CAFÉDIRECT PRODUCERS’ FOUNDATION

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

31 DECEMBER 2010

Charity Number 1133218

unw LLP
Chartered Accountants & Statutory Auditor
Citygate
St James’ Boulevard
Newcastle upon Tyne
NE1 4JE
CAFÉDIRECT PRODUCERS' FOUNDATION
MEMBERS OF THE BOARD AND PROFESSIONAL ADVISERS

Registered charity name: Cafédirect Producers' Foundation
Charity number: 1133218
Company registration number: 06959165

Registered office: Unit F Zeeland House
5-25 Scrutton Street
London
EC2A 4HJ

Trustees: Mr A K Ethuru
Mr N H Tiigelerwa
Mr A G Ferreto

Secretary: Mr T D Morgan

Auditor: unw LLP
Chartered Accountants & Statutory Auditor
Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JE

Bankers: Triodos Bank
Brunel House
11 The Promenade
Bristol
BS8 3NN

Solicitors: Bates Wells & Braithwaite LLP
2 - 6 Cannon Street
London
EC4M 6YH
CAFÉDIRECT PRODUCERS’ FOUNDATION

TRUSTEES ANNUAL REPORT

PERIOD FROM 10 JULY 2009 TO 31 DECEMBER 2010

The trustees, who are also directors for the purposes of company law, have pleasure in presenting their report and the financial statements of the charity for the period from 10 July 2009 to 31 December 2010.

REFERENCE AND ADMINISTRATIVE DETAILS
Reference and administrative details are shown in the schedule of members of the board and professional advisers on page 1 of the financial statements.

THE TRUSTEES
The trustees who served the charity during the period were as follows:

Mr A K Ethuru (Appointed 9 June 2010)
Mr N H Tiigelerwa (Appointed 10 July 2009)
Mr A Gomez Ferreto (Appointed 10 July 2009, appointed chairman of the Board in June 2010)
Mr R D A Higalgo (Served from 10 July 2009 to 7 June 2010)

STRUCTURE, GOVERNANCE AND MANAGEMENT
The Cafédirect Producers’ Foundation (CPF) is an international non-governmental, non-political, non-religious organisation. It was established as a private limited company on 10th July 2009 (Company Number: 06959165) and was registered as a charity in December 2009 (Registered charity number: 1133218).

The company was established under a Memorandum of Association (10th July 2009) which established its objectives and powers, and is governed under its Articles of Association (10th July 2009).

Trustees
CPF’s trustees are responsible for setting CPF’s strategy and are responsible in law for the running of CPF. The Charity’s sole Member, Cafédirect Producers Limited (CPL), is responsible for officially appointing CPF Trustees. Prior to appointment by CPL, existing members of the CPF Board of Trustees are responsible for confirming that new trustees have the necessary skills and capacity to contribute to CPF’s governance, and organisational development.

CPF’s Articles of Association allows for a minimum of three trustees to be appointed. As the charity’s sole Member, CPL (as outlined in CPF’s Articles of Association) reviews the appointment of CPF Trustees each year. A minimum of two Trustees will offer to retire by rotation each year. A retiring Trustee may be re-appointed by the Member.

CPF’s trustees are not paid and are not remunerated for their role, apart from expenses associated with their participation in Board meetings.

When new trustees are appointed to CPF, they will be given an induction to CPF and will be provided with the information they need to fulfil their role, including information about their role as a CPF Trustee and on charity law. Two new Trustees were identified for appointment to the Board in 2011.

At present, CPF has no Board sub-committees or specific responsibilities appointed to each trustee, except the CPF Chairperson. Tim Morgan serves as the CPF Company Secretary.
Organisational structure
The CPF Board of Trustees is responsible for approving CPF's annual work plan, budget and long-term strategy development. The day to day management of CPF is delegated to CPF's General Manager, based on a strategy, annual work plan and budget approved by the Trustees. The General Manager reports quarterly to the Trustees on activities undertaken in managing CPF, and provides updated financial reports that explain CPF's financial position. Financial controls are determined by CPF's financial procedures policy, which outlines the level of authority of CPF Trustees and the CPF General Manager over CPF's financial procedures. Conflicts of Interest are managed in accordance with CPF's Articles of Association.

During the period CPF had two full-time staff members these being a General Manager and a Programme Coordinator. On a day-day basis, CPF's General Manager is responsible for managing the day to day operations of CPF, and CPF's longer-term strategic development. CPF’s Programme Coordinator is responsible for managing CPF’s activities with the smallholder producer organisations it works with, especially through the Producer Partnership Programme. In addition, during 2010 CPF contracted a range of support services, including financial management services.

Relationship between CPF and related parties
Related parties include:

Cafédirect Producers Limited (CPL): CPL is the sole Member of CPF. CPL is a limited company (Company Number 4804115) owned by the smallholder producer organisations who hold shares in Cafédirect plc. CPL activities focus on enhancing the role of producer organisations as shareholders in Cafédirect plc, and advancing the role of producers in the governance of Cafédirect plc.

Cafédirect Producers Trust: The Cafédirect Producers Trust was established by a Trustee Deed dated 10th December 2003 to permit producer organisations who sell products to Cafédirect plc to hold shares in Cafédirect plc. CPL is one of the Trustees.

Cafédirect plc: CPF is legally independent from Cafédirect plc. Cafédirect plc and CPF are linked through a Donation Agreement, dated 28th September 2009 and Deed of Amendment dated 24th December 2010, which outlines the terms under which Cafédirect plc makes an annual donation to CPF to support the Producer Partnership Programme, and to strengthen CPF's operational capacity.

Organisational structure
The CPF Board of Trustees is responsible for approving CPF's annual work plan, budget and long-term strategy development. The day-to-day management of CPF is delegated to CPF's General Manager, based on a strategy, annual work plan and budget approved by the Trustees. The General Manager reports quarterly to the Trustees on activities undertaken in managing CPF, and provides updated financial reports that explain CPF's financial position. Financial controls are determined by CPF's financial procedures policy, which outlines the level of authority of CPF Trustees and the CPF General Manager over CPF's financial procedures. Conflicts of Interest are managed in accordance with CPF's Articles of Association.

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Risk management
CPF manages a risk register, which identifies major risks and ranks them in terms of their potential impact and likelihood. CPF Trustees review these major risks and their rankings on an ongoing basis, and satisfy themselves that adequate systems and procedures are in place to manage the risks identified. Where appropriate, risks are covered by insurance.

Major risks, from a CPF perspective, are those that may have a significant effect on CPF’s:
- Operational performance;
- Financial sustainability, including stability and security of income;
- Achievement of aims and objectives;
- Meeting the expectations of beneficiaries, partners and/or donors.

Key risk management procedures developed by CPF in its first period of operation include:
- The development of a risk register, detailing and ranking major organisational risks;
- Regular tracking and reviewing of major risks identified;
- Clearly articulating organisational policies and processes for delegating authority and control, including financial controls and approval processes;
- Income targets for fundraising activities; and
- Establishing a reserve of unrestricted funds by the end of 2010.

OBJECTIVES AND ACTIVITIES
Introduction
CPF is a UK-registered charity that works with smallholder tea, coffee and cocoa farmer organisations in East Africa, Latin America and Asia. CPF focuses on strengthening smallholder farmers’ access to the training, education and information services they need to improve their farming practices and livelihoods.

Aims and Objectives
When reviewing CPF’s aims and objectives, and in planning future activities, reference has been made to guidance contained in the Charity Commission’s general guidance on public benefit. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set.

CPF’s objects, as outlined in its Articles of Association are to:
- prevent and relieve poverty particularly in disadvantaged communities in developing countries;
- advance or assist in advancing education; and
- promote sustainable development by:
  - the preservation, conservation and the protection of the environment and the prudent use of natural resources;
  - the promotion of sustainable means of achieving economic growth and regeneration.

The principal aim of CPF is to work with smallholder producer organisations internationally to develop capacity building programmes that provide education, information and training for smallholder farmers living in disadvantaged communities in Latin America, Africa and Asia, in order to enable them to enhance their food and economic security, reduce rural poverty, and thus enhance livelihood sustainability. CPF is also supporting smallholder producers to address the long-term challenges of climate change and environmental sustainability, through initiatives to analyse climate change risks, development climate adaptation and diversification strategies, and enhance the use of sustainable energy sources.

CPF’s mission is to empower and facilitate smallholder producer organisations to take leadership and build their capacity to support smallholder producers to improve their farming practices and their businesses.
CPF’s objectives include:
- Strengthen and enable producer organisations to take leadership in the management of Producer Partnership Programme activities, as well as in the governance of CPF;
- Promote and facilitate communication and learning opportunities between producer organisations, as well as between producer organisations and other stakeholders in the value chain;
- Strengthen and ensure CPF’s operational capacity and financial sustainability.

During the period, the following programmes were undertaken to support the delivery of CPF’s mission and objectives, and for the public benefit:
- The Producer Partnership Programme;
- Strengthening the capacity of smallholder producers to adapt to climate change; and
- Facilitating internet education opportunities for smallholder farmers, and more broadly, enhancing opportunities for communication and information sharing between smallholder producers.

In order to enhance the public benefits realised, CPF seeks to:

- Engage and work with a broad range of individuals and community groups within farming communities in which activities are undertaken, for example by investing in ‘training the trainer’ activities to train smallholder farmers as trainers, who will then share and replicate their knowledge with a broad range of smallholder farmers within their community and neighbouring communities;

- Ensuring that information and educational materials produced through CPF’s activities are widely distributed through existing networks of smallholder producers, as well as CPF’s development partners who work at the national and international levels;

- Developing programmes that will engage and support a broad range of producer and community-based organisations, beyond those producer organisations who supply to Cafédirect plc.

How we work
Throughout 2010, CPF has worked with 38 smallholder producer organisations across 13 countries in Latin America, Africa and Asia. CPF delivers its programmes in three ways:
- Through the disbursement of funds to smallholder organisations who work with CPF to determine priorities for utilising these funds and take the lead on implementing associated activities.
- By CPF staff undertaking activities directly, for programme areas where CPF has in-house expertise and/or providing support for programme-based operations, logistics etc.
- Work carried out by local and/or international partner organisations, in situations where CPF and/or producer organisations who do not have in-house capacity and/or infrastructure to undertake the activities directly.

CPF seeks to work closely with smallholder producer organisations to monitor the impact of its work. For example, for CPF’s 2010 Producer Partnership Programme (see details below), CPF worked with each of the smallholder producer organisations it works with at the beginning of the period to identify indicators of success, against which programme activities would be assessed at the end of 2010. Each producer organisation then provided mid and year end reports against identified indicators. Over the longer term, CPF will complement this participatory approach to indicator identification and assessment with the commissioning of independent evaluations to assess the impact of programme activities against social, economic, and environmental indicators and established programme baselines.

Voluntary help and gifts in kind
During the period, CPF was grateful for the support of four volunteers, who provided part-time support to CPF over 2 month intern placements.
ACHIEVEMENTS AND PERFORMANCE

Producer Partnership Programme (PPP)
The PPP used donations to strengthen the capacity of 35 of the 38 smallholder producer organisations that CPF works with across Africa, Latin America and Asia. Each year, funds are disbursed to each organisation, to invest in activities that they consider a priority. These activities range from strengthening their agricultural practices to accessing new markets for their products.

Each producer organisation was then supported through the process of developing their own small project proposal based on their previously identified organisational development priorities and allocated budget. Action Plans were received from each of the 35 producers, and funding, project implementation and follow-up reporting and analysis continued throughout the period.

The financing of individual action plans was complemented by the financing of a 'cross-cutting' programme which engaged a number of producer groups in capacity development activities for their organisations. These included trainings on compliance with Fairtrade standards and price risk management. Imani Development and Twin were contracted to undertake these activities.

The 2010 PPP programme had a total budget of £242,250, of which £193,050 was allocated to 35 producer organisations individually and £49,200 was allocated to Twin and Imani for the 'cross-cutting programme'.

Each producer organisation, as part of the PPP Action Plan they submitted, developed their own indicators of success, and then reported on their own projects. The following is an example of indicators identified and reported on by the coffee cooperative KNCU in Tanzania:

Indicators:
- To undertake a branding workshop - 12 people will participate;
- To develop a small scale producer roast & ground brand; and
- To develop a small scale producer café.

Reporting on indicators:
- 12 people successfully participated in a workshop. Branding skills, knowledge and experience were transferred and shared with all 12 participants including 1 official from the Tanzanian coffee board;
- KNCU roast & ground coffee brand was developed;
- KNCU brand name & logo (Union Coffee) was developed; and
- KNCU café brand name and logo (Union Café) was developed.
CAFÉDIRECT PRODUCERS’ FOUNDATION
TRUSTEES ANNUAL REPORT (continued)
PERIOD FROM 10 JULY 2009 TO 31 DECEMBER 2010

Strengthening the capacity of smallholder producers to adapt to climate change
Following the approval of a £143,420 grant from Comic Relief in July 2010, CPF initiated planning activities for its programme of work supporting smallholder producers adapt to climate change. This two year programme focuses on enabling 6 smallholder tea farming communities, 2 in Kenya and 4 in Uganda, to develop and implement strategies that support their smallholder tea producers address and adapt to changing climatic conditions.

The programme directly responds to the growing challenges faced by smallholder tea producers in East Africa, as changing climate patterns and increasing temperatures become a growing threat to their livelihoods. These smallholder communities are highly dependent upon tea production as their main source of income and livelihood, and are thus extremely vulnerable to declines in tea production caused by climatic changes.

Activities undertaken during 2010 primarily focussed on programme planning, including with the 6 producer organisations who were partnering with CPF in this initiative. This planning process included a workshop, hosted at a training centre owned by two of the participating Ugandan producer organisations in September 2010, attended by representatives of each producer organisation. The workshop was followed-up with the initiation of a baseline assessment and indicator development process during November 2010, including work with local producer representatives to identify indicators that can be used to assess and evaluate the social, economic and environmental impacts realised by the project.

Facilitating Internet Education Opportunities for smallholder farmers, and enhancing opportunities for communication and information sharing between smallholder producers
Activities focus on supporting CPF’s network of smallholder producers to connect with, and share information with each other. An interactive, internet-based information management and networking platform will be created. The platform will be designed, owned and managed primarily by representatives of smallholder farming communities.

Four smallholder communities will be selected to run pilot project activities. Participating communities will be supported to develop and manage their information content within the platform and upload information about their work. Local leaders within the community will be identified and trained as trainers, to teach others within the community about the internet and strengthen their capacity to use internet resources for learning, networking and knowledge sharing.

Two pilot project groups in Africa and two in Latin America have provisionally been selected to participate in the project. A project mapping exercise was carried out between August and December 2010. The mapping exercise has identified organisations (at local, national and international levels) working on grassroots IT projects, the web content currently available to smallholder farmers, and training materials currently being used to promote internet use in small communities.

Initial research was done to identify potential UK web design partners, and a campaign to attract pitches, including the launching of a small website, was undertaken in the last quarter of 2010. Nominet Trust provided funding of £83,160, over two years to support the project.

We are currently in the process of defining baselines with our pilot project groups, and our wider network of producer organisations. To date representatives from more than 30 producer groups have been engaged in person during update conferences, and introductory information has been collected from each of them.
2010 Fundraising Activities
During 2010, CPF’s fundraising activities principally consisted of applications to national and international donors for grants to support programme and organisational development. CPF was awarded two multi-year grants in 2010, £143,420 from Comic Relief over 2 years to support smallholder-led adaptation to climate change and £85,160 from the Nominet Trust over 2 years to strengthen internet education opportunities for smallholder farming communities.

Investment performance against objectives
Beyond interest received on its current account, CPF did not make, nor benefit from any investments in 2010. CPF does not currently have any investments.

Grant making policies
CPF does not openly invite applications for grants and therefore does not have a grant making policy.

Policies for making social or programme related investments
CPF does not make social or programme related investments and therefore does not have a policy on this.

External factors affecting achievement
CPF works principally with smallholder producer organisations located in developing countries. Working with smaller, more vulnerable producers organisations can affect capacity to deliver on partnership agreements according to defined timelines, targets etc. Furthermore, many areas where producers are located are vulnerable to natural disasters and severe livelihood shocks. In 2010, such impacts were felt particularly by producer organisations in Haiti, Peru and Uganda.

The economic downturn in 2010 also raised the risk of reduced financing/ fundraising opportunities for CPF in the longer-term, despite not directly impacting 2010 achievements.

Organisations we work with
CPF currently works with 38 smallholder-owned producer organisations it works with across Latin America, Africa and Asia. These organisations range from Fairtrade-certified smallholder-owned tea factories, to smallholder cocoa and coffee cooperatives. In addition, CPF works closely with a number of development organisations working at the international, regional and national level, particularly to support programme implementation. These include Fairtrade Africa, the German Technical Institute (Deutsche Gesellschaft für Internationale Zusammenarbeit - GIZ), the Imani Development Foundation, Twin, Nature Harness Initiatives (Uganda), and the Ethical Tea Partnership. As CPF further develops its programme activities, particularly climate change adaptation activities funded by Comic Relief, and internet education activities funded by the Nominet Trust, CPF is seeking to engage a broad range of partner institutions operating at local and national levels.
CAFE DIRECT PRODUCERS’ FOUNDATION

TRUSTEES ANNUAL REPORT (continued)

PERIOD FROM 10 JULY 2009 TO 31 DECEMBER 2010

FINANCIAL REVIEW
Principal funding sources and how expenditure has supported key objectives
We are grateful to all those who have supported our work in the period to 31 December 2010, both individuals and grant making bodies.

During 2010, CPF’s principal funding sources include grants and donations from private foundations, public limited companies (CafeDirect plc) and individual donations.

As shown in CPF’s Financial Statements, funds raised during the period (beyond CPF’s donation of £371,242 from CafeDirect plc) totalled £172,661. ~10% of this income has been used during the period, with the remaining programmed for use in 2011 and 2012.

CPF has no subsidiaries and therefore does not benefit from any associated income generation opportunities.

Investment policy and objectives
CPF does not currently have any investments and/or funds to invest, and therefore does not have an investment policy at this time.

Current Position on Reserve Funds
During the period CPF had three main objectives for establishing a reserve fund:-

- To ensure that CPF has enough resources to cover additional, unbudgeted expenses (for example, the need to hire temporary staff to cover long-term sick leave and/or maternity cover);
- To cover the risk of occasional unforeseen expenditures;
- To fund short-term deficits in cash, in the event that CPF experiences unanticipated delays in receiving committed funds.

At the end of 2010, CPF set aside a reserve of £16,895 unrestricted funds (excluding the value of equipment and other capital assets). This represents approximately 3 months of unrestricted CPF expenditure, including on operational costs, CPF management and support time.

Trustees are currently in the process of formulating a longer-term reserves policy for CPF, following the establishment of an initial reserve fund in CPF’s first period of operation.

PLANS FOR FUTURE PERIODS
In line with CPF’s organisational objectives, CPF’s plans during 2011 and beyond include:

The development of programme activities for which funds have already been secured for 2011 and 2012, including the Producer Partnership Programme; Adaptation to Climate Change for smallholder tea producers; and supporting producer led communications and information sharing, including strengthening internet education for smallholder producers and their communities.

During 2011, CPF will be investing in activities to strengthen CPF’s governance processes, and in the longer term, establish a participatory governance and operational structure that enables CPF to more directly engage with smallholder producer organisations and effectively respond to their needs. This will be complemented by activities to strengthen the capacity of smallholder producer organisations to play leadership roles in CPF activities and governance. These organisational development activities will be financed through a two-year organisational development grant from Comic Relief, awarded in January 2011.

CPF will also continue with additional fundraising activities, to support the expansion of its programme activities, strengthen operational development, diversify its range of funding sources and enhance its levels of unrestricted funds.
RESPONSIBILITIES OF THE TRUSTEES
The trustees (who are also the directors of Cafédirect Producers’ Foundation for the purposes of company law) are responsible for preparing the Trustees Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. The trustees are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company’s auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

SMALL COMPANY PROVISIONS
This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Registered office:  Signed by order of the trustees
Unit F Zetland House  MR T D MORGAN
5-25 Scrutton Street  Company Secretary
London
EC2A 4HJ

6 April 2011
CAFÉDIRECT PRODUCERS’ FOUNDATION

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF CAFÉDIRECT PRODUCERS’ FOUNDATION

PERIOD FROM 10 JULY 2009 TO 31 DECEMBER 2010

We have audited the financial statements of Cafédirect Producers’ Foundation for the period from 10 July 2009 to 31 December 2010 on pages 13 to 19, which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), and on the basis of the accounting policies set out on page 15.

This report is made solely to the company’s members, as a body, in accordance with chapter 3 of section 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

The responsibilities of the trustees (who also act as directors of Cafédirect Producers’ Foundation for the purposes of company law) for preparing the Trustees Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Responsibilities of the Trustees on page 10.

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

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006. We also report to you whether in our opinion the information given in the Trustees Annual Report is consistent with those financial statements.

In addition we report to you if, in our opinion, the charity has not kept adequate accounting records, if the charity’s financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees’ remuneration specified by law are not made.

We read the Trustees Annual Report and consider the implications for our report if we become aware of any apparent misstatements 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 trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity’s circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.
CAFÉDIRECT PRODUCERS’ FOUNDATION

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF CAFÉDIRECT PRODUCERS’ FOUNDATION (continued)

PERIOD FROM 10 JULY 2009 TO 31 DECEMBER 2010

OPINION
In our opinion:

- the financial statements give a true and fair view of the state of the charity’s affairs as at 31 December 2010 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the Companies Act 2006; and
- the information given in the Trustees Annual Report is consistent with the financial statements.

Michael Morris ACA FCCA (Senior Statutory Auditor)
For and on behalf of
unw LLP
Chartered Accountants
& Statutory Auditor

Citygate
St James’ Boulevard
Newcastle upon Tyne
NE1 4JE

6 April 2011
CAFÉDIRECT PRODUCERS’ FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT)

PERIOD FROM 10 JULY 2009 TO 31 DECEMBER 2010

<table>
<thead>
<tr>
<th>Note</th>
<th>Restricted Funds £</th>
<th>Unrestricted Funds £</th>
<th>Total Funds Period from 10 Jul 09 to 31 Dec 10 £</th>
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<tr>
<td>INCOMING RESOURCES</td>
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<td>Incoming resources from generating funds:</td>
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<td>Voluntary income</td>
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<td>352,619</td>
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<td>Incoming resources from charitable activities</td>
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<td>RESOURCES EXPENDED</td>
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<td>Charitable activities</td>
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<td>Total funds brought forward</td>
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<td>TOTAL FUNDS CARRIED FORWARD</td>
<td>276,895</td>
<td>540,343</td>
<td>817,238</td>
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</table>

The Statement of Financial Activities includes all gains and losses in the period and therefore a statement of total recognised gains and losses has not been prepared.

All of the above amounts relate to continuing activities.

The notes on pages 15 to 19 form part of these financial statements.
CAFÉDIRECT PRODUCERS’ FOUNDATION

BALANCE SHEET

31 DECEMBER 2010

<table>
<thead>
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<th>Note</th>
<th>31 Dec 10 £</th>
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<tr>
<td></td>
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<tr>
<td><strong>CURRENT ASSETS</strong></td>
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<td>Debtors</td>
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<td>Cash at bank</td>
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<td><strong>CREDITORS: Amounts falling due within one year</strong></td>
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<td><strong>NET CURRENT ASSETS</strong></td>
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<td><strong>TOTAL ASSETS LESS CURRENT LIABILITIES</strong></td>
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</tr>
<tr>
<td>Restricted income funds</td>
<td>12</td>
</tr>
<tr>
<td><strong>TOTAL FUNDS</strong></td>
<td></td>
</tr>
</tbody>
</table>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

These financial statements were approved by the members of the committee on the 6 April 2011 and are signed on their behalf by:

[Signature]

MR A K ETHURU
Director

Company Registration Number: 06950165

The notes on pages 15 to 18 form part of these financial statements.
1. ACCOUNTING POLICIES
   Basis of accounting
   The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards, the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 (SORP 2005) and the Companies Act 2006, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

   Incoming resources
   Incoming resources are recognised when the charity becomes entitled to the resources. Where incoming resources have related expenditure the incoming resources and related expenditure are reported gross in the sofa.

   Unrestricted funds
   General unrestricted funds represent funds which are expendable at the discretion of the trustees in the furtherance of the objectives of the charity. Such funds may be held in order to finance both working capital and capital investment.

   Restricted funds
   Restricted funds represent grants, donations, and assets which are allocated by the donor for specific purposes.

   Resources expended
   Liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to pay out resources.

   Support costs are allocated to charitable activities based on attributable staff time.

   Fixed assets
   All fixed assets are initially recorded at cost.

   Pension costs
   The charity operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the charity. The annual contributions payable are charged to the statement of financial activities.

2. VOLUNTARY INCOME

<table>
<thead>
<tr>
<th>Unrestricted Funds</th>
<th>Total Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Donations</td>
<td></td>
</tr>
<tr>
<td>Cafédirect plc</td>
<td>351,966</td>
</tr>
<tr>
<td>Other</td>
<td>653</td>
</tr>
<tr>
<td></td>
<td>352,619</td>
</tr>
</tbody>
</table>

3. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

<table>
<thead>
<tr>
<th>Restricted Funds</th>
<th>Total Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Cafédirect plc</td>
<td>619,276</td>
</tr>
<tr>
<td>Comic Relief Climate Change</td>
<td>86,848</td>
</tr>
<tr>
<td>Nominet Trust</td>
<td>85,160</td>
</tr>
<tr>
<td></td>
<td>791,284</td>
</tr>
</tbody>
</table>
4. **COSTS OF CHARITABLE ACTIVITIES BY FUND TYPE**

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted Funds</th>
<th>Restricted Funds</th>
<th>Total Funds 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Producer Partnership Programme</td>
<td>-</td>
<td>224,945</td>
<td>224,945</td>
</tr>
<tr>
<td>Climate Change</td>
<td>-</td>
<td>16,913</td>
<td>16,913</td>
</tr>
<tr>
<td>Producer Communications Strategy</td>
<td>-</td>
<td>9,083</td>
<td>9,083</td>
</tr>
<tr>
<td>Support costs</td>
<td>73,724</td>
<td>-</td>
<td>73,724</td>
</tr>
<tr>
<td></td>
<td>73,724</td>
<td>250,941</td>
<td>324,665</td>
</tr>
</tbody>
</table>

5. **COSTS OF CHARITABLE ACTIVITIES BY ACTIVITY TYPE**

<table>
<thead>
<tr>
<th>Charitable activities</th>
<th>Support costs</th>
<th>Total Funds 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Producer Partnership Programme</td>
<td>224,945</td>
<td>56,561</td>
</tr>
<tr>
<td>Climate Change</td>
<td>16,913</td>
<td>14,222</td>
</tr>
<tr>
<td>Producer Communications Strategy</td>
<td>9,083</td>
<td>2,941</td>
</tr>
<tr>
<td></td>
<td>250,941</td>
<td>73,724</td>
</tr>
</tbody>
</table>

6. **GOVERNANCE COSTS**

Include costs of the preparation and examination of statutory accounts.

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted Funds</th>
<th>Total Funds 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Audit fees</td>
<td>2,000</td>
<td>2,000</td>
</tr>
</tbody>
</table>

7. **NET INCOMING RESOURCES FOR THE PERIOD**

This is stated after charging:

Period from 10 Jul 09 to 31 Dec 10

<table>
<thead>
<tr>
<th></th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff pension contributions</td>
<td>5,231</td>
</tr>
<tr>
<td>Auditor’s fees</td>
<td>2,000</td>
</tr>
</tbody>
</table>

8. **STAFF COSTS AND EMOLUMENTS**

Total staff costs were as follows:

Period from 10 Jul 09 to 31 Dec 10

<table>
<thead>
<tr>
<th></th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and salaries</td>
<td>62,141</td>
</tr>
<tr>
<td>Social security costs</td>
<td>6,424</td>
</tr>
<tr>
<td>Other pension costs</td>
<td>5,231</td>
</tr>
<tr>
<td></td>
<td>73,796</td>
</tr>
</tbody>
</table>
8. STAFF COSTS AND EMOLUMENTS (continued)
Particulars of employees:
The average number of employees during the period, calculated on the basis of full-time equivalents, was as follows:

<table>
<thead>
<tr>
<th>Period from 10 Jul 09 to 31 Dec 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
</tr>
<tr>
<td>2</td>
</tr>
</tbody>
</table>

Number of administrative staff

No trustees received remuneration or reimbursed expenses during the period.
No employee received remuneration of more than £60,000 during the period (2009 - Nil).

9. DEBTORS

<table>
<thead>
<tr>
<th>31 Dec 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
</tr>
<tr>
<td>600,000</td>
</tr>
</tbody>
</table>

Accrued income

The accrued income balance of £600,000 includes £300,000 which is due in more than one year.

This amount reflects a commitment made during 2010 by Cafédirect plc to donate £600,000 to the company. This amount will be paid by Cafédirect plc between 1 January 2011 and 31 December 2013.

10. CREDITORS: Amounts falling due within one year

<table>
<thead>
<tr>
<th>31 Dec 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
</tr>
<tr>
<td>4,674</td>
</tr>
</tbody>
</table>

Trade creditors

<table>
<thead>
<tr>
<th>31 Dec 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
</tr>
<tr>
<td>4,030</td>
</tr>
</tbody>
</table>

Other creditors

<table>
<thead>
<tr>
<th>31 Dec 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
</tr>
<tr>
<td>8,704</td>
</tr>
</tbody>
</table>

11. RESTRICTED INCOME FUNDS

<table>
<thead>
<tr>
<th></th>
<th>Incoming resources</th>
<th>Outgoing resources</th>
<th>Balance at 31 Dec 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>2010 Producer Partnership Programme</td>
<td>272,243</td>
<td>(224,945)</td>
<td>47,298</td>
</tr>
<tr>
<td>2011-2013 Producer Partnership Programme</td>
<td>340,000</td>
<td>—</td>
<td>340,000</td>
</tr>
<tr>
<td>Climate Change</td>
<td>93,881</td>
<td>(16,913)</td>
<td>76,968</td>
</tr>
<tr>
<td>Producer Communications Strategy</td>
<td>85,160</td>
<td>(9,083)</td>
<td>76,077</td>
</tr>
<tr>
<td></td>
<td>791,284</td>
<td>(250,941)</td>
<td>540,343</td>
</tr>
</tbody>
</table>
11. RESTRICTED INCOME FUNDS (continued)

2010 Producer Partnership Programme (PPP)
The PPP programme invests in strengthening the capacity of smallholder producer organisations across Africa, Latin America and Asia. Funds are disbursed to each organisation to invest in activities that they consider a priority. These activities range from strengthening their agricultural practices to accessing new markets for their products.

The 2010 Producer Partnership Programme funds of £272,243 were received by the company from Cafédirect plc during 2010.

2011-2013 Producer Partnership Programme
The 2011-2013 Producer Partnership Programme funds of £340,000 will be received by the company from Cafédirect plc between 1 January 2011 and 31 December 2013 and are part of the £600,000 debtor set out in note 9. This fund relates to monies from Cafédirect plc which must be spent on the above restricted projects. The allocation of the funds is at the discretion of the trustees, and therefore is included in a separate restricted fund until the decision is taken on fund allocation.

Climate Change
This fund strengthens the capacity of smallholder producers to adapt to climate change. This two year programme focuses on enabling smallholder tea farming communities, in Kenya and Uganda, to develop and implement strategies that support their smallholder tea producers address and adapt to changing climatic conditions.

Producer Communications Strategy
This fund facilitates Internet Education Opportunities for smallholder farmers, and enhances opportunities for communication and information sharing between smallholder producers. An interactive, internet based information management and networking platform will be created. The platform will be designed, owned and managed primarily by representatives of smallholder farming communities.

12. UNRESTRICTED INCOME FUNDS

<table>
<thead>
<tr>
<th></th>
<th>Incoming resources</th>
<th>Outgoing resources</th>
<th>Balance at 31 Dec 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Funds</td>
<td>£352,619</td>
<td>(£75,724)</td>
<td>£276,895</td>
</tr>
</tbody>
</table>

£92,619 of the £352,619 total incoming resources was received by the company during 2010. The remaining £260,000 will be received by the company from Cafédirect plc between 1 January 2011 and 31 December 2013 and forms part of the £600,000 debtor set out in note 9.

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS

<table>
<thead>
<tr>
<th></th>
<th>Net current assets</th>
<th>Total £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted Income Funds:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010 Producer Partnership Programme</td>
<td>47,298</td>
<td>47,298</td>
</tr>
<tr>
<td>2011-2013 Producer Partnership Programme</td>
<td>340,000</td>
<td>340,000</td>
</tr>
<tr>
<td>Climate Change</td>
<td>76,967</td>
<td>76,967</td>
</tr>
<tr>
<td>Producer Communications Strategy</td>
<td>76,078</td>
<td>76,078</td>
</tr>
<tr>
<td>Total</td>
<td>540,343</td>
<td>540,343</td>
</tr>
<tr>
<td>Unrestricted Income Funds</td>
<td>276,895</td>
<td>276,895</td>
</tr>
<tr>
<td>Total Funds</td>
<td>817,238</td>
<td>817,238</td>
</tr>
</tbody>
</table>
14. COMPANY LIMITED BY GUARANTEE
The company is limited by guarantee and has no share capital. In the event of a winding up every member undertakes to contribute such amount as may be required not exceeding the total of £1. There was 1 member at 31 December 2010, Cafédirect Producers Limited.