incoming Resources**

- (i) Income from donations and miscellaneous income is recognised when received.
- (ii) Grant income is recognised when the organisation is legally entitled to it, reasonably certain of receipt and the amount involved can be measured with sufficient reliability.
- (iii) Interest income is recognised on an accruals basis.
- (iv) Licence fee income is recognised on an accruals basis. It is invoiced quarterly in arrears; invoices for the final quarter are estimated, and any under-provision or over-provision is reflected in the results of the following period.
- (v) Income from the sale of promotional or educational resources is included on an accruals 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 included on an accruals basis, and includes attributable VAT which cannot be recovered. Resources expended are split into three components: the cost of generating funds, the cost of charitable activities, and governance costs. All costs are allocated to one of these three categories in the Statement of Financial Activities (SOFA).



1. ACCOUNTING POLICIES

**Cost of generating funds**

This is the cost of raising both restricted and unrestricted funds. It is not shown separately but is included in the staff costs for each activity. Staff time is the only cost involved in generating funds.

**Cost of 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.

**Cost of governance**

These represent costs incurred running and managing the organisation, including managing and safeguarding the company's assets and compliance with constitutional and statutory requirements.

**Capitalisation and Depreciation of Tangible Fixed Assets**

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

Office Equipment	20%
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**Fund Accounting**

Funds held by the charity are:

*Unrestricted funds* – these are funds which can be used in accordance with the charitable objects at the discretion of the Directors.

*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.

**Foreign Currencies**

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

**Pension Scheme**

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

**Leases**

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



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES (CONTINUED)

**Financial instruments**

Irish Fair Trade Network Limited only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at undiscounted amounts receivable and payable.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

There were no significant judgements and estimates made by the directors for the current financial period.

3. INCOMING RESOURCES FROM GENERATED FUNDS

3.1 Donations and miscellaneous income

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

3.2 Grants for work in Ireland

The company receives grants from Irish Aid (the Irish Government's official development assistance programme), and from other organisations, as follows:

	Restricted Funds 2015 €	Unrestricted Funds 2015 €	Total Funds 2015 €	Total Funds 2014 €
European Commission	-	-	-	9,270
Fairtrade UK	-	48,504	48,504	51,466
<b>Total</b>	-	<b>48,504</b>	<b>48,504</b>	<b>60,736</b>

## IRISH FAIR TRADE NETWORK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

#### 3. INCOMING RESOURCES FROM GENERATED FUNDS (CONTINUED)

##### 3.3 Grants for work overseas

	Restricted Funds 2015 €	Unrestricted Funds 2015 €	Total Funds 2015 €	Total Funds 2014 €
Irish Aid – Central Africa	600,000	-	600,000	-
Irish Aid – East Africa	-	-	-	600,000
<b>Total</b>	<b>600,000</b>	<b>-</b>	<b>600,000</b>	<b>600,000</b>

##### 3.4 Interest earned

This is interest received and receivable on cash deposits. The organisation holds no other investments.

#### 4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

##### 4.1 Licence fees

Total licence fees on Fairtrade certified products sold in Ireland amounted to €634,335. IFTN receives licence fees from Irish-based businesses selling Fairtrade certified products (€588,952 in 2014). It also receives licence fees from members of Fairtrade International in other countries relating to sales of products by their licencees in Ireland. These fees cover the cost of monitoring and auditing to ensure compliance with Fairtrade standards and contribute to the cost of public education and awareness-raising work. Product certification in Ireland is managed by IFTN, while producer certification is the responsibility of FLO-Cert, which receives a proportion of IFTN's licence fee income to pay for this activity.

##### 4.2 Resources sales

To help promote Fairtrade, IFTN sells a range of promotional and educational materials. These items are sold at a price that covers the cost of production and processing.

#### 5. COST OF GENERATING FUNDS

This is the cost of raising both restricted and unrestricted income. It is not shown separately but is included in the staff costs for each activity.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

6. RESOURCES EXPENDED ON CHARITABLE ACTIVITIES

	Restricted Funds 2015 €	Unrestricted Funds 2015 €	Total Funds 2015 €	Total Funds 2014 €
<b>6.1 Fairtrade labelling</b>				
Grant to Fairtrade International	-	-	-	65,000
Grant to Prospero	-	-	-	85,000
Support costs	-	150,970	150,970	244,553
Staff costs	-	160,069	160,069	96,065
<b>Total</b>	<b>-</b>	<b>311,039</b>	<b>311,039</b>	<b>490,618</b>
<b>6.2 Public education</b>				
Support costs	-	81,960	81,960	86,865
Staff costs	-	57,732	57,732	91,946
<b>Total</b>	<b>-</b>	<b>139,692</b>	<b>139,692</b>	<b>178,811</b>
<b>6.3 Overseas programme</b>				
	Restricted Funds 2015 €	Unrestricted Funds 2015 €	Total Funds 2015 €	Total Funds 2014 €
<b>Central America</b>				
Support costs - consultancy	-	-	-	-
<b>East Africa</b>				
Fairtrade International (FLO e.V.)				
Solidaridad	582,000	-	582,000	582,000
Utz Certified	-	-	-	-
Staff costs	10,747	34,101	44,848	57,379
Support costs - travel, etc.	7,253	-	7,253	9,982
	600,000	34,101	634,101	649,361
<b>Total</b>	<b>600,000</b>	<b>34,101</b>	<b>634,101</b>	<b>649,361</b>



# IRISH FAIR TRADE NETWORK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

### 7. GOVERNANCE AND ADMINISTRATION

This is the cost of enabling the organisation to function as a registered company in Ireland. It includes directors' expenses (nil), audit fees, board and AGM meeting costs and legal fees. It also includes some staff costs.

	Restricted Funds 2015 €	Unrestricted Funds 2015 €	Total Funds 2015 €	Total Funds 2014 €
Audit fees	-	2,900	2,900	2,872
Staff costs	-	25,437	25,437	28,932
Support costs	-	10,608	10,608	9,452
Directors' expenses	-	4,980	4,980	4,980
Foreign currency gain	-	(28,874)	(28,874)	(10,135)
<b>Total</b>	<b>-</b>	<b>15,051</b>	<b>15,051</b>	<b>36,101</b>

### 8. NET INCOMING/(OUTGOING) RESOURCES FOR THE FINANCIAL YEAR 2015

This is stated after charging/(crediting):

	2015 €	2014 €
Directors' remuneration	-	-
Auditors' remuneration	2,900	2,872
Depreciation	364	642
Interest earned	(799)	(3,891)

### 9. STAFF NUMBERS AND COSTS

The average number of contracted employees throughout the financial year was:

	2015 No.	2014 No.
	5	4
<b>Staff costs:</b>	<b>€</b>	<b>€</b>
Salaries	234,601	224,329
Social welfare costs	25,189	24,115
Other pension costs	28,296	25,878
	<b>288,086</b>	<b>274,322</b>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

9. STAFF NUMBERS AND COSTS (CONTINUED)

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

	2015 €	2014 €
Fairtrade labelling	160,069	96,065
Public education	57,732	91,946
Overseas	44,848	57,379
Governance	25,437	28,932
<b>Total</b>	<b>288,086</b>	<b>274,322</b>

No employee earned a salary of more than €80,000 (2014: €70,000), inclusive of employer PRSA contributions.

The total remuneration for key management personnel for the financial year amounted to €116,707 (2014: €120,889).

10. DIRECTORS' REMUNERATION

Directors are not remunerated.

11. 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.

12. FIXED ASSET: OFFICE EQUIPMENT

	Cost	Depreciation	Book Value
Balance at 1 January 2015	3,212	2,548	664
Additions	714	-	714
Disposals	(586)	(586)	-
Charge for the financial year	-	364	(364)
<b>Balance at 31 December 2015</b>	<b>3,340</b>	<b>2,326</b>	<b>1,014</b>
<b>In respect of prior financial year:</b>			
	Cost	Depreciation	Book Value
Balance at 1 January 2014	3,212	1,906	1,306
Charge for the financial year	-	642	(642)
<b>Balance at 31 December 2014</b>	<b>3,212</b>	<b>2,548</b>	<b>664</b>

**IRISH FAIR TRADE NETWORK LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

<b>13. DEBTORS:</b> (Amounts falling due within one year)	<b>2015</b>	<b>2014</b>
	€	€
Trade debtors	<b>236,008</b>	332,125
	<u>236,008</u>	<u>332,125</u>
<b>14. CREDITORS:</b> (Amounts falling due within one year)	<b>2015</b>	<b>2014</b>
	€	€
Accruals	<b>12,126</b>	111,701
Trade creditors	<b>12,588</b>	41,506
Taxation and social security costs (see below)	<b>38,232</b>	32,455
	<u>62,946</u>	<u>185,662</u>
Taxation and Social Welfare costs:		
VAT payable	<b>32,484</b>	26,356
PAYE/PRSI payable	<b>5,748</b>	6,099
	<u>38,232</u>	<u>32,455</u>

**15. COMMITMENTS**

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

**16. PENSION**

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

The pension expense for the financial year amounted to €28,296 (2014: €25,878). The amount payable at the financial year-end was €2,588 (2014: €1,952).



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

**17. LEGAL STATUS OF THE COMPANY**

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

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

**18. RESTRICTED AND UNRESTRICTED FUNDS****Unrestricted Funds**

	Opening Balance 01/01/2015 €	Incoming Resources 2015 €	Resources Expended 2015 €	Transfers between funds 2015 €	Closing Balance 31/12/2015 €
Fixed assets	664	714	(364)	-	1,014
General reserves	504,644	700,325	(499,519)	(145,030)	560,420
<b>Total</b>	<b>505,308</b>	<b>701,039</b>	<b>(499,883)</b>	<b>(145,030)</b>	<b>561,434</b>

	Opening Balance 01/01/2015 €	Incoming Resources 2015 €	Resources Expended 2015 €	Transfers between funds 2015 €	Closing Balance 31/12/2015 €
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**Restricted Funds**

Irish Aid – Central Africa	-	600,000	(600,000)	-	-
<b>Total</b>	<b>-</b>	<b>600,000</b>	<b>(600,000)</b>	<b>-</b>	<b>-</b>

IRISH FAIR TRADE NETWORK LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

18. RESTRICTED AND UNRESTRICTED FUNDS (CONTINUED)

Unrestricted: designated funds

	Opening Balance 01/01/2015 €	Incoming Resources 2015 €	Resources Expended 2015 €	Transfers between funds 2015 €	Closing Balance 31/12/2015 €
	-	-	-	145,030	145,030
<b>Total</b>	-	-	-	145,030	145,030

During the year funding of €145,030 (2014: €Nil) was transferred from unrestricted reserves to unrestricted designated reserves. These transfers were approved by the board.

Summary of Funds

	Opening Balance 01/01/2015 €	Incoming Resources 2015 €	Resources Expended 2015 €	Transfers between funds 2015 €	Closing Balance 31/12/2015 €
Unrestricted	505,308	701,039	(499,883)	(145,030)	561,434
Restricted	-	600,000	(600,000)	-	-
Unrestricted Designated:	-	-	-	145,030	145,030
<b>Total</b>	<b>505,308</b>	<b>1,301,039</b>	<b>(1,099,883)</b>	<b>-</b>	<b>706,464</b>

19. FINANCIAL INSTRUMENTS

	2015 €	2014 €
<b>Financial Assets:</b>		
Measured at undiscounted amounts receivable	236,008	332,125
Debtors and prepayments (Note 13)		
<b>Financial Liabilities:</b>		
Measured at undiscounted amounts payable	62,946	185,662
Creditors (Note 14)		

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

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**20. RELATED PARTIES**

There were no related party transactions in the financial year that require to be disclosed under FRS 8.

**21. CONTROLLING PARTY**

The board of directors is the ultimate controlling party.

**22. EXPLANATION OF TRANSITION TO FRS 102**

This is the first year the company has presented its financial statements under Financial Reporting Standards 102 (FRS 102) issued by the Financial Reporting Council. The last financial statements under previous Irish GAAP were for the year ended 31 December 2014 and the date of transition to FRS 102 was therefore 1 January 2014. As a consequence of adopting FRS 102, a number of accounting policies have been changed to comply with that standard. None of these changes have resulted in an adjustment to equity reported under previous Irish GAAP at 31 December 2014 or 1 January 2014 and there was no effect on losses previously reported for the year ended 31 December 2014.