

Irish Fair Trade Network Limited

Reports and Financial Statements
for the year ended
31 December 2013

IRISH FAIR TRADE NETWORK LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

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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
Ciara Gaynor (Resigned 30 September 2013)

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 2013

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2013. 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 organisation. The board currently has 7 members. The directors meet at least four times a year (four times in 2013). 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.

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	Johnny Sheehan (from February 2013)

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 2013

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 smallholders 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 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) and UTZ Certified (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 currently implemented by Solidaridad, an international development organisation founded in the Netherlands – www.solidaridadnetwork.org.

IRISH FAIR TRADE NETWORK LIMITED

REPORT OF THE DIRECTORS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

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.

ACHIEVEMENTS AND PERFORMANCE

Review of activities

There was continuing progress in all three areas of activity in 2013:

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 €197 million on Fairtrade certified products in 2013, an increase of 13 per cent on 2012. Particularly noteworthy in 2013 was growth of over 20 per cent in sales of Fairtrade certified bananas and over 14 per cent in Fairtrade certified coffee, both commodities in which Fairtrade Ireland has been working for a long time. Also significant were Nestlé's conversion of the two-finger Kit Kat and Irish Rail's conversion of its coffee service to Fairtrade.

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.

In 2013 Ireland was included for the second time 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 82 per cent; prompted recognition was 88 per cent. (

The chairperson of the board of IFTN participated in two general assemblies 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 National Federation of Cotton Producers of Senegal and Kabaadwe Cane Growers' Association in Malawi toured Ireland in Fairtrade Fortnight.

Fairtrade Towns: The total number of Fairtrade Towns and Cities increased to 49 by the end of the year, and the annual Fairtrade Towns conference took place in Dublin in November.

Fairtrade Ireland is also a member of a consortium of European NGOs working to encourage public sector bodies to use Fairtrade certified cotton. This was the second year of a three-year programme, funded by a public awareness grant from the European Commission.

IRISH FAIR TRADE NETWORK LIMITED

REPORT OF THE DIRECTORS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2013

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 Fairtrade International and UTZ Certified sustainability standards. This includes some support for the development of the Fairtrade 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 programmes ended in 2013. Final reviews of the programmes in Central America (by John Grindle) and East Africa (by John Grindle and Jim Cannon) were carried out in 2013.

Irish Aid commissioned a strategic review of its overall support for fair and ethical trade in 2013, which was carried out by the Natural Resources Institute of the University of Greenwich. Pending decisions on the recommendations of the review, IFTN was asked to submit an application for a one-year extension of the programme in East Africa, with a start date of 1 January 2014.

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, a major milestone for the organization. Income in 2013 continued to be satisfactory, despite the continuing economic crisis.

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". The level of reserves is monitored by the directors at board meetings and will be reviewed annually. At 31 December 2013 the level of total unrestricted reserves was €605,294 (2012: €551,781).

PLANS FOR THE FUTURE

Continuing modest growth is expected in future years. The strong growth of sales of Fairtrade certified bananas and coffee and the conversion of the two-finger Kit Kat to Fairtrade in 2013 were particularly positive signs 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 2013**

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

Cathy McCarthy
Director

28 May 2014

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 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 2013. 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

Cathy McCarthy
Director

28 May 2014

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 2013 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 2013 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, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the affairs of the company as at 31 December 2013 and of the surplus for the year then ended; and
- have been properly prepared in accordance with the Companies Acts, 1963 to 2013.

Matters on which we are required to report by the Companies Acts, 1963 to 2013

- 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 2013, 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

28 May 2014

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 2013. 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

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.

IRISH FAIR TRADE NETWORK LIMITED

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%
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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).

IRISH FAIR TRADE NETWORK LIMITED

**STATEMENT OF FINANCIAL ACTIVITIES
(including the Income and Expenditure Account)
FOR THE YEAR ENDED 31 DECEMBER 2013**

	<i>Notes</i>	Restricted Funds 2013 €	Unrestricted Funds 2013 €	Total Funds 2013 €	Total Funds 2012 €
Incoming resources:					
Incoming resources from generated funds: 1					
- Donations and miscellaneous income		-	-	-	-
- Grants for work in Ireland		49,190	40,861	90,051	92,622
- Grants for work overseas		-	-	-	2,658,000
- Interest earned		-	4,126	4,126	1,282
Incoming resources from charitable activities²					
- Licence fees		-	589,090	589,090	447,274
- Resource sales		-	1,589	1,589	4,259
Total incoming resources		49,190	635,666	684,856	3,203,437
Resources expended:					
Cost of generating funds	3	-	-	-	-
Charitable activities	4				
- Fairtrade labelling		-	314,096	314,096	288,575
- Public education		43,802	164,644	208,446	173,011
- Overseas programmes		33,524	56,149	89,673	3,324,476
Governance and administration	5	-	37,757	37,757	37,211
Total resources expended		77,326	572,646	649,972	3,823,273
Net (outgoing)/incoming resources	6	(28,136)	63,020	34,884	(619,836)
Transfers between funds		9,507	(9,507)	-	-
Total funds brought forward	17	18,629	551,781	570,410	1,190,246
Total funds carried forward	17	-	605,294	605,294	570,410

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 28 May 2014 and signed on its behalf by:

Tom Crowley
Director

Cathy McCarthy
Director

IRISH FAIR TRADE NETWORK LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2013

	<i>Notes</i>	2013 €	2012 €
FIXED ASSETS			
Tangible assets	10	1,306	1,445
CURRENT ASSETS			
Debtors	11	282,647	278,048
Cash at bank and in hand		420,927	361,292
		703,574	639,340
CREDITORS: (Amounts falling due within one year)	12	(99,586)	(70,375)
NET CURRENT ASSETS		603,988	568,965
TOTAL ASSETS LESS CURRENT LIABILITIES		605,294	570,410
REPRESENTED BY:			
Restricted funds	17	-	18,629
Unrestricted funds	17	605,294	551,781
		605,294	570,410

The financial statements were approved by the Board of Directors on 28 May 2014 and signed on its behalf by:

Tom Crowley
Director

Cathy McCarthy
Director

IRISH FAIR TRADE NETWORK LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013

	<i>Notes</i>	2013 €	2012 €
Net cash inflow/(outflow) from operating activities	15	56,616	(485,546)
Returns on investment and servicing of finance:			
Interest received		4,126	1,282
		<u>60,742</u>	<u>(484,264)</u>
Capital expenditure			
Purchase of tangible fixed assets		(1,107)	(-)
Increase/(decrease) in cash in the year	15	<u>59,635</u>	<u>(484,264)</u>

IRISH FAIR TRADE NETWORK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

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 2013 €	Unrestricted Funds 2013 €	Total Funds 2013 €	Total Funds 2012 €
European Commission	49,190	-	49,190	38,425
Fairtrade UK	-	40,861	40,861	54,197
Total	49,190	40,861	90,051	92,622

1.3 Grants for work overseas

Irish Aid – Central America	-	-	-	350,000
Irish Aid – East Africa	-	-	-	2,308,000
Total	-	-	-	2,658,000

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 2013 (CONTINUED)**

2. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

2.1 Licence fees

Total licence fees on Fairtrade certified products sold in Ireland amounted to €589,090. IFTN receives licence fees from Irish-based businesses selling Fairtrade certified products (€198,891 in 2013). 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.

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 2013 €	Unrestricted Funds 2013 €	Total Funds 2013 €	Total Funds 2012 €
4.1 Fairtrade labelling				
Support costs	-	222,047	222,047	190,661
Staff costs	-	92,049	92,049	97,914
Total	-	314,096	314,096	288,575
4.2 Public education				
Support costs	25,030	70,037	95,067	86,426
Staff costs	18,772	94,607	113,379	86,585
Total	43,802	164,644	208,446	173,011

IRISH FAIR TRADE NETWORK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

4.3 Overseas programme

	Restricted Funds 2013 €	Unrestricted Funds 2013 €	Total Funds 2013 €	Total Funds 2012 €
Central America				
Fairtrade International (FLO e.V.)	-	-	-	514,500
Solidaridad	-	-	-	514,500
Support costs - consultancy	21,000	-	21,000	500
Total	21,000	-	21,000	1,029,500
East Africa				
Fairtrade International (FLO e.V.)	-	-	-	1,114,000
Solidaridad	-	-	-	814,000
Utz Certified	-	-	-	300,000
Staff costs	-	56,104	56,104	63,834
Support costs - travel, etc.	12,524	45	12,569	3,142
	12,524	56,149	68,673	2,294,976
Total	33,524	56,149	89,673	3,324,476

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 2013 €	Unrestricted Funds 2013 €	Total Funds 2013 €	Total Funds 2012 €
Audit fees	-	2,948	2,948	2,872
Staff costs	-	26,924	26,924	25,884
Support costs	-	7,885	7,885	8,455
Total	-	37,757	37,757	37,211

IRISH FAIR TRADE NETWORK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (CONTINUED)**

6. NET (OUTGOING)/INCOMING RESOURCES FOR THE YEAR	2013	2012
	€	€
This is stated after charging/(crediting):		
Directors' remuneration	-	-
Auditors' remuneration	2,948	2,872
Depreciation	1,246	800
Interest earned	(4,126)	(1,282)
	<u><u> </u></u>	<u><u> </u></u>

7. EMPLOYEES	2013	2012
	No.	No.
The average number of contracted employees throughout the year was:		
	5	5
	<u><u> </u></u>	<u><u> </u></u>
Staff costs:	€	€
Wages and salaries	235,946	224,941
Social welfare costs	25,364	24,181
Other pension costs	27,146	25,095
	<u><u>288,456</u></u>	<u><u>274,217</u></u>

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

	2013	2012
	€	€
Fairtrade labelling	92,049	97,914
Public education	113,379	86,585
Overseas	56,104	63,834
Governance	26,924	25,884
Total	<u><u>288,456</u></u>	<u><u>274,217</u></u>

No employee earned a salary of more than €70,000 (2012: €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 2013 (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 2013	4,000	4,000
Additions	1,107	1,107
Disposals	(1,895)	(1,895)
At 31 December 2013	3,212	3,212
Depreciation:		
At 1 January 2013	2,555	2,555
Charged	1,246	1,246
Disposals	(1,895)	(1,895)
At 31 December 2013	1,906	1,906
Net Book Value:		
At 31 December 2013	1,306	1,306
At 31 December 2012	1,445	1,445
11. DEBTORS: (Amounts falling due within one year)	2013	2012
	€	€
Trade debtors	281,696	276,693
Prepayments and other debtors	951	1,351
	282,647	278,044
12. CREDITORS: (Amounts falling due within one year)	2013	2012
	€	€
Accruals	31,010	5,202
Trade creditors	14,329	5,389
Taxation and social security costs	54,246	59,784
	99,586	70,375
Taxation and Social Welfare costs:		
VAT payable	30,826	44,853
PAYE/PRSI payable	23,420	14,931
	54,246	59,784

IRISH FAIR TRADE NETWORK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (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 €27,146 (2012: €25,095). The amount payable at the year-end was €1,207 (2012: €1,818).

15. CASH FLOW INFORMATION

	2013 €	2012 €
Reconciliation of net incoming resources to net cash inflow from operating activities		
Net incoming/(outgoing) resources	34,884	(619,836)
(Increase)/decrease in debtors	(4,599)	168,077
Increase/(decrease) in creditors	29,211	(33,305)
Depreciation of tangible fixed assets	1,246	800
Interest earned	(4,126)	(1,282)
Net cash (outflow)/inflow from operating activities	56,616	(485,546)

Analysis of changes in cash balances

	At 1 January 2013 €	Cashflows €	At 31 December 2013 €
Cash at bank and in hand	361,292	59,635	420,927

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 2013 (CONTINUED)

17. RESTRICTED AND UNRESTRICTED FUNDS

Unrestricted Funds

	Opening Balance 01/01/2013 €	Incoming Resources 2013 €	Resources Expended 2013 €	Transfers between funds 2013	Closing Balance 31/12/2013 €
Fixed assets	1,445	-	(139)	-	1,306
General reserves	550,336	635,666	(572,507)	(9,507)	603,988
Total	551,781	635,666	(572,646)	(9,507)	605,294

Restricted Funds

Irish Aid – Central America	21,000	-	(21,000)	-	-
Irish Aid – East Africa	12,524	-	(12,524)	-	-
European Commission	(14,895)	49,190	(43,802)	9,507	-
Total	18,629	49,190	(77,336)	9,507	-

Summary of Funds

Unrestricted	551,781	635,666	(572,646)	(9,507)	605,294
Restricted	18,629	49,190	(77,326)	9,507	-
Total	570,410	684,856	(649,972)	-	605,294

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.

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 2013

	2013 €	2012 €
REVENUE		
Irish Aid - Central America	-	350,000
Irish Aid - East Africa	-	2,308,000
	<u>-</u>	<u>2,658,000</u>
Other grants and donations:		
Fairtrade UK	40,861	54,197
European Commission	49,190	38,425
Resources sales	1,589	4,259
	<u>91,640</u>	<u>96,881</u>
Licence fees	589,090	447,274
Other income		
Interest earned	4,126	1,282
Total	<u><u>684,856</u></u>	<u><u>3,203,437</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 2013

	Fairtrade Labelling €	Public Education €	Overseas Programmes €	Governance €	Total 2013 €	Total 2012 €
Expenditure						
Irish Aid - Central America Programme	-	-	16,922	-	16,922	1,029,000
Irish Aid – East Africa Programme	-	-	-	-	-	2,228,000
	<u>-</u>	<u>-</u>	<u>16,922</u>	<u>-</u>	<u>16,922</u>	<u>3,257,000</u>
Administration						
Wages and salaries	73,509	90,214	50,658	21,565	235,946	224,941
Employer's PRSI contributions	7,902	9,698	5,446	2,318	25,364	24,181
Pension costs	10,638	13,467	-	3,041	27,146	25,095
Total staff costs	<u>92,049</u>	<u>113,379</u>	<u>56,104</u>	<u>26,924</u>	<u>288,456</u>	<u>274,217</u>
Support costs						
Media and market research	3,325	22,597	-	-	25,922	9,895
Resources	79	17,957	-	-	18,036	18,009
Workshops and events	662	38,676	-	-	39,338	35,556
Staff and board training	-	690	-	10	700	1,247
Travel and subsistence	6,232	5,172	3,825	217	15,446	18,084
Accountancy and legal fees	-	-	-	1,220	1,220	1,220
Audit fees	-	-	-	2,947	2,947	2,872
Consultancy	-	-	11,898	-	11,898	500
Licensee monitoring fees	17,134	-	-	-	17,134	13,221
Rent, rates, light and heat	3,697	3,697	924	924	9,242	9,241
Communications	1,248	3,817	-	-	5,065	10,280
FLO subscriptions and fees	187,209	-	-	-	187,209	148,432
Office expenses	2,022	2,022	-	450	4,494	19,177
Insurance	-	-	-	3,022	3,022	2,174
Bank charges and fees	-	-	-	798	798	763
Miscellaneous	197	439	-	-2	634	585
Bad Debt	242	-	-	-	242	-
Depreciation	-	-	-	1,247	1,247	800
Total support costs	<u>222,047</u>	<u>95,067</u>	<u>16,647</u>	<u>10,833</u>	<u>344,594</u>	<u>292,056</u>
	<u>314,096</u>	<u>208,446</u>	<u>89,673</u>	<u>37,757</u>	<u>649,972</u>	<u>3,823,273</u>