

Irish Fair Trade Network Limited

Reports and Financial Statements  
for the year ended  
31 December 2011

**IRISH FAIR TRADE NETWORK LIMITED**  
**REPORTS AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

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**IRISH FAIR TRADE NETWORK LIMITED**

**DIRECTORS AND OTHER INFORMATION**

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**DIRECTORS**

Una Johnston  
David Joyce (Resigned 19 December 2011)  
Michael Doorly  
Oisín Coghlan (Resigned 19 December 2011)  
Lino Olivieri  
Colin Roche (Resigned 13 September 2011)  
Norman Hewson  
Cathy McCarthy  
Tom Crowley (Appointed 13 December 2011)  
Miriam Hamilton (Appointed 1 January 2012)  
Ciara Gaynor (Appointed 20 April 2012)

**SECRETARY AND REGISTERED OFFICE**

John Daly  
Carmichael House  
North Brunswick Street  
Dublin 7

**AUDITORS**

Deloitte & Touche  
Chartered Accountants  
Deloitte & Touche House  
Earlsfort Terrace  
Dublin 2

**BUSINESS ADDRESS**

Carmichael House  
North Brunswick Street  
Dublin 7

**BANKERS**

Bank of Ireland  
Smithfield  
Dublin 7

**SOLICITORS**

Noonan & Linehan  
54 North Main Street  
Cork

**CHARITY STATUS NUMBER**

CHY 11264

**COMPANY NUMBER**

217128

## IRISH FAIR TRADE NETWORK LIMITED

### REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2011

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The directors present their annual report and the financial statements of the company for the year ended 31 December 2011. The financial statements have been prepared in accordance with the accounting policies set out on pages 10 and 11 and comply with the company's Memorandum and Articles of Association, applicable Company Law and, as far as possible, the requirements of the Statement of Recommended Practice, "Accounting and Reporting by Charities".

#### Objects and policies

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. 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.
- 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.

To achieve its objectives IFTN currently has three main activities: (1) Fairtrade labelling, (2) development education in Ireland and (3) support for small-scale producers and plantation workers in Central America and East Africa to meet international Fairtrade and Utz Certified sustainability standards.

*Fairtrade Labelling:* Since 1996, work with businesses to promote the availability of products with the FAIRTRADE Mark in Ireland has been the main project 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 independent certification that it meets internationally agreed Fairtrade standards and that the small-holders or plantation workers who produce it receive a fair return for their work. IFTN carried out this work for many years under the name *Fairtrade Mark Ireland*, which it registered as a business name on 21 October 2002. In 2011, as part of an international re-branding exercise, it began to carry out this work under the name *Fairtrade Ireland*, which it registered as a business name on 21 April 2011.

IFTN is a founder member of Fairtrade International (FLO) (formerly known as Fairtrade Labelling Organizations International), based in Germany, the umbrella organisation responsible for the international standards that underpin Fairtrade. Fairtrade is distinguished from all similar schemes by two things: a guaranteed minimum price and a Fairtrade premium. The Fairtrade minimum price is set at a level that covers the cost of sustainable production. It 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 by workers and management on a plantation.

Products with the FAIRTRADE Mark are now widely available in shops, restaurants and cafes throughout Ireland and in all the main supermarkets, including Aldi, Centra, Dunnes Stores, Lidl, Mace, Marks & Spencer, Spar, Superquinn, Supervalu and Tesco. The range of products 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.

In 2011, research by IMS Millward Brown showed that 66 per cent of adults in the Republic recognise the FAIRTRADE Mark, up from 16 per cent in 2002; the figure for Northern Ireland in 2011 is 70 per cent.

## IRISH FAIR TRADE NETWORK LIMITED

### REPORT OF THE DIRECTORS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

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Irish consumers spent an estimated €159 million on products with the FAIRTRADE Mark in 2011, an increase of 16 per cent over 2010.

*Development Education:* As well as working with businesses trading in Ireland, Fairtrade Ireland does educational work with the Irish public, raising awareness of the FAIRTRADE Mark and the benefits of Fairtrade. This is done mainly through (1) Fairtrade Towns, particularly during (2) Fairtrade Fortnight each year.

1. *Fairtrade Towns:* Local voluntary steering 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. At the end of 2011 there were 47 Fairtrade Towns and Cities, North and South, and a further 26 towns were working to achieve Fairtrade Town status.

2. *Fairtrade Fortnight* is Fairtrade Ireland's main awareness-raising period each year. Events during the Fortnight include visits of producers from Fairtrade certified organisations to schools, community groups, town and city councils, businesses and other organisations throughout the country.

3. *Overseas:* IFTN receives grants from Irish Aid, the Irish Government's programme of assistance to developing countries. These grants are mainly to assist small-scale producers and plantation workers in Central America (El Salvador, Guatemala, Honduras and Nicaragua) and East Africa (Kenya, Uganda, Tanzania and Ethiopia) to meet international Fairtrade ([www.fairtrade.net](http://www.fairtrade.net)) and Utz Certified ([www.utzcertified.org](http://www.utzcertified.org)) sustainability standards and to support the development of the FLO and Utz Certified organisations themselves.

As IFTN itself does not have the necessary expertise to implement overseas programmes, the overseas work supporting producers is done by partners. In Central America it is implemented by FLO Central America (for Fairtrade producers) and by Solidaridad ([www.solidaridadnetwork.org](http://www.solidaridadnetwork.org)), an international development organisation founded in the Netherlands (for Utz certified producers); in East Africa it is implemented by Solidaridad, in cooperation with FLO and Utz Certified. The Utz Certified standard sets an "ethical" baseline for trade; it sets no fixed minimum price and no fixed premium. Price and premium are negotiated freely between buyer and seller. Utz believes that the main benefits of certification for producers are reduction in input costs, increased yields and improved quality, not the extra premium earned.

#### **Partnerships**

IFTN is supported by all the main international development and human rights organisations in Ireland - including ActionAid Ireland, Amnesty International (Irish Section), Christian Aid, Concern, Friends of the Earth, Oxfam Ireland and Trócaire – and by the Irish Congress of Trade Unions. IFTN works closely with Fairtrade International (FLO), of which it is a founder member, and with its subsidiary FLO Cert, which is responsible for certifying adherence to Fairtrade standards standards by producers and traders.

#### **Organisational structure and governance**

Irish Fair Trade Network (IFTN) is incorporated in Ireland as a company limited by guarantee and not having a share capital. The directors, many of whom are drawn from the staff of supporting organisations, meet at least four times a year and have overall responsibility for the policy and strategy of the organisation. They have adopted a comprehensive policy governance manual, and compliance with this is systematically reviewed at board meetings. With effect from 1 January 2010, each director can serve for a maximum of six consecutive years with effect from that date. New directors are appointed to the board by invitation following nomination by existing directors. Following election they receive induction training, including review of documents and policies and briefings from key personnel. The company maintains, throughout the financial year, directors' and officers' liability insurance in respect of itself and its directors.

## IRISH FAIR TRADE NETWORK LIMITED

### REPORT OF THE DIRECTORS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

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#### Financial results and future activities

IFTN's work in Ireland is funded by a combination of licence fees paid by companies based on their sales of products which carry the FAIRTRADE Mark and development education grants from Irish Aid (for work on Fairtrade Fortnight and Fairtrade Towns) and from the European Commission (for work on cotton). Grants from supporting organisations ended in 2010. Licence fees cover an increasing proportion of Fairtrade operating costs in Ireland and development education grants a decreasing proportion. 2011 was the first year in which income from licence fees alone would have been sufficient to cover the total cost of all domestic operations (i.e. excluding overseas programmes), a major milestone for the organization.

The work IFTN supports in developing countries is funded by Irish Aid, for which it received grants of €3,774,000 in 2011 (€1,466,000 for Central America, including €700,000 for 2012 projects, and €2,308,000 for East Africa), as part of five-year grant agreements with Irish Aid. The grant for Central America was extended for a further (and final) two years in 2011. Further details are set out in note 1 to the financial statements. IFTN has a staff of five.

Despite the recession, sales of Fairtrade certified products continued to grow in Ireland in 2011; consumer spending had an estimated value of €159 million. Particularly noteworthy in 2011 were Ben & Jerry's announcement that their entire range would convert to Fairtrade by the end of the year and the announcement by Mars that Maltesers would convert to Fairtrade in 2013.

Apart from the provision of resources (mainly leaflets, printed materials and videos) on a cost-recovery basis, IFTN does not engage in fundraising activities – supporters support Fairtrade by buying Fairtrade certified products.

A major organisational review of IFTN completed by Irish Aid in 2011 concluded that "IFTN's work in Ireland, increasing awareness of the benefits of Fairtrade and maximising the sales of Fairtrade products is, and should continue to be, its core activity. Indeed, the success of its *work in Ireland* will increasingly be *the* key indicator of IFTN's success, as work with producers is likely to become more and more shared by all the main certification systems." With regard to the work IFTN supports overseas, it said: "As well as its work in Ireland, IFTN funds support programmes for producers seeking Fairtrade and Utz certification in a number of developing countries. Since IFTN does not have the necessary expertise or staffing to manage an overseas programme itself, it works through partners. Its partners are well chosen and relations with partners are well managed."

Details of incoming resources and resources expended are set out on page 12.

#### Investment policy

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

#### Reserves policy

Reserves are required to smooth fluctuations in income and expenditure and to ensure that resources are available to meet commitments. In 2009 the directors decided that a prudent level of reserves is the equivalent of "not less than four months' but not more than six months' domestic costs" (i.e. excluding the costs of the overseas activities). The level of reserves is monitored by the directors at board meetings and will be reviewed annually. At 31 December 2011 the level of reserves was €430,424, or approximately nine months' domestic costs.

#### Risk management

The directors regularly review the major risks to which the organisation is exposed. They are satisfied that effective systems exist to mitigate those risks, especially ensuring controls exist over key financial systems, by monitoring reserve levels and by periodically examining the operational and business risks faced by the organisation.

**IRISH FAIR TRADE NETWORK LIMITED**

**REPORT OF THE DIRECTORS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2011**

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**Directors**

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

**Staff**

The organisation has five staff:

Executive Director	Peter Gaynor
Company Secretary/Overseas Programme	John Daly
Project Manager	Melanie Drea
Financial Administrator	Dunstan Burke
General Administrator	Malcolm Sen

**Voluntary help and gifts in kind**

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

**Books of Account**

To ensure that proper books and accounting records are kept in accordance with Section 202 of the Companies Act, 1990, 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 & Touche Chartered Accountants, continue in office in accordance with the provisions of Section 160(2) of the Companies Act, 1963.

Signed on behalf of the Board:

Lino Olivieri	Cathy McCarthy
Director	Director

20 April 2012

## IRISH FAIR TRADE NETWORK LIMITED

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

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Irish 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 company and of the incoming resources of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; 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 keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with Irish statute comprising the Companies Acts, 1963 to 2009. 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.

## **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 year ended 31 December 2011 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement, the Statement of Accounting Policies and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the company's members, as a body, in accordance with Section 193 of the Companies Act, 1990. 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**

The directors are responsible for preparing the financial statements as set out in the Statement of Directors' Responsibilities, in accordance with applicable law and accounting standards issued by the Accounting Standards Board and published by The Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

Our responsibility, as independent auditor, 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 Irish statute comprising the Companies Acts, 1963 to 2009. We also report to you whether in our opinion proper books of account have been kept by the company and whether the information given in the Report of the Directors is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purpose of our audit and whether the company's balance sheet and statement of financial activities are in agreement with the books of account.

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

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

### **Basis of audit 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 evaluated the overall adequacy of the presentation of information in the financial statements.

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

**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 2011 and of the net incoming resources of the company for the year then ended; and
- have been properly prepared in accordance with the Companies Acts, 1963 to 2009.

We have obtained all the information and explanations we considered necessary for the purpose of our audit. In our opinion proper books of account have been kept by the company. The company's balance sheet and its statement of financial activities are in agreement with the books of account.

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

For and on behalf of Deloitte & Touche  
Chartered Accountants and Registered Auditors  
Dublin

Date 20 April 2012

## **IRISH FAIR TRADE NETWORK LIMITED**

### **STATEMENT OF ACCOUNTING POLICIES**

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#### **BASIS OF PREPARATION**

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Companies Acts, 1963 to 2009. 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".

#### **INCOMING RESOURCES**

- (i) Income from donations and miscellaneous income is recognised when invoiced or received, whichever is the earlier.
- (ii) Grant income from Irish Aid for overseas projects and from the European Commission is included as income in the Statement of Financial Activities (SOFA) in the period in which it is received. Other grants are accounted for on an accruals basis.
- (iii) Interest income is recognised on a receivable basis.
- (iv) Licence fee income is from companies selling products with the FAIRTRADE Mark and is included in the period to which it relates. It is invoiced quarterly in arrears; invoices for the final quarter are estimated, and any under or over provision is reflected in the results of the following period.
- (v) Income from the sale of promotional or educational resources is included when received or when invoiced, whichever is the earlier.
- (vi) The value of volunteer time is not included in the financial statements.

#### **RESOURCES EXPENDED**

Expenditure is included when incurred, and includes attributable VAT which cannot be recovered.

Grants payable for overseas projects are released to expenditure and are included in the Statement of Financial Activities (SOFA) in the period in which they are paid to the recipient organisation. Other grants are accounted for on an accruals basis.

The majority of costs are directly attributable to specific activities. All costs have been attributed to one of the categories of resources expended in the Statement of Financial Activities. Staff costs are apportioned on the basis of staff time spent on each activity.

#### **SUPPORT COSTS**

Support costs represent the cost of administering projects. They include salaries and related costs, including consultancy costs.

#### **COSTS OF GOVERNANCE AND ADMINISTRATION**

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

#### **GIFTS IN KIND**

Gifts in kind are deemed non-material and are not included in the financial statements.

## IRISH FAIR TRADE NETWORK LIMITED

### STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

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#### **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 and Computer 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.

*Designated funds* – these are unrestricted funds which have been set aside for particular purposes by the directors itself in furtherance of the organisation's charitable objects.

#### **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 organisation makes defined 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) and the costs for the current year are disclosed in Note 6.

#### **OPERATING 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).

IRISH FAIR TRADE NETWORK LIMITED

**STATEMENT OF FINANCIAL ACTIVITIES**  
**(including the Income and Expenditure Account)**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

	Notes	Restricted Funds 2011 €	Unrestricted Funds 2011 €	Total Funds 2011 €	Total Funds 2010 €
<b>Incoming resources:</b>					
Incoming resources from generated funds:	1				
- Donations and miscellaneous income		-	140	140	49
- Grants for work in Ireland		51,632	100,000	151,632	86,732
- Grants for work overseas		3,774,000	-	3,774,000	3,840,000
- Interest earned		-	2,047	2,047	1,973
Incoming resources from charitable activities	2				
- Licence fees		-	502,368	502,368	418,815
- Resource sales		-	4,629	4,629	7,819
<b>Total incoming resources</b>		<b>3,825,632</b>	<b>609,184</b>	<b>4,434,816</b>	<b>4,355,388</b>
<b>Resources expended:</b>					
Charitable activities	3				
- Fairtrade labelling		-	262,278	262,278	282,400
- Development education		88,489	33,614	122,103	190,920
- Overseas programmes		3,074,000	-	3,074,000	3,840,000
Governance and administration	4	-	37,809	37,809	38,738
<b>Total resources expended</b>		<b>3,162,489</b>	<b>333,701</b>	<b>3,496,190</b>	<b>4,352,058</b>
Net incoming resources retained	5	(663,143)	275,483	938,626	3,330
Total funds brought forward	16	51,768	199,852	251,620	248,290
Total funds carried forward	16	714,911	475,335	1,190,246	251,620

There are no recognised gains or losses other than the net movement in funds arising from continuing operations for the year.

The financial statements were approved by the Board of Directors on 20 April 2012 and signed on its behalf by:

Lino Olivieri  
Director

Cathy McCarthy  
Director

**IRISH FAIR TRADE NETWORK LIMITED**

**BALANCE SHEET AS AT 31 DECEMBER 2011**

	<i>Notes</i>	<b>2011</b> €	2010 €
<b>FIXED ASSETS</b>			
Tangible assets	9	<b>2,245</b>	3,972
<b>CURRENT ASSETS</b>			
Debtors	10	<b>446,125</b>	215,545
Cash at bank and in hand		<b>845,556</b>	239,080
		<b>1,291,681</b>	454,625
<b>CREDITORS:</b> (Amounts falling due within one year)	11	<b>(103,680)</b>	(206,977)
<b>NET CURRENT ASSETS</b>		<b>1,188,001</b>	247,648
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,190,246</b>	251,620
<b>REPRESENTED BY:</b>			
Restricted funds	16	<b>714,911</b>	51,768
Unrestricted funds	16	-	-
Designated funds	16	<b>475,335</b>	199,852
		<b>1,190,246</b>	251,620

The financial statements were approved by the Board of Directors on 20 April 2012 and signed on its behalf by:

Lino Olivieri  
Director

Cathy McCarthy  
Director

IRISH FAIR TRADE NETWORK LIMITED

CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2011

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	<i>Notes</i>	<b>2011</b> €	2010 €
<b>Net cash inflow from operating activities</b>	<i>14</i>	<b>604,429</b>	11,823
<b>Returns on investment and servicing of finance:</b>			
Interest received		<b>2,047</b>	1,973
		<hr/> <b>606,476</b>	<hr/> 13,796
<b>Capital expenditure</b>			
Purchase of tangible fixed assets		-	(2,106)
<b>Increase in cash in the year</b>	<i>14</i>	<hr/> <b>606,476</b> <hr/>	<hr/> 11,690 <hr/>

## IRISH FAIR TRADE NETWORK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

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#### 1. INCOMING RESOURCES FROM GENERATED FUNDS

##### 1.1 Donations and miscellaneous income

IFTN receives unsolicited donations from supporters and the public from time to time. These are shown under this heading in the SOFA.

##### 1.2 Grants for work in Ireland

IFTN receives grants from Irish Aid (the Irish Government's official development assistance programme), and from supporting NGOs, as follows:

	<b>Restricted Funds 2011 €</b>	<b>Unrestricted Funds 2011 €</b>	<b>Total Funds 2011 €</b>	<b>Total Funds 2010 €</b>
Fairtrade UK	-	100,000	100,000	-
Irish Aid – Development education Concern	-	-	-	79,732 4,000
Trócaire	-	-	-	3,000
European Commission	51,632	-	51,632	-
<b>Total</b>	<b>51,632</b>	<b>100,000</b>	<b>151,632</b>	<b>86,732</b>

##### 1.3 Grants for work overseas

Irish Aid – Central America	1,466,000	-	1,466,000	1,532,000
Irish Aid – East Africa	2,308,000	-	2,308,000	2,308,000
<b>Total</b>	<b>3,774,000</b>	<b>-</b>	<b>3,774,000</b>	<b>3,840,000</b>

##### 1.4 Interest earned

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

IRISH FAIR TRADE NETWORK LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011

**2. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

**2.1 Licence fees**

IFTN receives licence fees from companies marketing products with the FAIRTRADE Mark. These fees cover the cost of monitoring and audit to ensure compliance with Fairtrade standards and contribute to the cost of public education and awareness-raising work. Monitoring and audit of licencees 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.

**2.2 Resource sales**

To help promote Fairtrade, IFTN sells a range of promotional and educational materials. All display the FAIRTRADE Mark prominently and help promote the Fairtrade message at events around the country. As their sale contributes directly to the promotion of the Fairtrade message it is judged that the activity qualifies as primary purpose trading. These items are sold to cover the cost of production and processing. The activity is not seen as a device to raise funds but rather to raise profile and awareness.

**2.3 Cost of generating voluntary income**

Cost of generating voluntary income represents the costs of raising both restricted and unrestricted income and includes staff costs for each activity.

**3. RESOURCES EXPENDED ON CHARITABLE ACTIVITIES**

	Restricted Funds 2011 €	Unrestricted Funds 2011 €	Total Funds 2011 €	Total Funds 2010 €
<b>3.1 Fairtrade labelling</b>				
Fairtrade labelling				
Support costs:	-	147,517	147,517	167,853
Staff costs	-	114,761	114,761	114,546
<b>Total</b>	<b>-</b>	<b>262,278</b>	<b>262,278</b>	<b>282,399</b>
<b>3.2 Development education</b>				
Development education				
Support costs:	32,659	3,861	36,520	104,475
Staff costs	55,830	29,753	85,583	86,445
<b>Total</b>	<b>88,489</b>	<b>33,614</b>	<b>122,103</b>	<b>190,920</b>

IRISH FAIR TRADE NETWORK LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

3.3 Overseas programme

Irish Fair Trade Network's support for overseas development programmes is implemented by partner organisations, to which grants are given.

	Restricted Funds 2011 €	Unrestricted Funds 2011 €	Total Funds 2011 €	Total Funds 2010 €
<b>Central America</b>				
FLO International	375,000	-	375,000	750,000
Solidaridad	375,000	-	375,000	750,000
Support costs:				
Consultancy	16,000	-	16,000	32,000
<b>Total</b>	<b>766,000</b>	<b>-</b>	<b>766,000</b>	<b>1,532,000</b>
<b>East Africa</b>				
FLO International	1,114,000	-	1,114,000	1,114,000
Solidaridad	814,000	-	814,000	814,000
Utz Certified	300,000	-	300,000	300,000
Support costs:				
Staff costs	74,812	-	74,812	69,528
Travel, etc.	5,188	-	5,188	10,472
	<b>2,308,000</b>	<b>-</b>	<b>2,308,000</b>	<b>2,308,000</b>
<b>Total</b>	<b>3,074,000</b>	<b>-</b>	<b>3,074,000</b>	<b>3,840,000</b>

4. GOVERNANCE AND ADMINISTRATION

Governance costs cover the costs of enabling the organisation to function as a registered company in Ireland. They include Directors' expenses (nil), audit fees, board and AGM meeting costs and legal fees. They also include some staff costs.

	Restricted Funds 2011 €	Unrestricted Funds 2011 €	Total Funds 2011 €	Total Funds 2010 €
Governance costs:				
Support costs	-	11,846	11,846	16,620
Staff costs	-	25,963	25,963	22,118
<b>Total</b>	<b>-</b>	<b>37,809</b>	<b>37,809</b>	<b>38,738</b>

IRISH FAIR TRADE NETWORK LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

<b>5.</b>	<b>NET INCOMING RESOURCES FOR THE YEAR</b>	<b>2011</b>	2010
		€	€
	This is stated after charging/(crediting):		
	Directors' remuneration	-	-
	Auditors' remuneration	2,460	2,600
	Depreciation	1,727	2,231
	Interest earned	(2,047)	(1,973)
		<u>                    </u>	<u>                    </u>

<b>6.</b>	<b>EMPLOYEES</b>	<b>2011</b>	2010
		No.	No.
	The average number of contracted employees throughout the year was:		
		5	5
		<u>                    </u>	<u>                    </u>
	<b>Staff costs:</b>	€	€
	Wages and salaries	<b>249,465</b>	231,040
	Social welfare costs	<b>26,818</b>	25,536
	Other pension costs	<b>24,836</b>	36,061
		<u>                    </u>	<u>                    </u>
	<b>Total</b>	<b>301,119</b>	292,637
		<u>                    </u>	<u>                    </u>

Staff costs are allocated according to the functions of each staff member and, therefore, form part of Fairtrade labelling, development education, overseas programme and governance costs, as appropriate. These are allocated as shown under 'support costs' in notes 3 and 4, and are follows:

	<b>2011</b>	2010
	€	€
Fairtrade labelling	<b>114,761</b>	114,546
Development education	<b>85,583</b>	86,445
Overseas	<b>74,812</b>	69,528
Governance	<b>25,963</b>	22,118
	<u>                    </u>	<u>                    </u>
<b>Total</b>	<b>301,119</b>	292,637
	<u>                    </u>	<u>                    </u>

No employee earned a salary of more than €70,000, including pension contributions.

A great amount of time, the value of which it is impossible to reflect in these accounts, is donated by volunteers throughout Ireland.

**7. DIRECTORS' EXPENSES**

Directors are not remunerated.

IRISH FAIR TRADE NETWORK LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

8. 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.

9. FIXED ASSET SCHEDULE

	Office and Computer Equipment €	Total €
<b>Cost:</b>		
At 1 January 2011	8,635	8,635
Additions	-	-
Disposals	-	-
<b>At 31 December 2011</b>	<b>8,635</b>	<b>8,635</b>
<b>Depreciation:</b>		
At 1 January 2011	4,663	4,663
Charged	1,727	1,727
Disposals	-	-
<b>At 31 December 2011</b>	<b>6,390</b>	<b>6,390</b>
<b>Net Book Value:</b>		
<b>At 31 December 2011</b>	<b>2,245</b>	<b>2,245</b>
At 31 December 2010	3,972	3,972
<b>10. DEBTORS: (Amounts falling due within one year)</b>	<b>2011</b>	2010
	€	€
Prepayments and other debtors	<b>446,125</b>	215,545
<b>11. CREDITORS: (Amounts falling due within one year)</b>	<b>2011</b>	2010
	€	€
Deferred income:		
- Irish Aid - Development Education	-	51,768
Accruals	<b>35,493</b>	72,779
Other creditors	<b>9,072</b>	36,927
Taxation and social security costs	<b>59,115</b>	45,503
	<b>103,680</b>	206,977
Taxation and Social Welfare costs:		
VAT payable	<b>34,635</b>	25,320
PAYE/PRSI payable	<b>24,480</b>	20,183
	<b>59,115</b>	45,503

## IRISH FAIR TRADE NETWORK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

#### 12. COMMITMENTS

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

#### 13. PENSION SCHEME

The company makes defined contributions to a PRSA 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 year.

The pension expense for the year amounted to €24,836 (2010: €36,060). €2,216 was payable at the year end (2010: €2,188).

#### 14. CASH FLOW INFORMATION

	2011 €	2010 €
<b>Reconciliation of net incoming resources to net cash inflow from operating activities</b>		
Net incoming resources	938,626	3,300
Decrease in debtors	(230,580)	(47,098)
(Decrease)/increase in creditors	(103,297)	54,274
Depreciation of tangible fixed assets	1,727	2,231
Loss on disposal of fixed assets	-	1,059
Interest earned	(2,047)	(1,973)
<b>Net cash inflow from operating activities</b>	<b>604,429</b>	<b>11,823</b>

#### Analysis of changes in cash balances

	At 1 January 2011 €	Cashflows €	At 31 December 2011 €
Cash at bank and in hand	239,080	606,476	845,556

#### 15. 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 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.

The company, as a charity, is exempt from the reporting and disclosure requirement of the Companies (Amendment) Act, 1986.

IRISH FAIR TRADE NETWORK LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

16. RESTRICTED AND UNRESTRICTED FUNDS

	Restricted Funds	Designated Funds			Unrestricted Funds	Total
		Committed Funds	General Reserves	Fixed Assets		
		€	€	€		
Opening balance at 01/01/2011	51,768	-	195,880	3,972	-	251,620
Surplus for the year	(66,314)	-	277,210	(1,727)	-	938,626
<b>Closing balance at 31/12/2011</b>	<b>714,911</b>	<b>-</b>	<b>473,090</b>	<b>2,245</b>	<b>-</b>	<b>1,190,246</b>

Restricted Funds

	Opening Balance 01/01/2011	Incoming 2011	Expended 2011	Closing Balance 31/12/2011
	€	€	€	€
Irish Aid – Central America	-	1,466,000	766,000	700,000
Irish Aid – East Africa	-	2,308,000	2,308,000	-
Irish Aid – Development education	51,768	-	51,768	-
European Commission	-	51,632	36,721	14,911
<b>Total</b>	<b>51,768</b>	<b>3,825,632</b>	<b>3,162,489</b>	<b>714,911</b>

17. RELATED PARTIES

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

18. CONTROLLING PARTY

The board of directors is the ultimate controlling party.

**IRISH FAIR TRADE NETWORK LIMITED**

**SUPPLEMENTARY INFORMATION**

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(NOT COVERED BY THE INDEPENDENT AUDITORS' REPORT)

**IRISH FAIR TRADE NETWORK LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)**

**SCHEDULE TO THE INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

	Development Education €	Fairtrade Labelling €	Governance & Admin €	Overseas Programmes €	<b>Total 2011 €</b>	Total 2010 €
<b>EXPENDITURE</b>						
Irish Aid - Central America Programme	-	-	-	750,000	<b>750,000</b>	1,500,000
Irish Aid – East Africa Programme	-	-	-	2,228,000	<b>2,228,000</b>	2,228,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u><b>2,978,000</b></u>	<u><b>2,978,000</b></u>	<u><b>3,728,000</b></u>
<b>Administration</b>						
Wages and salaries	69,398	92,602	20,853	66,612	<b>249,465</b>	231,040
Employer's PRSI contributions	6,941	9,436	2,241	8,200	<b>26,818</b>	25,536
Pension costs	9,244	12,723	2,869	-	<b>24,836</b>	36,061
<b>Total staff costs</b>	<u><b>85,583</b></u>	<u><b>114,761</b></u>	<u><b>25,963</b></u>	<u><b>74,812</b></u>	<u><b>301,119</b></u>	<u><b>292,637</b></u>
<b>Support costs</b>						
Media and market research	2,791	7,900	-	-	<b>10,691</b>	2,050
Resources	25,274	2,808	-	-	<b>28,082</b>	40,777
Workshops and events	38,640	-	-	-	<b>38,640</b>	48,437
Staff training	482	482	483	-	<b>1,447</b>	5,766
Travel	3,144	8,680	95	1,724	<b>13,643</b>	20,869
Accountancy and legal fees	-	-	2,010	-	<b>2,010</b>	1,950
Audit fees	-	-	2,460	-	<b>2,460</b>	2,600
Consultancy	2,475	-	-	18,540	<b>21,015</b>	32,598
Licensee monitoring fees	-	1,160	-	-	<b>1,160</b>	15,814
Rent, rates, light and heat	3,696	3,696	924	924	<b>9,240</b>	8,401
Communications	7,577	4,626	132	-	<b>12,335</b>	7,646
FLO subscriptions and fees	-	113,660	-	-	<b>113,660</b>	129,500
Office expenses	3,402	3,402	756	-	<b>7,560</b>	6,247
Insurance	-	-	2,551	-	<b>2,551</b>	2,343
Bank charges	-	-	681	-	<b>681</b>	463
Miscellaneous	807	14	27	-	<b>848</b>	2,670
Bad Debt	-	1,089	-	-	<b>1,089</b>	-
Depreciation	-	-	1,727	-	<b>1,727</b>	2,231
Adjustment	(51,768)	-	-	-	<b>(51,768)</b>	-
<b>Total support costs</b>	<u><b>36,520</b></u>	<u><b>147,517</b></u>	<u><b>11,846</b></u>	<u><b>21,188</b></u>	<u><b>217,071</b></u>	<u><b>331,421</b></u>
	<u>122,103</u>	<u>262,278</u>	<u>37,809</u>	<u>3,074,000</u>	<u><b>3,496,190</b></u>	<u>4,352,058</u>