

Irish Fair Trade Network Limited

Reports and Financial Statements
for the year ended
31 December 2012

IRISH FAIR TRADE NETWORK LIMITED

**REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

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IRISH FAIR TRADE NETWORK LIMITED

DIRECTORS AND OTHER INFORMATION

DIRECTORS

Una Johnston
Michael Doorly
Lino Olivieri
Norman Hewson
Cathy McCarthy
Tom Crowley
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 2012

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2012. 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 (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.

Appointment of directors

IFTN is governed by a board of directors, which has overall responsibility for the policy and strategy of the organization. The board currently has 8 members. 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 meet at least four times a year (four times in 2012).

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.

Staff

The organisation has five staff:

| | |
|--------------------------------------|-------------------------------|
| Executive Director | Peter Gaynor |
| Company Secretary/Overseas Programme | John Daly |
| Project Manager | Melanie Drea |
| Financial Manager | Dunstan Burke |
| General Administrator | Malcolm Sen (until July 2012) |

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.

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 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.

IRISH FAIR TRADE NETWORK LIMITED

REPORT OF THE DIRECTORS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

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) supporting small-scale producers in Central America and East Africa to meet international Fairtrade and UTZ Certified sustainability standards.

1. Fairtrade labelling: 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 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 carries out this 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 receives 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 international Fairtrade (www.fairtrade.net) and UTZ Certified (www.utzcertified.org) sustainability standards. There is also some support for the development of the FLO and UTZ Certified organisations themselves.

IFTN itself does not implement overseas programmes; instead, producer support work is implemented by a decreasing number of partners providing coordinated support to farmers seeking Fairtrade and/or UTZ certification. In Central America it is implemented by FLO Central America (for Fairtrade certified producers) and by Solidaridad (for UTZ certified producers). (Solidaridad is an international development organisation founded in the Netherlands – www.solidaridadnetwork.org). In East Africa it is implemented by Solidaridad, in cooperation with both FLO and UTZ Certified.

IRISH FAIR TRADE NETWORK LIMITED

REPORT OF THE DIRECTORS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

Fairtrade has two 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.

The UTZ Certified standard sets a sustainable baseline for trade. It sets no fixed minimum price and no fixed premium; price and premium are negotiated freely between buyer and seller. 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.

ACHIEVEMENTS AND PERFORMANCE

Review of activities

There was continuing progress in all three areas of activity in 2012:

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 €174 million on Fairtrade certified products in 2012, an increase of 9 per cent on 2011. Particularly noteworthy in 2012 were Ben & Jerry's announcement that their entire range would convert to Fairtrade by the end of the year, Mars's conversion of Maltesers to Fairtrade and Nestlé's announcement that the two-finger Kit Kat would be Fairtrade certified in 2013, joining the four-finger Kit Kat which became Fairtrade certified in 2010.

For a number of years, IFTN has commissioned research by IMS Millward Brown, most recently in 2011. This showed that 66 per cent of adults in the Republic recognised the Fairtrade Mark, up from 16 per cent in 2002; the figure for Northern Ireland (surveyed for the first time in 2011) was 70 per cent.

In 2011 for the first time Ireland was included in research commissioned by Fairtrade International on consumer perceptions among 17,000 consumers in 24 countries by GlobeScan, a consultancy. This showed that familiarity with the Fairtrade Mark in Ireland was 85 per cent; prompted recognition was 91 per cent. (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.)

2. Public education and awareness-raising: The two main activities, Fairtrade Towns and Fairtrade Fortnight, continued to make progress.

Fairtrade Fortnight: Producer representatives from Chetna Organic India and Los Pinos coffee cooperative in El Salvador toured Ireland in Fairtrade Fortnight.

Fairtrade Towns: The total number of Fairtrade Towns and Cities increased to 48 by the end of the year, and a further 26 towns were working to achieve Fairtrade Town status. 2012 was also the tenth anniversary of Fairtrade Towns in Ireland and the annual Fairtrade Towns conference took place in November.

Fairtrade Ireland was also involved as part of a consortium in work on the promotion of Fairtrade cotton. This was the second year of a three-year programme, funded by the European Commission.

IRISH FAIR TRADE NETWORK LIMITED

REPORT OF THE DIRECTORS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2012

3. Support for overseas activities: IFTN receives grants from Irish Aid, the Irish Government's programme of assistance to developing countries, to assist small-scale producers in Central America and East Africa to improve their agricultural practices and to meet international Fairtrade and UTZ Certified sustainability standards. This includes some support for the development of the FLO International and UTZ Certified organisations themselves. In the period 2006-2013, this support amounted to €19,612,000 (€8,380,000 for Central America and €11,232,000 for East Africa), divided equally between support for Fairtrade and UTZ Certified. The current programmes end in 2013. Following a review of its support for fair and ethical trade commissioned by Irish Aid, which will be carried out in the first half of 2013, IFTN intends to submit an application for a successor programme, with a view to a start date of 1 January 2014.

A major review of IFTN commissioned by Irish Aid in 2011 concluded that "IFTN's work in Ireland, increasing awareness of the benefits of Fairtrade and maximizing the sales of Fairtrade products is, and should 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. Its partners are well chosen and relations with partners are well managed." Reviews of work supported by IFTN in Central America and in East Africa carried out in 2011 reached similarly positive conclusions.

FINANCIAL REVIEW

Financial health

IFTN's work in Ireland is funded by a combination of licence fees paid by companies, based on their sales of Fairtrade certified products, and a grant for raising public awareness from the European Commission (for work on cotton). There are now more than 20 licencees, and licence fees cover an increasing proportion of IFTN's operating costs in Ireland: 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. Income in 2012 continued to be satisfactory, despite the continuing economic crisis.

Apart from the provision of resources (mainly leaflets, printed materials and videos) on a cost-recovery basis, IFTN does not raise funds from the public: supporters support Fairtrade by buying Fairtrade certified products.

Investment policy

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

Reserves policy

Reserves are required to smooth fluctuations in income and expenditure and to ensure that resources are available to meet 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" (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 2012 the level of reserves was €551,780, or approximately one year's domestic costs.

PLANS FOR THE FUTURE

Continuing modest growth is expected in future years. The announcement of the conversion of the two-finger Kit Kat to Fairtrade in 2013 is a particularly positive sign that further growth in key commodities is possible.

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.

IRISH FAIR TRADE NETWORK LIMITED

**REPORT OF THE DIRECTORS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2012**

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.

Tom Crowley
Director

Lino Olivieri
Director

29 May 2013

IRISH FAIR TRADE NETWORK LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 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 2012. 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.

Signed on behalf of the Board:

Tom Crowley
Director

Lino Olivieri
Director

29 May 2013

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 2012 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 19. The financial reporting framework that has been applied in their preparation is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

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

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law 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 year ended 31 December 2012 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.

Opinion on financial statements

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 the affairs of the company as at 31 December 2012 and of the surplus for the year then ended; and
- have been properly prepared in accordance with the Companies Acts, 1963 to 2012.

Matters on which we are required to report by the Companies Acts, 1963 to 2012

- We have obtained all the information and explanations which 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' 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 Acts, 1963 to 2012, which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

Thomas Cassin
For and on behalf of Deloitte & Touche
Chartered Accountants and Statutory Audit Firm
Dublin

30 May 2013

IRISH FAIR TRADE NETWORK LIMITED

STATEMENT OF ACCOUNTING POLICIES

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 2012. 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 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

All 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).

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.

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

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% |
|-------------------------------|-----|

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).

IRISH FAIR TRADE NETWORK LIMITED

STATEMENT OF FINANCIAL ACTIVITIES
(including the Income and Expenditure Account)
FOR THE YEAR ENDED 31 DECEMBER 2012

| | Notes | Restricted Funds 2012 € | Unrestricted Funds 2012 € | Total Funds 2012 € | Total Funds 2011 € |
|--|-------|----------------------------------|------------------------------------|-----------------------------|-----------------------------|
| Incoming resources: | | | | | |
| Incoming resources from generated funds: 1 | | | | | |
| - Donations and miscellaneous income | | - | - | - | 140 |
| - Grants for work in Ireland | | 38,425 | 54,197 | 92,622 | 151,632 |
| - Grants for work overseas | | 2,658,000 | - | 2,658,000 | 3,774,000 |
| - Interest earned | | - | 1,282 | 1,282 | 2,047 |
| Incoming resources from charitable activities 2 | | | | | |
| - Licence fees | | - | 447,274 | 447,274 | 502,368 |
| - Resource sales | | - | 4,259 | 4,259 | 4,629 |
| Total incoming resources | | 2,696,425 | 507,012 | 3,203,437 | 4,434,816 |
| Resources expended: | | | | | |
| Cost of generating funds | 3 | - | - | - | - |
| Charitable activities | 4 | | | | |
| - Fairtrade labelling | | - | 288,575 | 288,575 | 262,278 |
| - Public education | | 68,231 | 104,780 | 173,011 | 122,103 |
| - Overseas programmes | | 3,324,476 | - | 3,324,476 | 3,074,000 |
| Governance and administration | 5 | - | 37,211 | 37,211 | 37,809 |
| Total resources expended | | 3,392,707 | 430,566 | 3,823,273 | 3,496,190 |
| Net (outgoing)/incoming resources | 6 | (696,282) | 76,446 | (619,836) | 938,626 |
| Total funds brought forward | 17 | 714,911 | 475,335 | 1,190,246 | 251,620 |
| Total funds carried forward | 17 | 18,629 | 551,781 | 570,410 | 1,190,246 |

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 29 May 2013 and signed on its behalf by:

Tom Crowley
Director

Lino Olivieri
Director

IRISH FAIR TRADE NETWORK LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2012

| | <i>Notes</i> | 2012 € | 2011 € |
|---|--------------|------------------|------------------|
| FIXED ASSETS | | | |
| Tangible assets | 10 | 1,445 | 2,245 |
| CURRENT ASSETS | | | |
| Debtors | 11 | 278,048 | 446,125 |
| Cash at bank and in hand | | 361,292 | 845,556 |
| | | 639,340 | 1,291,681 |
| CREDITORS: (Amounts falling due within one year) | 12 | (70,375) | (103,680) |
| NET CURRENT ASSETS | | 568,965 | 1,188,001 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 570,410 | 1,190,246 |
| REPRESENTED BY: | | | |
| Restricted funds | 17 | 18,629 | 714,911 |
| Unrestricted funds | 17 | 551,781 | 475,335 |
| | | 570,410 | 1,190,246 |

The financial statements were approved by the Board of Directors on 29 May 2013 and signed on its behalf by:

Tom Crowley
Director

Lino Olivieri
Director

IRISH FAIR TRADE NETWORK LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012

| | <i>Notes</i> | 2012 € | 2011 € |
|--|--------------|-------------------------|----------------|
| Net cash (outflow)/inflow from operating activities | 15 | (485,546) | 604,429 |
| Returns on investment and servicing of finance: | | | |
| Interest received | | 1,282 | 2,047 |
| | | <u>(484,264)</u> | <u>606,476</u> |
| Capital expenditure | | | |
| Purchase of tangible fixed assets | | (-) | (-) |
| (Decrease)/Increase in cash in the year | 15 | <u>(484,264)</u> | <u>606,476</u> |

IRISH FAIR TRADE NETWORK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

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.

1.2 Grants for work in Ireland

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

| | Restricted Funds 2012 € | Unrestricted Funds 2012 € | Total Funds 2012 € | Total Funds 2011 € |
|---------------------|--|--|---------------------------------------|---------------------------------------|
| European Commission | 38,425 | - | 38,425 | 51,632 |
| Fairtrade UK | - | 54,197 | 54,197 | 100,000 |
| Total | 38,425 | 54,197 | 92,622 | 151,632 |

1.3 Grants for work overseas

| | | | | |
|-----------------------------|------------------|---|------------------|-----------|
| Irish Aid – Central America | 350,000 | - | 350,000 | 1,466,000 |
| Irish Aid – East Africa | 2,308,000 | - | 2,308,000 | 2,308,000 |
| Total | 2,658,000 | - | 2,658,000 | 3,774,000 |

1.4 Interest earned

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

2. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

2.1 Licence fees

IFTN receives licence fees from companies selling products with the FAIRTRADE Mark. 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.

2.2 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.

3. 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.

4. RESOURCES EXPENDED ON CHARITABLE ACTIVITIES

| | Restricted Funds 2012 € | Unrestricted Funds 2012 € | Total Funds 2012 € | Total Funds 2011 € |
|--------------------------------|----------------------------------|------------------------------------|-----------------------------|-----------------------------|
| 4.1 Fairtrade labelling | | | | |
| Support costs | - | 190,661 | 190,661 | 147,517 |
| Staff costs | - | 97,914 | 97,914 | 114,761 |
| Total | <u>-</u> | <u>288,575</u> | <u>288,575</u> | <u>262,278</u> |
| 4.2 Public education | | | | |
| Support costs | 25,306 | 61,120 | 86,426 | 36,520 |
| Staff costs | 42,925 | 43,660 | 86,585 | 85,583 |
| Total | <u>68,231</u> | <u>104,780</u> | <u>173,011</u> | <u>122,103</u> |

IRISH FAIR TRADE NETWORK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

4.3 Overseas programme

| | Restricted Funds 2012 € | Unrestricted Funds 2012 € | Total Funds 2012 € | Total Funds 2011 € |
|------------------------------------|----------------------------------|------------------------------------|-----------------------------|-----------------------------|
| Central America | | | | |
| Fairtrade International (FLO e.V.) | 514,500 | - | 514,500 | 375,000 |
| Solidaridad | 514,500 | - | 514,500 | 375,000 |
| Support costs - consultancy | 500 | - | 500 | 16,000 |
| Total | 1,029,500 | - | 1,029,500 | 766,000 |
| East Africa | | | | |
| Fairtrade International (FLO e.V.) | 1,114,000 | - | 1,114,000 | 1,114,000 |
| Solidaridad | 814,000 | - | 814,000 | 814,000 |
| Utz Certified | 300,000 | - | 300,000 | 300,000 |
| Staff costs | 63,834 | - | 63,834 | 74,812 |
| Support costs - travel, etc. | 3,142 | - | 3,142 | 5,188 |
| | 2,294,976 | - | 2,294,976 | 2,308,000 |
| Total | 3,324,476 | - | 3,324,476 | 3,074,000 |

5. 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 2012 € | Unrestricted Funds 2012 € | Total Funds 2012 € | Total Funds 2011 € |
|---------------|----------------------------------|------------------------------------|-----------------------------|-----------------------------|
| Audit fees | - | 2,872 | 2,872 | 2,460 |
| Support costs | - | 8,455 | 8,455 | 9,386 |
| Staff costs | - | 25,884 | 25,884 | 25,963 |
| Total | - | 37,211 | 37,211 | 37,809 |

IRISH FAIR TRADE NETWORK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

| | | |
|--|-------------------|-------------------|
| 6. NET (OUTGOING)/INCOMING RESOURCES FOR THE YEAR | 2012 | 2011 |
| | € | € |
| This is stated after charging/(crediting): | | |
| Directors' remuneration | - | - |
| Auditors' remuneration | 2,872 | 2,460 |
| Depreciation | 800 | 1,727 |
| Interest earned | (1,282) | (2,047) |
| | <u> </u> | <u> </u> |

| | | |
|---|-------------------|-------------------|
| 7. EMPLOYEES | 2012 | 2011 |
| | No. | No. |
| The average number of contracted employees throughout the year was: | 5 | 5 |
| | <u> </u> | <u> </u> |
| Staff costs: | € | € |
| Wages and salaries | 224,941 | 249,465 |
| Social welfare costs | 24,181 | 26,818 |
| Other pension costs | 25,095 | 24,836 |
| | <u> </u> | <u> </u> |
| | 274,217 | 301,119 |
| | <u> </u> | <u> </u> |

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

| | | |
|---------------------|-------------------|-------------------|
| | 2012 | 2011 |
| | € | € |
| Fairtrade labelling | 97,914 | 114,761 |
| Public education | 86,585 | 85,583 |
| Overseas | 63,834 | 74,812 |
| Governance | 25,884 | 25,963 |
| Total | <u> </u> | <u> </u> |
| | 274,217 | 301,119 |
| | <u> </u> | <u> </u> |

No employee earned a salary of more than €70,000 (2011: €70,000), inclusive of employer PRSA contributions.

8. DIRECTORS' EXPENSES

Directors are not remunerated.

IRISH FAIR TRADE NETWORK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

9. 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.

10. FIXED ASSET SCHEDULE

| | Office and Computer Equipment € | Total € |
|---|--|--------------|
| Cost: | | |
| At 1 January 2012 | 8,635 | 8,635 |
| Additions | - | - |
| Disposals | (4,635) | (4,635) |
| At 31 December 2012 | 4,000 | 4,000 |
| Depreciation: | | |
| At 1 January 2012 | 6,390 | 6,390 |
| Charged | 800 | 800 |
| Disposals | (4,635) | (4,635) |
| At 31 December 2012 | 2,555 | 2,555 |
| Net Book Value: | | |
| At 31 December 2012 | 1,445 | 1,445 |
| At 31 December 2011 | 2,245 | 2,245 |
| 11. DEBTORS: (Amounts falling due within one year) | 2012 | 2011 |
| | € | € |
| Trade debtors | 276,693 | 444,503 |
| Prepayments and other debtors | 1,351 | 1,622 |
| | 278,044 | 446,125 |
| 12. CREDITORS: (Amounts falling due within one year) | 2012 | 2011 |
| | € | € |
| Deferred income | - | - |
| Accruals | 2,825 | 35,493 |
| Other creditors | 5,949 | 9,072 |
| Taxation and social security costs | 61,601 | 59,115 |
| | 70,375 | 103,680 |
| Taxation and Social Welfare costs: | | |
| VAT payable | 44,853 | 34,635 |
| PAYE/PRSI payable | 16,748 | 24,480 |
| | 61,601 | 59,115 |

IRISH FAIR TRADE NETWORK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

13. COMMITMENTS

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

14. 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 year.

The pension expense for the year amounted to €25,095 (2011: €24,836). The amount payable at the year-end was €1,818 (2011: €2,216).

15. CASH FLOW INFORMATION

| | 2012 € | 2011 € |
|--|------------------|-----------|
| Reconciliation of net incoming resources to net cash inflow from operating activities | | |
| Net (outgoing)/incoming resources | (619,836) | 938,626 |
| Decrease/(Increase) in debtors | 168,077 | (230,580) |
| (Decrease) in creditors | (33,305) | (103,297) |
| Depreciation of tangible fixed assets | 800 | 1,727 |
| Interest earned | (1,282) | (2,047) |
| Net cash (outflow)/inflow from operating activities | (485,546) | 604,429 |

Analysis of changes in cash balances

| | At 1 January 2012 € | Cashflows € | At 31 December 2012 € |
|--------------------------|---------------------------|----------------|-----------------------------|
| Cash at bank and in hand | 845,556 | (484,264) | 361,292 |

16. 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.

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 2012 (CONTINUED)

17. RESTRICTED AND UNRESTRICTED FUNDS

Unrestricted Funds

| | Opening Balance 01/01/2012 € | Incoming Resources 2012 € | Resources Expended 2012 € | Closing Balance 31/12/2012 € |
|------------------|---------------------------------------|------------------------------------|------------------------------------|---------------------------------------|
| Fixed assets | 2,245 | - | (800) | 1,445 |
| General reserves | 473,090 | 507,012 | (429,766) | 550,336 |
| Total | 475,335 | 507,012 | (430,566) | 551,781 |

Restricted Funds

| | | | | |
|-----------------------------|----------------|------------------|--------------------|---------------|
| Irish Aid – Central America | 700,000 | 350,000 | (1,029,000) | 21,000 |
| Irish Aid – East Africa | - | 2,308,000 | (2,295,476) | 12,524 |
| European Commission | 14,911 | 38,425 | (68,231) | (14,895) |
| Total | 714,911 | 2,696,425 | (3,392,707) | 18,629 |

Summary of Funds

| | | | | |
|--------------|------------------|------------------|--------------------|----------------|
| Unrestricted | 475,335 | 507,012 | (430,566) | 551,781 |
| Restricted | 714,911 | 2,696,425 | (3,392,707) | 18,629 |
| Total | 1,190,246 | 3,203,437 | (3,823,274) | 570,410 |

18. RELATED PARTIES

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

19. CONTROLLING PARTY

The board of directors is the ultimate controlling party.

IRISH FAIR TRADE NETWORK LIMITED

SUPPLEMENTARY INFORMATION

(NOT COVERED BY THE INDEPENDENT AUDITORS' REPORT)

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

SCHEDULES TO THE INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012

| | 2012 € | 2011 € |
|-----------------------------|-------------------------|-------------------------|
| REVENUE | | |
| Irish Aid - Central America | 350,000 | 1,466,000 |
| Irish Aid - East Africa | 2,308,000 | 2,308,000 |
| | <u>2,658,000</u> | <u>3,774,000</u> |
| Other grants and donations: | | |
| Fairtrade UK | 54,197 | 100,000 |
| European Commission | 38,425 | 51,632 |
| Other NGOs and donations | - | 140 |
| Resources sales | 4,259 | 4,629 |
| | <u>96,881</u> | <u>156,401</u> |
| Licence fees | 447,274 | 502,368 |
| | <u>447,274</u> | <u>502,368</u> |
| Other income | | |
| Interest earned | 1,282 | 2,047 |
| Total | <u><u>3,203,437</u></u> | <u><u>4,434,816</u></u> |

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 2012

| | Public Education € | Fairtrade Labelling € | Governance € | Overseas Programmes € | Total 2012 € | Total 2011 € |
|---------------------------------------|--------------------------|-----------------------------|----------------------|-----------------------------|-------------------------|--------------------|
| Expenditure | | | | | | |
| Irish Aid - Central America Programme | - | - | - | 1,029,000 | 1,029,000 | 750,000 |
| Irish Aid – East Africa Programme | - | - | - | 2,228,000 | 2,228,000 | 2,228,000 |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,257,000</u> | <u>3,257,000</u> | <u>2,978,000</u> |
| Administration | | | | | | |
| Wages and salaries | 68,855 | 77,864 | 20,584 | 57,638 | 224,941 | 249,465 |
| Employer's PRSI contributions | 7,402 | 8,370 | 2,213 | 6,196 | 24,181 | 26,818 |
| Pension costs | 10,328 | 11,680 | 3,087 | - | 25,095 | 24,836 |
| Total staff costs | <u>86,585</u> | <u>97,914</u> | <u>25,884</u> | <u>63,834</u> | <u>274,217</u> | <u>3019,119</u> |
| Support costs | | | | | | |
| Media and market research | 8,871 | 1,024 | - | - | 9,895 | 10,691 |
| Resources | 18,009 | - | - | - | 18,009 | 28,082 |
| Workshops and events | 33,625 | 1,931 | - | - | 35,556 | 38,640 |
| Staff and board training | 647 | 18 | 582 | - | 1,247 | 1,447 |
| Travel and subsistence | 3,634 | 12,158 | 74 | 2,218 | 18,084 | 13,643 |
| Accountancy and legal fees | - | - | 1,220 | - | 1,220 | 2,010 |
| Audit fees | - | - | 2,872 | - | 2,872 | 2,460 |
| Consultancy | - | - | - | 500 | 500 | 21,015 |
| Licensee monitoring fees | - | 13,221 | - | - | 13,221 | 1,160 |
| Rent, rates, light and heat | 3,696 | 3,696 | 925 | 924 | 9,241 | 9,240 |
| Communications | 8,608 | 1,672 | - | - | 10,280 | 12,335 |
| FLO subscriptions and fees | - | 148,432 | - | - | 148,432 | 113,660 |
| Office expenses | 8,630 | 8,630 | 1,917 | - | 19,177 | 7,560 |
| Insurance | - | - | 2,174 | - | 2,174 | 2,551 |
| Bank charges and fees | - | - | 763 | - | 763 | 681 |
| Miscellaneous | 706 | (121) | - | - | 585 | 848 |
| Bad Debt | - | - | - | - | - | 1,089 |
| Depreciation | - | - | 800 | - | 800 | 1,727 |
| Adjustment | - | - | - | - | - | (51,768) |
| Total support costs | <u>86,426</u> | <u>190,661</u> | <u>11,327</u> | <u>3,642</u> | <u>292,056</u> | <u>217,071</u> |
| | <u>173,011</u> | <u>288,575</u> | <u>37,211</u> | <u>3,324,476</u> | <u>3,823,273</u> | <u>3,496,190</u> |