CAFÉDIRECT PRODUCERS' FOUNDATION
COMPANY LIMITED BY GUARANTEE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2012

Charity Number 1133218

UNW LLP
Chartered Accountants & Statutory Auditor
Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JE
CAFÉDIRECT PRODUCERS' FOUNDATION
COMPANY LIMITED BY GUARANTEE

MEMBERS OF THE BOARD AND PROFESSIONAL ADVISERS

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

Registered office  Unit F Zetland House
                  5-25 Scruton Street
                  London
                  EC2A 4HJ

Trustees  Mr A K Ethuru
          Mr A G Ferreto
          Mr N Wambette
          Ms C Dejean (nee Rust)
          Ms S Prime

Secretary  Mr T D Morgan

Auditor  UNW LLP
        Chartered Accountants
        & Statutory Auditor
        Citygate
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CAFÉDIRECT PRODUCERS' FOUNDATION
COMPANY LIMITED BY GUARANTEE

TRUSTEES ANNUAL REPORT

YEAR ENDED 31 DECEMBER 2012

The trustees, who are also directors for the purposes of company law, present their report and the financial statements of the charity for the year ended 31 December 2012.

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
Mr A G Ferreto
Mr N Wambette
Ms C Dajean (nee Rust)
Ms A Prag (resigned March 2012)

Ms S Prime was appointed as a trustee on 9 January 2013.

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 fulfill their role, including information about their role as a CPF Trustee and on charity law. One new Trustee was recommended for appointment to the CPF Board in 2012 (and was appointed in January 2013), and one Trustee stepped down (Ms A. Prag, who resigned in March 2012)

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.

During 2012, CPF Trustees met five times. Face to face Board meetings were held in February, June, October and November 2012, and a Board teleconference in April 2012.
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 at least quarterly to the Trustees on activities undertaken in managing CPF, and provides updated financial reports that explain CPF’s financial position. In 2012, five Board meetings were held and update reports provided.

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 and CPF’s Conflict of Interest Policy. A Register of Trustee’s Interests has been established, and is updated annually.

During the year CPF maintained three full-time staff members: a General Manager, a Producer Programme Manager and a full-time Fundraising Coordinator (promoted from the role of full-time Fundraising and Programme Assistant in June 2012). On a day-to-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 Producer Programme Manager is responsible for managing CPF’s activities with the smallholder producer organisations that CPF works with, especially through the Producer Partnership Programme. CPF’s Fundraising Coordinator is assigned specific responsibilities to coordinate CPF’s fundraising activities.

In addition, during 2012 CPF contracted a range of support services, including financial management services and support for the coordination of programme activities with smallholder producer organisations in Africa. This remained consistent with services contracted by the Cafédirect Producers’ Foundation to support programme delivery during 2011.

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. In addition, from June 2012, a Service Agreement between Cafédirect plc and CPF was established to support the delivery of activities to improve the livelihoods of coffee smallholder producers in the Dominican Republic and Haiti.
CAFÉDIRECT PRODUCERS' FOUNDATION
COMPANY LIMITED BY GUARANTEE

TRUSTEES ANNUAL REPORT (continued)

YEAR ENDED 31 DECEMBER 2012

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 twice a year, 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 to-date 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 at the end of 2010.

OBJECTIVES AND ACTIVITIES

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 is a UK-registered charity that works with smallholder tea, coffee and cocoa farmer organisations in Africa, Latin America and Asia, that was established in 2009. 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.

During 2012, the CPF Board undertook a review of CPF's mission and strategic objective, as the foundation for developing CPF's 2013-15 Strategic Plan. On the basis of this review, the following vision, mission and strategic objectives were agreed:

CPF's vision is of thriving smallholder communities, where each smallholder can realise their own vision.

CPF's mission is to work with smallholders in Latin America, Africa and Asia to develop innovative solutions to the challenges they face (within the context of their farming and business practices).

CPF's Strategic Objectives are to:
1. Pioneer innovative, effective programmes that strengthen producers' capacity and resilience.

2. Ensure CPF is truly producer-led in governance and in its overall model.

3. Mobilise diverse resources to achieve sustainability for producer partners and for CPF.
CAFÉDIRECT PRODUCERS' FOUNDATION
COMPANY LIMITED BY GUARANTEE

TRUSTEES ANNUAL REPORT (continued)

YEAR ENDED 31 DECEMBER 2012

During the year, the following programmes were undertaken to support the delivery of CPF’s mission and objectives, and for the public benefit:

- The Producer Partnership Programme (PPP).
- Strengthening the capacity of smallholder producers to adapt to climate change.
- Developing an international communications platform, known as WeFarm, to enhance opportunities for communication and knowledge sharing between smallholder producers internationally.
- Establishing a programme to support the improvement of the livelihoods of smallholder coffee producers in the Dominican Republic and Haiti, with a focus on improving the quality and quantity of the coffee they produce.
- Training for smallholders in governance and leadership development, and engaging smallholder producer representatives in the development of CPF’s 2013-15 Strategic Plan, and associated participatory governance model.

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;
- Ensure 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. For example, the WeFarm communication platform is being developed with the aim of ultimately enabling it to be accessible to any smallholder across the world who wishes to use it.

How we work
Throughout 2012, CPF has worked with 37 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 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. In each of its programme areas, the following process is undertaken:

- At programme onset, work with each of the smallholder producer organisations participating in project activities to undertake baseline assessments of existing conditions, and identify indicators of success against which programme activities will be assessed on completion.
- Development of output and outcome indicators.
- Monitoring and evaluation against indicators on programme completion. Participatory evaluation methods, engaging representatives of participating smallholder producer organisations, are complemented by the commissioning of an independent evaluation to assess progress and impact of programme activities against social, economic, and environmental indicators and established programme baselines. For example, during 2012, an internal and external evaluation was undertaken on the climate change programme grant supported...
CAFÉDIRECT PRODUCERS’ FOUNDATION COMPANY LIMITED BY GUARANTEE

TRUSTEES ANNUAL REPORT (continued)

YEAR ENDED 31 DECEMBER 2012

by Comic Relief, following the completion on the grant at the end of December 2012.

Voluntary help and gifts in kind
During 2012, CPF was grateful for the support of four volunteers who provided part-time support to CPF. Placements ranged from 2 months to 10 months, and supported the delivery of a broad range of CPF activities, including producer programmes, communications and fundraising.

ACHIEVEMENTS AND PERFORMANCE

Producer Partnership Programme (PPP)
During 2012, the PPP used donations to strengthen the capacity of 31 of the 37 smallholder producer organisations that CPF works with across Africa, Latin America and Asia. Continuing the operational model for the PPP delivered by CPF during 2010 and 2011, funds were disbursed to each of the 31 organisations to invest in activities that they consider a priority. These activities range from strengthening their agricultural and/or environmental management practices to accessing new markets for their products.

Each producer organisation was then supported through the process of developing a small project proposal based on their previously identified organisational development priorities and allocated budget. Action Plans were received from each of the 31 producer organisations participating in the 2012 programme. This was then followed by the disbursement of funds, project implementation and follow-up reporting and analysis with the 31 producer organisations throughout the period.

Each producer organisation, as part of the 2012 PPP Action Plan they submitted, developed their own indicators of success in terms of project outputs, and the number of smallholder farmers they anticipated to engage in project activities. These indicators were then reported on at the end of their project. Based on individual reports submitted, aggregated data indicates that so far, the 2012 Producer Partnership Programme has reached approximately 15,400 smallholder farmers across 11 countries in in Africa and Latin America, of which approximately 20% of beneficiaries were women.

During 2012, the PPP programme budget, funded by Cafédirect plc included £105,093 allocated as donations to strengthen the capacity of individual producer organisations. In addition, producer organisations participating in the 2012 PPP reported that an additional £63,094 has been contributed in co-financing from their own organisational resources to support the delivery of PPP activities at their organisations.

Strengthening the capacity of smallholder producers to adapt to climate change
Programme activities to support smallholders tackle climate change undertaken during 2012 represented the final year of activities funded by the £143,420 grant from Comic Relief, approved in July 2010.

This 2.5 year programme focussed 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 through 2011 had positioned each of the 6 participating smallholder tea organisations to develop their own climate change adaptation strategy, based on the application of a 'Train the Trainers' methodology to support two extension staff from each organisation to develop the skills required to support smallholder farmers, and their tea organisations, to analyse the risks they are currently facing with respect to changing climatic conditions, and identify short- and long-term interventions to support them to adapt to and mitigate the effects of climate change. By the end of 2011, all 6 of the participating smallholder tea organisations had finalised their climate change adaptation strategies, and were strongly positioned to commence strategy implementation in early 2012.
Building on this work, the following activities were undertaken during 2012:

- Each of the 6 organisations received feedback and consultancy advice on their draft strategy, from climate change adaptation experts in order to finalise their strategies.

- In April 2012, a regional workshop was convened in Entebbe, which enabled representatives from each of the 6 local organisations to present their climate change adaptation strategies - to each other, and a broader range of local and national stakeholders from Kenya and Uganda, including representatives of NGOs, local government, and international development agencies. These stakeholders included representatives of the International Fairtrade Labelling Organisation (FLO), German Technical Corporation (GIZ), and Farm Africa.

- Seed funds were disbursed to each of the 6 organisations to invest in supporting the initiation of activities outlined in their climate change strategy, depending on which activities they considered highest priority. Activities supported by this seed funding included the establishment of indigenous tree nurseries to support the rehabilitation of deforested areas and riparian strips, the establishment of kitchen gardens, installation of energy efficient stoves, and diversifying household production of subsistence and cash crops.

- At the end of 2012, both internal and external project evaluations were undertaken to evaluate the project's outputs and impacts to-date, with the external evaluation undertaken by an independent Monitoring and Evaluation consultant based in Uganda. Following the completion of these evaluation processes, the 2.5 year grant from Comic Relief was closed with the submission of end-grant reports and financial statements.

As reported to Comic Relief, the following results were achieved during the 2.5 year project in support of CPF’s delivery of public benefits:

- In total, approximately 3,000 smallholder tea farmers across 6 producer organisations in Kenya and Uganda participated in activities that positioned them to better cope with the effects of climate change on their livelihoods.

- Smallholder farmers at each organisation have enhanced their awareness of climatic risks, and have learnt, applied and benefitted from practical techniques, including:
  - Crop diversification
  - Adoption of renewable energy sources i.e. solar energy and bio-gas
  - Improved biodiversity through increased planting of indigenous trees, and the installation of kitchen gardens that grow a range of subsistence crops. Households that install kitchen gardens also provided anecdotal evidence of nutritional and health benefits, such as few incidences of illness in the household.
  - Reduced wood fuel consumption through use of energy saving jikos (stoves), with the introduction of energy efficient stoves also reducing time spent by women collecting fuel wood.
  - Increased vegetation cover
  - Improved clean water through planting of indigenous trees along the river bank riparian strips
  - Improved quantity of water in local rivers and streams from replacing invasive tree species such as eucalyptus with less water-hungry native species.

- The 6 producer organisations are better able to support their members to adapt to climate change now and in the future, as a result of activities which invested in building the capacity of each organisation. This was achieved through a process that enabled representatives of their smallholder membership, and community stakeholders, to come together and collectively develop a strategy for their organisation to tackle climate change, based on the short- and long-term risks and challenges they have identified, but also opportunities to develop solutions for them. As climate change impacts increase, smallholder members of the six local organisations will be better able to access support and advice to adapt their own farming techniques.
CAFÉDIRECT PRODUCERS' FOUNDATION
COMPANY LIMITED BY GUARANTEE
TRUSTEES ANNUAL REPORT (continued)
YEAR ENDED 31 DECEMBER 2012

WeFarm - enhancing opportunities for communication and knowledge sharing between smallholder producers, and facilitating internet Education Opportunities for smallholder producers

As reported in CPF's 2010 and 2011 Trustees Annual Reports, CPF has been undertaking a programme of work to support CPF's network of smallholder producers connect with, and share information with each other. To-date, programme activities have principally been funded by the Nominet Trust following an initial 2-year grant from the Nominet Trust of £85,160 over two years, and a follow-up grant of £76,680 approved in August 2011 which extended the Nominet Trust's support to programme activities through until early 2013.

The main focus of programme activities funded by the Nominet Trust has been the development and pilot testing of WeFarm (www.wefarm.info). WeFarm is an interactive, internet-based communication platform, with the platform being designed, owned and managed primarily by representatives of smallholder farming communities. Over the last 18 months, the design and scope of the WeFarm platform has been significantly extended, with the design process increasingly incorporating technology that allows WeFarm to be accessed using the simplest of mobile phone handsets, as well as from a smart phone or a computer. This has significantly extended the capability of the WeFarm platform to reach and benefit the remotest of smallholder farmers worldwide - those who are located several miles from the nearest computer or internet kiosk. Four smallholder communities were identified where programme activities would be piloted: Two East African smallholder tea communities - one in Kenya and one in Tanzania, and two smallholder coffee cooperatives - both located in Peru.

In February 2012, a 12-month grant of €20,000 was also secured from the Swedish International Development Agency (SIDA) to support WeFarm development. This funding focussed on supporting the development of a sustainable business model for WeFarm, with the longer-term aim of ensuring WeFarm is developed as a self-sustaining entity, rather than remaining dependent on donor funding indefinitely.

During 2012, the following activities were undertaken:

• In January 2012, baseline assessments were undertaken by CPF in Peru with the two Peruvian smallholder communities participating in the WeFarm pilot.

• In April 2012, CPF staff and a representative of Aiside, the design agency partnering with CPF to develop the WeFarm platform, returned to Peru to facilitate a series of sessions with selected farmer and community representatives from the Peruvian smallholder communities of Chirinos and San Ignacio. Sessions were designed to enable these smallholder representatives to play a key role in the design of WeFarm, and enable CPF staff to learn more about how WeFarm needs to operate within these local contexts in order to ensure WeFarm provides a valuable tool to support smallholder farmers.

• During these pilot sessions in April, the value of enabling WeFarm to work at an international level was tested for the first time. Smallholder tea producers from the WeFarm pilot group in Kenya, Kiegal, were able to communicate with, and exchange messages with the smallholder coffee producers at Chirinos and San Ignacio, by sending a text message in their local language. This process was underpinned by WeFarm's translation system, which currently allows WeFarm to be used in Spanish, English and Swahili. This was the first time that this technology has been successfully used anywhere in the world. This was extremely successful as a proof of concept, and well received by participants with over 1200 text (SMS) messages exchanged between smallholders in Kenya and Peru over the first two days of testing.

• In July 2012, the fourth pilot test of WeFarm was successfully undertaken in Tanzania. This pilot served to test the capabilities of WeFarm to operate in a very rural setting, where smallholders are extremely isolated and may face a walk of over 5km to charge their mobile phone. The capacity of WeFarm to extend its reach and impact by using radio was also tested. Smallholder farmers listening to the radio were asked to text in questions they had in relation to their farming challenges, with answers to their questions crowd-sourced from WeFarm's pilot network of smallholders. Over 200 text message questions were received by smallholders listening, demonstrating the significant demand for, and potential of WeFarm to support knowledge sharing among smallholders on farming challenges they face.
CAFÉDIRECT PRODUCERS’ FOUNDATION
COMPANY LIMITED BY GUARANTEE

TRUSTEES ANNUAL REPORT (continued)

YEAR ENDED 31 DECEMBER 2012

- Following the approval of the SIDA grant in early 2012, a series of activities were undertaken throughout 2012 to support the development of a business plan for WeFarm. Activities funded under the SIDA grant included a series of consultations with smallholder producer representatives on their willingness to pay for WeFarm as a service, and the appeal of a model that returned value to smallholders who contributed to the system, with advice on business model development provided by the contracted services of two consultants with significant expertise in supporting start-up social enterprises.

- A draft WeFarm business plan had been developed by the end of 2012, with activities funded under the SIDA grant due to be wrapped up and reported on by the end of January 2013.

Rooted in Quality Coffee Quality Improvement Project
In July 2012, CPF entered into a Service Agreement with Cafédirect plc to operate as a strategic partner and provide support services the project 'Rooted in Quality', jointly funded by Cafédirect plc and the Germany Federal Ministry for Economic Cooperation and Development. The main purpose of the project is to improve the quality and volume of coffee produced by selected farmer communities from the coffee cooperative Fedecares in the Dominican Republic and Recocarmo coffee cooperative in Haiti, through the promotion of sustainable on-farm management practices and producer-led enterprises, and also good pre- and post-harvesting practices for coffee production that enhance the quality and quantity of coffee produced. Overall, project activities were designed to enhance livelihoods and income generation opportunities for smallholder farming communities while also encouraging the sustainable management of natural resources, in line with CPF’s objectives to prevent and relieve poverty in disadvantaged communities, promote sustainable means of achieving economic growth, and the prudent use of natural resources.

2012 activities undertaken to establish this project have primarily focussed on project planning with Fedecares and Recocarmo, including planning meetings attended by CPF staff in the Dominican Republic and Haiti, the development of the project’s baseline assessment and an associated methodology that will enable coffee smallholders to undertake a participatory process to analyse the risks they currently face with respect to sustainable coffee production, and potential opportunities to identify low-cost interventions that will enable them to enhance their coffee productivity and quality.

Strengthening smallholder producers as leaders in the governance and strategic direction of CPF
In addition to activities undertaken directly with smallholder producer representatives, CPF continued its work to invest in supporting smallholder producer representatives to play central roles as leaders in CPF, particularly in the governance and strategic direction of CPF. This builds on activities undertaken by CPF in 2011, funded by a 2-year organisational development grant from Comic Relief for £36,310, starting from April 2011.

During 2012, activities undertaken to support the delivery of this grant included:

- An ongoing review of participatory governance models that CPF can learn from as it looks to strengthen the role of smallholder producer representatives as leaders in CPF’s organisational model.

- Consultations with smallholder producer representatives on potential communication tools to facilitate two-way, transparent information flows between producer representatives and the CPF Board and staff, to ensure producers who are participating in CPF activities have a strong and clear understanding of CPF. Tools developed to-date include participatory videos explaining what CPF is, developed by producer representatives for producer representatives.

- Designing and implementing a series of consultations with smallholder producer representatives to inform the development of CPF’s 2013-15 Strategy Plan. Activities were run throughout the year, designed to collect inputs and recommendations to inform the strategy planning process. This culminated in the convening of a 2-day Strategy and Governance workshop in Maua, Kenya, in November 2012. The workshop was attended by all CPF Board members, and representatives of 20 of the producer organisations that CPF works with from across Latin America and Africa.
The Workshop was designed to review the work achieved by CPF with producer partners since 2009, consider the challenges faced by the producers, recognise the assets and opportunities of CPF’s network and, through this process, develop a framework for CPF’s 2013-15 Strategic plan which ensures strong producer representation in programme design, implementation and governance. Workshop discussions enabled smallholder producer representatives to review, feedback and agree on CPF’s proposed Vision, Mission and 2013-15 Strategic Objectives, as well as consider models for programme development, financing, governance and impact reporting to deliver these agreed Strategic Objectives. The workshop played a key role in building strong ownership of CPF’s 2013-15 Strategy among smallholder producer representatives that CPF works with, as well as beginning to encourage strong smallholder leadership in activities designed to deliver it.

2012 Fundraising Activities
During 2012, CPF’s fundraising activities principally consisted of applications to national and international donors for grants to support programme and organisational development. CPF was awarded the following grants during 2012:

- A 12-month grant of €20,000 from the Swedish International Development Agency (SIDA) to support the development of the WeFarm business plan.

- A new grant from Comic Relief of £600,600 over four years, to enable CPF to deliver a programme that scales up farmer-led innovations across the network of producer organisations that CPF works with in Africa. While approved in late 2012, the grant is due to be contracted and started in April 2013. Therefore, funds received in relation to this grant will be recognised in CPF’s Financial Statements for the year ending 31 December 2013.

- A 2-year grant of $260,000 from the US-based Knight Foundation to support WeFarm development. Again, while this funding was announced to CPF in late 2012, the grant is due to be contracted and started in 2013, with funds recognised in CPF’s Financial Statements for the year ending 31 December 2013.

Additional funding was secured during 2012 through the Service Agreement between CPF and Cafedirect plc to support the delivery of the ‘Rooted in Quality’ project. This Service Agreement represents a total maximum value of €284,052 Euros, payable to CPF between June 2012 and June 2015 on the basis of effective services provided against the project’s 3-year plan. Of this €284,052 Euros, €161,000 are public funds provided by the Germany Federal Ministry for Economic Cooperation and Development.

Investment performance against objectives
Beyond interest received on its current account and fixed-term deposit savings accounts, CPF did not make, nor benefit from any investments during 2012. Furthermore, 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 producer 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, prolonged droughts and severe livelihood shocks. During 2012, these impacts were particularly felt by smallholder producer organisations in Haiti and Dominican Republic, both of whom experienced the severely detrimental impacts of Hurricane Sandy on the livelihoods of their smallholder members, with many experiencing significant damage to their smallholdings, particularly their subsistence and cash crops. Smallholder tea producers also experienced the detrimental impacts of changing climatic conditions on their crop production systems, with unprecedented reports of temperature and precipitation extremes having detrimental impacts on productivity, for example frost experienced by tea smallholders in Kenya, and drought in Uganda.
Challenging economic conditions continued in the UK, and Europe overall during 2012. This further enhanced the risk of reduced financing and fundraising opportunities for CPF, as previously noted in both CPF’s 2010 and 2011 reports.

Organisations we work with
CPF currently works with 37 smallholder-owned producer organisations 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 continues to work 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, the Ethical Tea Partnership and ToughStuff. To support the development of WeFarm, CPF continued its partnership with the London-based design agency Aierside, until the planned closure of the Aierside agency in mid-2012. Partnerships with mobile communications, and ICT for Development partners have been extend during 2012, with current collaborators including FrontlineSMS, the GSMA mAgri Programme and Telerivet.

During 2012, CPF also strengthened its relationship with the international donors currently supporting CPF, including Comic Relief and the Nominet Trust, as well as also initiating relationships with new donors SIDA and the Knight Foundation.

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 year ended 31 December 2012, both individuals and grant making bodies.

During 2012, CPF’s principal funding sources included grants and donations from private foundations, public limited companies (Cafédirect plc) and individual donations. In addition, CPF entered into a Service Agreement with Cafédirect plc to provide support services as a strategic partner in the ‘Rooted in Quality’ project. This contract represented 25% of CPF’s 2012 funding.

As shown in CPF’s Financial Statements, incoming resources from charitable activities during the year totalled £90,330. This figure does not include grants received by CPF at the end of 2012, including a new Comic Relief grant for £600,600 over 4 years. This grant will commence, and will be recognised in CPF’s 2013 Financial Statements. Income received during 2012, together with funds brought forward from 2011, has been used during the year for 2012 programmes.

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

Investment policy and objectives
During 2012, CPF did not have any investments (beyond grant funding held in a fixed-term deposit savings account) and therefore does not have an investment policy at this time.

Current Position on Reserve Funds
CPF has 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 2012, the balance of CPF’s unrestricted funds totalled £39,406. Of this, £38,960 is held by CPF as cash - designated as free reserves to cover CPF core activities (including operating costs and support time) during a period of unforeseen difficulty, and £446 is fixed assets.

During 2013, CPF will continue work towards further enhancing its reserve fund, and growing its level of unrestricted funds, working towards the longer-term goal of establishing a reserve fund sufficient to ensure CPF activity could be sustained during periods of unforeseen difficulties.
PLANS FOR FUTURE PERIODS

As detailed above, CPF undertook a series of activities during 2012 to develop its 2013-15 Strategic Plan. These activities included:

- Strategy sessions convened with representatives of the tea, coffee and cocoa producer organisations that CPF works during face-face meetings held in in Peru (January 2012), Tanzania (March 2012), and Nicaragua (September 2012);
- Work with the CPF Board to articulate and refine CPF’s Vision, Mission and 2013-15 Strategic Objectives;
- Convening the two-day Strategy and Governance workshop in Maua, Kenya in November 2012. The workshop, attended by the CPF Board and 20 representatives of the producer organisations that CPF works with across Latin America and Africa, played a key role in ensuring that smallholder producer representatives played a central role in CPF’s 2013-15 Strategy development process.

In line with CPF’s organisational objectives, CPF’s 2013-15 Strategic Plan focusses on delivering public benefits to smallholder communities across Latin America, Africa and Asia within the following thematic areas:

- Improving on-farm practices to enhance the sustainability and productivity of smallholders’ farming systems;
- Tackling challenges experienced by smallholders in terms of environmental sustainability and changing climatic conditions;
- Improving product quality;
- Enhancing the organisational sustainability of smallholder-owned producer organisations.

Within this strategic framework, CPF will focus on building on and scaling-up the strong foundation established during CPF’s first three years of programme implementation, from 2010-2012. Funds secured to-date for 2013 and beyond will focus on:

- Investing in building upon innovative pilot projects undertaken by smallholder producer organisations through the 2010-2012 PPP programme, and scaling-these up with support of the new four-year programme funding secured from Comic Relief from April 2013.
- Transitioning WeFarm from a pilot project, to a robust platform that is ready for use by smallholders across the 37 smallholder producer organisations that CPF currently works with, and beyond. In December 2012, it was announced that WeFarm had been selected as one of the Knight Foundation’s ‘News Challenge’ winners for their competition window on mobile innovation. The prize included an award of $260,000 over 2 years to invest in the further development of WeFarm, with the funding due for receipt by CPF in early 2013. This funding will be invested in enhancing WeFarm’s technology platform, especially its capacity to reach and serve a much broader range of potential users among smallholder farming communities worldwide.
- Continue to strengthen CPF’s governance processes and supporting smallholders to play leadership roles in the delivery of CPF’s 2013-15 Strategy, and in the participatory governance model that CPF is currently developing to underpin strategy implementation.
CAFÉDIRECT PRODUCERS' FOUNDATION
COMPANY LIMITED BY GUARANTEE

TRUSTEES ANNUAL REPORT (continued)

YEAR ENDED 31 DECEMBER 2012

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 regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and 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 accounting 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 adequate accounting records that are sufficient to show and explain the charitable company's transactions and 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. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the preventon 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:
Unit F Zelland House
5-25 Scrutton Street
London
EC2A 4HJ

Signed by order of the trustees

[Signature]

MR T D MORGAN
Charity Secretary

10 June 2013
CAFÉDIRECT PRODUCERS' FOUNDATION
COMPANY LIMITED BY GUARANTEE

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

YEAR ENDED 31 DECEMBER 2012

We have audited the financial statements of the Cafédirect Producers' Foundation for the year ended 31 December 2012 on pages 16 to 23. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 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
As explained more fully in the Trustees Annual Report, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable 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 charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; 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 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 of the state of the charitable company's affairs as at year ended 31 December 2012 and of its incoming resources and application of resources for the year then ended;

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006
In our opinion the information given in the Trustees Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
CAFÉDIRECT PRODUCERS' FOUNDATION
COMPANY LIMITED BY GUARANTEE

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

YEAR ENDED 31 DECEMBER 2012

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees Annual Report.

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

10 June 2013
CAFÉDIRECT PRODUCERS' FOUNDATION
COMPANY LIMITED BY GUARANTEE

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

YEAR ENDED 31 DECEMBER 2012

<table>
<thead>
<tr>
<th>Note</th>
<th>Unrestricted Funds</th>
<th>Restricted Funds</th>
<th>Total Funds 2012</th>
<th>Total Funds 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>INCOMING RESOURCES</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Voluntary income</td>
<td>2</td>
<td>696</td>
<td>10,000</td>
<td>10,696</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>768</td>
<td></td>
</tr>
<tr>
<td>Incoming resources from charitable activities</td>
<td>3</td>
<td>-</td>
<td>88,634</td>
<td>88,634</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>127,406</td>
<td></td>
</tr>
<tr>
<td>TOTAL INCOMING RESOURCES</td>
<td></td>
<td>696</td>
<td>98,634</td>
<td>99,330</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>128,174</td>
<td></td>
</tr>
<tr>
<td>RESOURCES EXPENDED</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Costs of generating funds:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fundraising costs</td>
<td>4</td>
<td>(16,157)</td>
<td>(10,815)</td>
<td>(25,972)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(12,599)</td>
<td></td>
</tr>
<tr>
<td>Charitable activities</td>
<td>5/6</td>
<td>(63,372)</td>
<td>(341,048)</td>
<td>(404,420)</td>
</tr>
<tr>
<td>Governance costs</td>
<td>7</td>
<td>(8,089)</td>
<td>-</td>
<td>(8,089)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(2,500)</td>
<td></td>
</tr>
<tr>
<td>TOTAL RESOURCES EXPENDED</td>
<td></td>
<td>(87,618)</td>
<td>(351,863)</td>
<td>(439,481)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(468,818)</td>
<td></td>
</tr>
<tr>
<td>NET OUTGOING RESOURCES BEFORE TRANSFERS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer between funds</td>
<td>8</td>
<td>(86,922)</td>
<td>(253,229)</td>
<td>(340,151)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(340,644)</td>
<td></td>
</tr>
<tr>
<td>NET EXPENDITURE FOR THE YEAR</td>
<td></td>
<td>(158,758)</td>
<td>(181,383)</td>
<td>(340,151)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(340,644)</td>
<td></td>
</tr>
<tr>
<td>RECONCILIATION OF FUNDS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total funds brought forward</td>
<td>9</td>
<td>198,174</td>
<td>278,420</td>
<td>476,594</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>817,238</td>
<td></td>
</tr>
<tr>
<td>TOTAL FUNDS CARRIED FORWARD</td>
<td></td>
<td>39,406</td>
<td>97,037</td>
<td>136,443</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>476,594</td>
<td></td>
</tr>
</tbody>
</table>

The Statement of Financial Activities includes all gains and losses in the year 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 18 to 23 form part of these financial statements.
CAFÉDIRECT PRODUCERS' FOUNDATION
COMPANY LIMITED BY GUARANTEE

BALANCE SHEET

31 DECEMBER 2012

<table>
<thead>
<tr>
<th></th>
<th>Note</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FIXED ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible assets</td>
<td>11</td>
<td>446</td>
<td>891</td>
</tr>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debtors</td>
<td>12</td>
<td>104</td>
<td>233,078</td>
</tr>
<tr>
<td>Cash at bank</td>
<td></td>
<td>139,543</td>
<td>258,586</td>
</tr>
<tr>
<td></td>
<td></td>
<td>139,647</td>
<td>491,664</td>
</tr>
<tr>
<td><strong>CREDITORS: Amounts falling due within one year</strong></td>
<td>13</td>
<td>(3,850)</td>
<td>(15,961)</td>
</tr>
<tr>
<td><strong>NET CURRENT ASSETS</strong></td>
<td></td>
<td>135,997</td>
<td>475,703</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS LESS CURRENT LIABILITIES</strong></td>
<td></td>
<td>136,443</td>
<td>476,594</td>
</tr>
<tr>
<td><strong>NET ASSETS</strong></td>
<td></td>
<td>136,443</td>
<td>476,594</td>
</tr>
</tbody>
</table>

| **FUNDS** |      |       |       |
| Restricted income funds | 14   | 97,037 | 278,420 |
| Unrestricted income funds | 15   | 39,406 | 198,174 |
| **TOTAL FUNDS** | | 136,443 | 476,594 |

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 10 June 2013 and are signed on their behalf by:

Ms C Dejean
Director

Company Registration Number: 06959165

The notes on pages 18 to 23 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 income statement.

**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 long-term 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.

**Depreciation**
Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

| Equipment | 3 years straight line |

**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>Donations</th>
<th>Unrestricted Funds £</th>
<th>Restricted Funds £</th>
<th>Total Funds £</th>
<th>Total Funds £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cafédirect plc</td>
<td>696</td>
<td>10,000</td>
<td>10,696</td>
<td>768</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>696</td>
<td></td>
<td>696</td>
<td>768</td>
</tr>
<tr>
<td></td>
<td>696</td>
<td>10,000</td>
<td>10,696</td>
<td>768</td>
</tr>
</tbody>
</table>
3. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

<table>
<thead>
<tr>
<th>Restricted Funds</th>
<th>Total Funds 2012</th>
<th>Total Funds 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Comic Relief Climate Change</td>
<td>5,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Nominet Trust</td>
<td>33,428</td>
<td>33,428</td>
</tr>
<tr>
<td>Comic Relief Governance Strengthening</td>
<td>6,541</td>
<td>6,541</td>
</tr>
<tr>
<td>SIDA</td>
<td>18,665</td>
<td>18,665</td>
</tr>
<tr>
<td>Cafédirect plc</td>
<td>25,000</td>
<td>25,000</td>
</tr>
<tr>
<td></td>
<td><strong>88,634</strong></td>
<td><strong>88,634</strong></td>
</tr>
</tbody>
</table>

4. FUNDRAISING COSTS

<table>
<thead>
<tr>
<th>Unrestricted Funds</th>
<th>Restricted Funds</th>
<th>Total Funds 2012</th>
<th>Total Funds 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Fundraising costs - wages &amp; salaries</td>
<td>16,157</td>
<td>10,815</td>
<td>26,972</td>
</tr>
</tbody>
</table>

5. COSTS OF CHARITABLE ACTIVITIES BY FUND TYPE

<table>
<thead>
<tr>
<th>Unrestricted Funds</th>
<th>Restricted Funds</th>
<th>Total Funds 2012</th>
<th>Total Funds 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Producer Partnership Programme</td>
<td>-</td>
<td>112,625</td>
<td>112,625</td>
</tr>
<tr>
<td>Climate Change</td>
<td>88,052</td>
<td>88,052</td>
<td>71,915</td>
</tr>
<tr>
<td>Producer Communications Strategy, including WeFam</td>
<td>-</td>
<td>86,682</td>
<td>86,682</td>
</tr>
<tr>
<td>Governance Strengthening</td>
<td>-</td>
<td>30,057</td>
<td>30,057</td>
</tr>
<tr>
<td>Coffee Quality Improvement</td>
<td>-</td>
<td>6,307</td>
<td>6,307</td>
</tr>
<tr>
<td>Support costs</td>
<td>63,372</td>
<td>9,325</td>
<td>72,697</td>
</tr>
<tr>
<td></td>
<td><strong>63,372</strong></td>
<td><strong>341,048</strong></td>
<td><strong>404,420</strong></td>
</tr>
</tbody>
</table>

6. COSTS OF CHARITABLE ACTIVITIES BY ACTIVITY TYPE

<table>
<thead>
<tr>
<th>Charitable activities Support costs</th>
<th>Total Funds 2012</th>
<th>Total Funds 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Producer Partnership Programme</td>
<td>112,625</td>
<td>21,516</td>
</tr>
<tr>
<td>Climate Change</td>
<td>88,052</td>
<td>23,717</td>
</tr>
<tr>
<td>Producer Communications Strategy, including WeFam</td>
<td>86,682</td>
<td>18,989</td>
</tr>
<tr>
<td>Governance Strengthening</td>
<td>38,057</td>
<td>7,270</td>
</tr>
<tr>
<td>Coffee Quality Improvement</td>
<td>6,307</td>
<td>1,205</td>
</tr>
<tr>
<td></td>
<td><strong>331,723</strong></td>
<td><strong>72,697</strong></td>
</tr>
</tbody>
</table>

7. GOVERNANCE COSTS

Include costs of the preparation and examination of statutory accounts.

<table>
<thead>
<tr>
<th>Unrestricted Funds</th>
<th>Total Funds 2012</th>
<th>Total Funds 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Audit fees</td>
<td>2,500</td>
<td>2,500</td>
</tr>
<tr>
<td>Other governance costs</td>
<td>8,089</td>
<td>8,089</td>
</tr>
</tbody>
</table>

Other governance costs include costs associated with convening board meetings in the year.
8. **NET OUTGOING RESOURCES FOR THE YEAR**
   This is stated after charging:
   
<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff pension contributions</td>
<td>£8,190</td>
<td>£6,150</td>
</tr>
<tr>
<td>Depreciation</td>
<td>£445</td>
<td>£445</td>
</tr>
<tr>
<td>Auditors' fees</td>
<td>£2,500</td>
<td>£2,500</td>
</tr>
</tbody>
</table>

9. **FUND TRANSFERS**
   The transfers between funds represent support and administration costs for the specific programmes being met by the designated fund which was established for this purpose.

10. **STAFF COSTS AND EMOLUMENTS**
    Total staff costs were as follows:
    
    |                      | 2012 | 2011 |
    |----------------------|------|------|
    | Wages and salaries   | £91,000 | £76,308 |
    | Social security costs| £4,691 | £8,010 |
    | Other pension costs  | £8,190 | £6,150 |
    |                      | £108,691 | £90,468 |

   **Particulars of employees:**
   The average number of employees during the year, calculated on the basis of full-time equivalents, was as follows:
   
<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of administrative staff</td>
<td>3 No</td>
<td>3 No</td>
</tr>
</tbody>
</table>

   No trustees received remuneration or reimbursed expenses during the period.
   No employee received remuneration of more than £60,000 during the year (2011 - Nil).

11. **TANGIBLE FIXED ASSETS**
    Plant and machinery etc.
    
    |                      | £   |
    |----------------------|-----|
    | COST At 1 January 2012 and 31 December 2012 | £1,336 |
    | DEPRECIATION At 1 January 2012 | £445 |
    | Charge for the year | £445 |
    | At 31 December 2012 | £890 |
    | NET BOOK VALUE At 31 December 2012 | £446 |
    | At 31 December 2011 | £891 |
CAFÉDIRECT PRODUCERS’ FOUNDATION
COMPANY LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

12. DEBTORS

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Accrued income</td>
<td>104</td>
<td>233,078</td>
</tr>
<tr>
<td>Prepayments</td>
<td>104</td>
<td>233,078</td>
</tr>
</tbody>
</table>

The accrued income in the previous year relates to a commitment made during 2010 by Cafédirect plc to donate £600,000 to CPF, with the amount due to be paid by Cafédirect plc between 1 January 2011 and 31 December 2013. In 2011, Cafédirect plc paid £366,922 of this £600,000 provision to CPF. The outstanding £233,078 was paid by Cafédirect plc during 2012.

13. CREDITORS: Amounts falling due within one year

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Trade creditors</td>
<td>1,055</td>
<td>3,460</td>
</tr>
<tr>
<td>Other creditors</td>
<td>2,595</td>
<td>12,501</td>
</tr>
<tr>
<td></td>
<td>3,650</td>
<td>15,961</td>
</tr>
</tbody>
</table>

14. RESTRICTED INCOME FUNDS

<table>
<thead>
<tr>
<th></th>
<th>Balance at 1 Jan 2012</th>
<th>Incoming resources</th>
<th>Outgoing resources</th>
<th>Transfers</th>
<th>Balance at 31 Dec 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Producer Partnership</td>
<td>181,128</td>
<td>–</td>
<td>(114,017)</td>
<td>(40,933)</td>
<td>26,178</td>
</tr>
<tr>
<td>Climate Change Producer Communications Strategy, including WeFarm</td>
<td>56,881</td>
<td>15,000</td>
<td>(95,701)</td>
<td>28,780</td>
<td>4,960</td>
</tr>
<tr>
<td>Governance Strengthening Coffee Quality Improvement</td>
<td>27,351</td>
<td>52,093</td>
<td>(97,781)</td>
<td>59,343</td>
<td>41,006</td>
</tr>
<tr>
<td></td>
<td>13,060</td>
<td>6,541</td>
<td>(38,057)</td>
<td>24,656</td>
<td>6,200</td>
</tr>
<tr>
<td></td>
<td>25,000</td>
<td>(6,307)</td>
<td>–</td>
<td>–</td>
<td>18,693</td>
</tr>
<tr>
<td></td>
<td>278,420</td>
<td>98,634</td>
<td>(351,863)</td>
<td>71,846</td>
<td>97,037</td>
</tr>
</tbody>
</table>
14. RESTRICTED INCOME FUNDS (continued)

2011-2013 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.

Within CPP’s 2010 Financial Statements, it was noted that 2011-2013 Producer Partnership Programme funds of £340,000 would be received by CPF from Cafédirect plc between 1 January 2011 and 31 December 2013 and are part of the original £600,000 debentures from 2010. During 2012, the outstanding balance of funds was received from Cafédirect plc.

Climate Change
This fund strengthens the capacity of smallholder producers to adapt to climate change. The principal activity was a two year programme focused 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. An additional donation of £10,000 was received from Cafédirect plc during 2012 to enable CPF to further strengthen its work on climate change adaptation.

Producer Communications Strategy, including WeFarm
This fund facilitates Internet Education Opportunities for smallholder farmers, and enhances opportunities for communication and information sharing between smallholder producers. During 2012, this focused on the development of WeFarm, an interactive, communication platform that is being created to facilitate knowledge sharing between smallholder producers worldwide.

Governance Strengthening
This fund aims to build the capacity of smallholder farmers in governance, and leadership, and to play a stronger role in the governance of CPF.

Coffee Quality Improvement
This fund supports activities with smallholder farmers in the Dominican Republic and Haiti to improve the quality and volume of the coffee they produce, through the promotion of sustainable on-farm management practices and producer-led enterprises, and also good pre- and post-harvesting practices for coffee production.

15. UNRESTRICTED INCOME FUNDS

<table>
<thead>
<tr>
<th></th>
<th>Balance at 1 Jan 2012</th>
<th>Incoming resources £</th>
<th>Outgoing resources £</th>
<th>Transfers £</th>
<th>Balance at 31 Dec 2012 £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration, Governance and Financial Management</td>
<td>176,754</td>
<td></td>
<td>(87,310)</td>
<td>(71,509)</td>
<td>17,935</td>
</tr>
<tr>
<td>General Funds</td>
<td>21,420</td>
<td>696</td>
<td>(308)</td>
<td>(337)</td>
<td>21,471</td>
</tr>
<tr>
<td></td>
<td>198,174</td>
<td>696</td>
<td>(87,618)</td>
<td>(71,846)</td>
<td>39,406</td>
</tr>
</tbody>
</table>
16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>Tangible Fixed Assets £</th>
<th>Net Current Assets £</th>
<th>Total £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted Income Funds:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Producer Partnership Programme</td>
<td>—</td>
<td>26,178</td>
<td>26,178</td>
</tr>
<tr>
<td>Climate Change</td>
<td>—</td>
<td>4,960</td>
<td>4,960</td>
</tr>
<tr>
<td>Producer Communications Strategy, Including WeFarm</td>
<td>—</td>
<td>41,006</td>
<td>41,006</td>
</tr>
<tr>
<td>Governance Strengthening</td>
<td>—</td>
<td>6,200</td>
<td>6,200</td>
</tr>
<tr>
<td>Coffee Quality Improvement</td>
<td>—</td>
<td>18,693</td>
<td>18,693</td>
</tr>
<tr>
<td></td>
<td></td>
<td>97,037</td>
<td>97,037</td>
</tr>
<tr>
<td>Unrestricted Income Funds:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Designated Funds</td>
<td>—</td>
<td>17,935</td>
<td>17,935</td>
</tr>
<tr>
<td>General Funds</td>
<td>446</td>
<td>21,025</td>
<td>21,471</td>
</tr>
<tr>
<td></td>
<td>446</td>
<td>38,960</td>
<td>39,406</td>
</tr>
<tr>
<td>Total Funds</td>
<td>446</td>
<td>135,997</td>
<td>136,443</td>
</tr>
</tbody>
</table>

17. 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 2012, Cafédirect Producers Limited.