Producers Direct

(formerly Cafédirect Producers' Foundation)

Report and financial statements
For the year ended 31 December 2017
Producers Direct (formerly Cafedirect Producers’ Foundation)

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Reference and administrative information

For the year ended 31 December 2017

Company number 06959165

Charity number 1133218

Registered office and operational address 21 Whiston Road, London, E2 8EX, UK

Country of registration England & Wales

Country of incorporation United Kingdom

Previous Names Producers Direct legally changed its name from Cafedirect Producers’ Foundation in December 2017.

Trustees Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

Lebi Gabriel Hudson
Christele Delbe
Catriona Dejean
Nimrod Wambette
Lenin Tocto Minga
Pauline Boit
Penny Newman
Anthony Wainaina

L
Chair
Vice Chair (Appointed 28 September 2017)
(Resigned 4 July 2017)
(Resigned 30 April 2018)

Company Secretary Tim Morgan

Key management personnel Claire Rhodes

Chief Executive Officer (Promoted from General Manager in January 2018)

Bankers Triodos Bank
Deanery Road
Bristol
BS1 5AS

Barclays Bank
Leicester
LE87 2BB
Producers Direct (formerly Cafedirect Producers' Foundation)

Reference and administrative information

For the year ended 31 December 2017

| Solicitors          | Bates Wells & Braithwaite LLP  
|                    | 2-6 Cannon Street  
|                    | London  
|                    | EC4M 6YH  
|                    | Weil Gotshal & Manges  
|                    | 110 Gutter Lane  
|                    | London  
|                    | EC4M 6YH  
| Auditor            | Sayer Vincent LLP  
|                    | Chartered Accountants and Statutory Auditor  
|                    | Invicta House  
|                    | 108-114 Golden Lane  
|                    | LONDON  
|                    | EC1Y 0TL  

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Trustees’ annual report

For the year ended 31 December 2017

The Trustees present their report and the audited financial statements for the year ended 31 December 2017.

Reference and administrative information set out on pages 1 & 2 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice – Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Objectives and activities

Purposes and aims

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

Throughout 2017, Producers Direct has operated in accordance with its vision, mission and strategic objectives. These are stated as follows:

Producers Direct’s vision is of thriving smallholder communities, where each smallholder can realise their own vision.

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

Producers Direct’s Strategic Objectives are to:

1. Pioneer innovative, effective programmes that strengthen producers’ capacity and resilience.
2. Ensure Producers Direct is truly producer-led in governance and in its overall model.
3. Mobilise diverse resources to achieve sustainability for producer partners and for Producers Direct.
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Approach and Model

Producers Direct delivers support services to smallholder farmers across Latin America and Africa. Producers Direct’s peer-to-peer model places producer leadership as central to our programme delivery, governance and strategy. Producers Direct’s programmes are delivered through an international network of Centres of Excellence. Each Centre of Excellence is farmer-run and hosted by a smallholder producer organization. The aim is for a Centre of Excellence to serve as a one-stop-shop, providing a complete bundle of services as follows:

1. Farmer-led training: In partnership with local farmer cooperatives, Producer Direct is developing a relevant and affordable peer-to-peer training model at each Centre of Excellence which offers farmers: 1) access to a network of trained Farmer Promoters and 2) relevant and affordable in-person training on demonstration sites/farms, where farmers can learn and trial innovative farming practices. In-person training is supported by multi-media digital tools including Wefarm, which amplifies reach and impact to larger numbers. (See page 10 for further details on Wefarm). Farmer-led training services specialise in at least one of the following areas:
   • Micro-enterprise development (providing alternative household incomes),
   • Crop quality and productivity, and
   • Environmental sustainability and climate change adaptation.

2. Access to finance: A key barrier to farmers trialling techniques that they have learnt about during trainings at the Centre of Excellence is their lack of access to the finance that may be required to trial the techniques. For example, funds to trial new fertilising techniques or to develop a new micro-enterprise that increases household incomes, such as fish farming or beekeeping. To support smallholder farmers overcome this barrier, Producers Direct is partnering with producer organisations who host the Centres of Excellence, with producer organisations offering micro-loans to farmers to support them to access the funds they need to make on-farm investments.

3. Market Access: Smallholder farmers also face the challenge of accessing markets for their products. To support market access, Producers Direct has been supporting the development of digital tools that enable farmers to 1) increase market visibility, 2) trace products and payments and 3) improve access and links to buyers. Producers Direct is also supporting the development of youth networks and Youth Innovation Hubs at each Centre of Excellence, with youth leaders responsible for managing post-harvest logistics and coordination. Youth are supporting farmers to develop value chains for a range of crops they might be growing on their farm, such as avocado, and therefore increasing farmers’ access to untapped markets and buyers.

4. Farmer-led Data: In order to track the progress of their activities, farmers need access to the relevant data. Producers Direct is pioneering a farmer-led data system that aims to change farmers relationship to information: empowering them to be active participants in the collection and analysis of data to assist them to manage their farms as sustainable and profitable small-scale businesses.
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The Trustees review the aims, objectives and activities of the charity each year. This report looks at what the charity has achieved and the outcomes of its work in the reporting period. The Trustees report the success of each key activity and the benefits the charity has brought to those groups of people that it is set up to help. The review also helps the Trustees ensure the charity’s aims, objectives and activities remained focused on its stated purposes.

The Trustees have referred to the guidance contained in the Charity Commission’s general guidance on public benefit when reviewing the charity’s aims and objectives and in planning its future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives that have been set.

In order to enhance the public benefits realised, Producers Direct seeks to:

1. Engage and work with a broad range of individuals and community groups within farming communities in which activities are undertaken, for example by funding Centres of Excellence which train smallholder farmers as trainers, and who then share and replicate their knowledge with a broad range of smallholder farmers within their community and neighbouring communities.

2. Ensure that information and educational materials produced through Producers Direct’s activities are widely distributed through existing networks of smallholder producers, as well as Producers Direct’s development partners who work at national and international levels.

3. Developing programmes that will engage and support a broad range of smallholder farmers and producer beyond those producer organisations who supply to Cafédirect plc. Training services offered by the Centres of Excellence and Wefarm are accessible and used by a broad network of smallholder farmers.

Strategies for achieving our aims and objectives

Producers Direct’s main strategies for achieving its aims and objectives are as follows:

- Investment in producer leadership - in the governance of Producers Direct and in the delivering of support services through the Centres of Excellence. This includes supporting and training a diverse network of lead farmers at each Centre of Excellence, including women and youth leaders.

- Delivery of peer-to-peer support services through a blend of in-person and digital tools and approaches that increase rates of adoption and maximise impact.

- Offering a bundle of support services to help farmers tackle the range of livelihood challenges that they face – from leaning about a new farming technique through to ultimately improving their income. This bundle of support services includes Farmer-led Training; Access to Finance; Access to Markets and Farmer-led Data for Decision Making.
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Activities and services delivered during 2017

The charity’s main activities and who it tries to help are described below. All its charitable activities focus on improving the livelihoods of smallholder producers, including their capacity and resilience, and are undertaken to further Producers Direct’s charitable purposes for the public benefit.

East Africa Programme Activities

During 2017, East Africa programme activities were delivered by Producers Direct’s East Africa Programme team, based in Nairobi, in partnership with East Africa–based producer organisations in Kenya, Tanzania and Uganda. Total 2017 East Africa programme expenditure exceeded £862,000. 2017 donors for Africa Programme activities included Comic Relief, the Global Resilience Partnership (a consortium of donor partners including USAID, SIDA and the Rockefeller Foundation), Mastercard Labs and the Nominet Trust.

Farmer–led training: As outlined above, the core of Producer Direct’s model is its Centre of Excellence network. Each Centre of Excellence is farmer–run and hosted by a smallholder producer organization. To–date, four Centres of Excellence and associated farmer–led training networks have been established in East Africa – two in Uganda, one in Tanzania and one in Kenya. This has been funded principally through a four–year £600,600 grant from Comic Relief that commenced in April 2013. Farmer–led trainings at the Centres of Excellence focus on scaling–up knowledge and innovations sourced from smallholder farmers – with emphasis on low–cost innovations that are easy to implement and can realise significant benefits to farmers’ livelihoods. Examples include homemade beehives, vertical kitchen gardens and pest control solutions. Thematically, Centres of Excellence offer trainings to support smallholder farmers improve the quality of their crops; diversify their livelihoods through micro–enterprise development and enhance their resilience to climate change. Farmer Promoter networks support in–person knowledge sharing, and in partnership with Wefarm, farmers are enabled to further access and share knowledge through SMS.

During 2017, four producer organisations were local partners in project implementation, with roles in establishing and hosting the Centres of Excellence: Sireet – Outgrowers’ Empowerment Programme (Kenya); Rungwe Smallholder Tea Growers Association (RSTGA) (Tanzania) and in Uganda, Ankole Coffee Cooperative Union (ACPCU) and Kayonza Tea Growers Association; as well as the broader network of smallholder producer organisations involved in programme activities (13 smallholder organisations across East Africa in total).

Our Comic Relief programme concluded at the end of 2017, with the following outcomes achieved over the four years:

- Micro–Enterprise Development and Income Diversification (Sireet–OEP) – 1,878 ‘learn–by–doing’ training sessions conducted by Farmer Promoters on their demonstration farms, reaching 3,934 smallholder farmers who were supported to diversify into new on–farm enterprises, crops and/or livestock and build resilience.
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- Coffee Quality (ACPCU): 2,125 ‘learn-by-doing’ training sessions conducted by Farmer Promoters on their demonstration farms, benefitting 5,310 farmers, supporting them to improve the quality of their coffee as a means to increase incomes.

- Tea Quality and Adaptation to Climate Change (Kayonza) – 2,097 ‘learn-by-doing’ training sessions conducted by Farmer Promoters on their demonstration farms, benefitting 2,542 farmers.

- Youth-led Agro-enterprise Development (RSTGA) – RSTGA is supporting the development and roll-out of a youth-led Centre of Excellence, working with a network of 240 youth to scale out farmer-led training in agri-enterprise development and showcase youth-identified agro-enterprises.

- Youth Innovation Hubs: A key challenge facing rural smallholder populations is aging populations. Globally, the average age of a smallholder farmer is close to 60 years old. At the same time 70% of African youth live in rural areas. Therefore, engaging youth and creating enterprise generation opportunities for young people in rural areas is critical. To address this, Youth Innovation Hubs have been established at each Centre of Excellence with the aim of promoting services for young people and empowering youth to support smallholder farmers through access to digital tools and improved on-farm data management. Collectively, Youth Innovation hubs are working directly with 624 young people to date.

Access to finance: With funding from Comic Relief, Producers Direct partnered with smallholder producer organisations in Uganda and Kenya, and micro-finance institutions associated with each organisation (known as Savings and Credit Cooperatives, SACCOs), to enhance farmers’ access to micro-loans to support them implement new practices and/or ideas for new enterprises that they have learnt about while participating in a Centre of Excellence training. i.e. micro enterprise creation, tea and coffee quality improvement and climate change adaptation innovative activities. To date, £140,000 has been distributed to our broader network of Producer Organisations and their member farmers to invest in trialling and scaling ideas.

Access to Market: During 2017, Producers Direct benefited from the support of the Global Resilience Partnership (USAID, Rockefeller Foundation and SIDA) and Mastercard Labs to support the pilot testing of 2Kuze. 2Kuze is a smart-phone based tool that enables farmers with surplus produce to sell to connect with and sell to local buyers. Activities have also focused on developing youth leaders as 2Kuze agents and as the providers of in-support post-harvest logistics between farmers and local buyers. By the end of 2017, 2,243 Kenyan farmers had been registered and were involved in the piloting of 2Kuze. 2018 plans include the expansion of the 2Kuze pilot system to also benefit Ugandan smallholders – with a focus on both structured crops such as tea and coffee, and currently unstructured crops such as honey, banana and avocado. Digital tool testing was underpinned by in-person support from staff at producer organisations and Producers Direct, providing key support in training and capacity development to ensuring high quality produce is sold on the system.
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**Farmer-led Data to support on-farm management**

With funding from the Global Resilience Partnership, activities have continued to research and understand farmer data needs and the record keeping tools farmers are currently using to collect and manage information about their farm, with a view of designing a farmer-led data system that enhances farmers' access to and use of on-farm data. Key activities undertaken throughout the year included:

- Testing and development of analogue and digital versions of the record keeping app with youth leaders, who worked with 70 lead farmers across Kenya and Uganda to collect, work with and analyse on-farm data. These lead farmers – including youth and women – with whom the logbooks were tested and developed are experienced trainers and able to share tools and techniques in languages and formats that are understandable and accessible to farmer; including youth and women. This established an initial network of end users that are best placed to train others and scale out capacity to neighbouring farmers.

- Based on user feedback from initial paper-based record keeping tools, the development of a prototype app that enables youth agents to collect data from farmers, enabling farmers to see visual representations of their data that will be useful for income diversification, business planning, access to markets and financing.

- Development of an online dashboard and interface, that works through Tableau software, that allows producer organisations to view aggregated data trends and visualisations online. Ultimately, dashboards will support Producer Organisations to improve visibility on what their member farmers' activities and needs for support services, with the aim that these needs can be addressed by the support services offered through the Centre of Excellence network. the training services offered.

- On-farm data collection activities also continued to build on 2016 pilot testing initiated with funding from the Nominet Trust on the role and value of on-farm sensors and Internet of Things (IoT) technologies for smallholder farmers, particularly in areas where there is no internet connectivity. Activities previously undertaken in 2016 trialled on-farm sensor designs and prototypes for soil moisture, to improve water management and prediction methods to forecast and mitigate impacts of drought; irrigation – to determine specific water needs for crops (supporting rain fed agriculture) and mitigate against erratic weather events and livestock tags / collars – to monitor livestock health, fertility and feeding patterns. Activities continued in 2017 with the initiation of a partnership with Climate Edge, who producer on-farm weather stations with a variety of climate and soil sensors, in order to test a more scalable approach to improving farmers' access to on-farm specific climate data.

**Youth Leadership Development**

Linked with the establishment of Youth Innovation Hubs outlined above, Global Resilience Programme (GRP) funding supported further investment in youth leadership development in Kenyan and Uganda, closely supported by GRP partners Restless Development and Kijabe Environmental Volunteers (KENVO). Activities included:
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- Lead partners KENVO and Restless Development have successfully designed a youth engagement and capacity development program, based on a needs assessment conducted earlier in the project.

- 4 successful youth exchange visits coordinated by KENVO involving 182 youths from Uganda and Kenya to facilitate the sharing of best practices and promising youth-led agri-enterprises. Following the youth exchanges, establishing youth networks across Kenya and Uganda to support the delivery of Centre of Excellence services.

Latin America Programme Activities

During 2017, the total 2017 Latin America programme expenditure was just over £215,500 (principally funded by the Big Lottery Fund with additional support from the Fairtrade Foundation’s Deepening Impact fund and VECO Andino – Rikolto). Programme activities were delivered by Peru-based consultants in partnership with 9 Peruvian-based producer organisations – 3 of which played lead roles in establishing Peru-based Centres of Excellence.

Farmer-led training:

To-date, the development of Producers Direct’s farmer-led training activities in Latin America have been enabled through the Innovation by Smallholders to enhance Productivity, Incomes, Resources and Enterprise (INSPIRE) programme, funded by the Big Lottery Fund. This grant from Big Lottery Fund was awarded in early 2015 for the multi-year programme in Peru to improve livelihoods for over 7,500 smallholder coffee farmers through farmer-led initiatives and training services focused on improving coffee quality, developing micro-enterprises and identifying low-cost mitigations to increase climate change.

2017 activities focussed on establishing 3 Centres of Excellence in Peru to deliver farmer-led training, setting up the training model at each Centre of Excellence and developing a leadership training programme. The three Peruvian Centres of Excellence specialise in:

- Coffee Quality improvement, hosted by Chirinos Coffee Cooperative.
- Climate Change Adaptation, hosted by Norandino Coffee Cooperative.
- Micro-enterprise diversification, hosted by Pangoa Coffee Cooperative.

Establishment of farmer-led training model:

- Across the three Centre of Excellence, Trainers of the Trainers programmes were undertaken with a network of 29 promoter farmers trained.
- Promoter Farmers were then supported to transform their farms into demonstration farms, in order to host farmer trainings – with over 30 demonstration sites established during 2017.
- To support on-farm training, training curriculums and farmer friendly training materials were developed by each Centre of Excellence across the 3 main thematic focus areas: Coffee Quality improvement; Climate Change Adaptation and Micro-enterprise diversification.
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- Pilot testing of the training model was initiated in mid-2017, with the testing of farmer trainings at Chirinos' Centre of Excellence in Coffee Quality.

**Farmer Leadership training:**
The leadership training model that is being developed in Peru is also farmer–led, with training materials designed by a group of producer representatives selected from across Producers Direct's network of Peruvian producer partners. During 2017, this producer leadership team undertook an assessment across all 9 Peruvian partner organisations to assess leadership development needs, with particular emphasis on the needs of women and youth, to identify key areas (governance, gender, empowerment, and equality) that should be prioritised within the Leadership training curriculum. Data was collected from 338 producers. On the basis this needs assessment, work was initiated to develop the Leadership Training course curriculum and associated training materials.

**Wefarm**

Wefarm ([www.wefarm.org](http://www.wefarm.org)) is an SMS–based farmer–to–farmer digital network, developed by Producers Direct from 2010 to 2015 in collaboration with smallholder farmer representatives. Wefarm can be accessed by smallholder farmers in remote regions using the simplest of mobile phone handsets, as well as from a smart phone, with the aim of reaching and benefiting the remotest of smallholder farmers. As outlined in Producers Direct's previous Annual Reports, Wefarm has been operating as an independent for-profit company since January 2015, with the aim of Wefarm accepting further investment to enable Wefarm to significantly scale its user numbers and impact on farmers' livelihoods. It has been very successful in doing this - something which could not have been achieved had it remained an internal project of Producers Direct.

During 2017, Producers Direct continued to work with Wefarm in two main ways:

- As a consortium partner in the Global Resilience Partnership programme, Wefarm received sub-grants from Producers Direct to support the delivery of impact targets for the Global Resilience Partnership funding. (See notes on Related Party Transactions in the Financial Statements for further information).

- Reviewing and supporting Wefarm's strategy to raise funds through the sale of equity in Wefarm by approaching organisational and individual investors with a range of social and/or financial investment interests. This was supported by legal advice which was carefully considered by the Producers Direct Trustees throughout. In early 2017, the investment in Wefarm from Accelerated Digital Ventures (ADV) was completed (referenced in Producers Direct's 2016 Trustees Report and Financial Statements). This meant that, at the end of 2017, Producers Direct held a 15.6% shareholding in Wefarm. Preparations for the next investment round were initiated in the last quarter of 2017, with the funding round scheduled to complete in early 2018.

Operationally, Wefarm demonstrated strong growth during 2017 in Kenya and Uganda. At the end of December 2017, over 525,000 users were registered on Wefarm. Wefarm establishment in Peru,
Dominican Republic and Haiti was not as successful, with operations ceased in all three countries by the end of 2017 and resources re-focused on growing registered Wefarm users in East Africa.

Achievements and performance during 2017

Producers Direct employs the following metrics to monitor the impact of its activities:

- Number of farmers impacted by Producers Direct activities
- % of farmers who have diversified their on-farm enterprises as a result of receiving training at a Centre of Excellence.
- % of farmers with a new enterprise who report that it has improved incomes.
- % increase in income for farmers who have adopted additional on-farm enterprises.

By the end of 2017, the following cumulative impacts of Producers Direct work since establishment in 2009 have been achieved:

- Number of farmers impacted by Producers Direct activities: 600,000
- % of farmers who have diversified their on-farm enterprises as a result of receiving training at a Centre of Excellence: 87%
- % of farmers with a new enterprise who report that it has improved incomes: 96%
- % increase in income for farmers who have adopted additional on-farm enterprises: 50%

At the end of 2017, Producers Direct published its Impact Report detailing achievements and impacts to-date. Further details can be found on the Producers Direct website (www.producersdirect.org).

External factors affecting achievement

Producers Direct works principally with smallholder producer organisations located in East Africa and Latin America. Working with smallholder, more vulnerable producer organisations can affect capacity to deliver on partnership agreements according to defined timelines and targets. Furthermore, many areas where producers are located are vulnerable to natural disasters, prolonged droughts and severe livelihood shocks. During 2017, smallholder coffee and tea producers across East Africa and Latin America continued to experience and report the detrimental impacts of changing climatic conditions on their crop production.
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Beneficiaries of our services

Primary beneficiaries of Producers Direct's work are smallholder farmers located across East Africa and Latin America. To deliver our activities and impact, we work with a network of 37 smallholder-owned producer organisations across Latin America and East Africa. These organisations are principally Fairtrade-certified smallholder-owned tea factories and smallholder coffee cooperatives.

Organisations we work with

In addition to our work with smallholder-owned producer organisations, Producers Direct also continues to work with a number of other organisations at international, regional and national level to support programme implementation. During 2017, strategic partners supporting programme delivery included Restless Development, Mastercard Labs, Champion Agency, Kijabe Environment Volunteers (KENVO), Wefarm, Fairtrade Found and VECO Andino – Rikolto.

Financial review

As shown in Producers Direct's Financial Statements, 2017 income totalled £640,284 with funds brought forward from 2016 totalling £550,356. 2017 expenditure totalled £1,129,654. During 2017, Producers Direct's principal funding sources included grants and donations from private foundations, public limited companies (Cafedirect plc) and individual donations. Producers Direct did not benefit from any income generation opportunities from its shareholding in Wefarm during 2017. Producers Direct ended the year with total balance of £60,986, of which £36,212 was restricted funds and £24,774 unrestricted funds.

Policies for making social or programme-related investments

Overall, Producers Direct does not make social or programme related investments and therefore does not have a policy on this. To-date, Producers Direct's establishment of Wefarm in 2015 represents a one-off investment that was undertaken because Producers Direct's Trustees felt this was the best option for enabling Wefarm to continue delivering the mission of Producers Direct and where the greatest social impact could be achieved by Wefarm.

Investment policy and performance

Beyond interest received on its current account and fixed term deposit savings accounts, Producers Direct did not financially benefit from any investments during 2017. Producers Direct’s shareholding in Wefarm represents Producers Direct’s only other current investment. However, no financial benefit was received from Producers Direct’s investment in Wefarm during 2017.

Grant making policies

Producers Direct does not openly invite applications for grants and therefore does not have a grant making policy.
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Voluntary help and gifts in kind
Throughout 2017 Producers Direct benefited from *pro bono* support from legal firm, Weil, Gotshal & Manges, who acted on behalf of Producers Direct throughout the 2016 and 2017 Wefarm investment rounds. Furthermore, Producers Direct was grateful for the in–kind contributions of smallholder farmers and key staff at the smallholder producer organisations who work with Producers Direct, who invested significant time without financial compensation in order to support the delivery of Producers Direct programme activities during 2017.

Principal risks and uncertainties

Producers Direct manages a risk register, which identifies major risks and ranks them in terms of their potential impact and likelihood. Trustees review major risks and their rankings quarterly, in order to satisfy themselves that adequate systems and procedures are in place to manage the risks identified. Where appropriate, risks are covered by insurance. From Producers Direct’s perspective, major risks are those which may have a significant impact on Producers Direct’s:

- Operational performance;
- Financial sustainability, including income stability and security;
- Achievement of the charity’s aims and objectives;
- Meeting the expectation of beneficiaries, partners and donors.

Key risk management procedures in place include:
- Ongoing review and management of the Risk Register by the Trustees and Senior Team, detailing and ranking major organisational risks and mitigating actions where possible;
- Quarterly tracking and reviewing of major risks identified;
- Clear articulation of organisational policies and processes for delegating authority and control;
- Income targets for fundraising activities;
- Ongoing management of the organisation’s unrestricted funds, including its reserve fund.

Reserves policy and going concern

Producers Direct has three main objectives for its reserve fund:

- To ensure that Producers Direct 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 Producers Direct experiences unanticipated delays in receiving committed funds.

At the end of 2017, the balance of Producers Direct’s unrestricted funds totalled £24,774 (2016: £11,167). This is held by Producers Direct and designated as free reserves to cover Producers Direct core activities (including operating costs and support time) during a period of unforeseen difficulty.
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During 2018, Producers Direct will continue work to further enhance its reserve fund and grow its level of unrestricted funds with the aim of the reserve fund being sufficient to cover at least three months of minimum operating costs of the charity. In 2018, Producers Direct’s targeted end-year reserve fund balance is £30,000. To further enhance current unrestricted funds, Producers Direct will employ a number of different strategies during 2018. These will include testing opportunities to generate earned income through the services provided by the Centre of Excellence model, including training services and sales of local products generated by the Centre of Excellence. Other 2019 strategies include to raise unrestricted funds include targeting earned income through service provision contracts with organisations working with smallholders, and targeting opportunities to secure funding from Impact Investors, whose funding tends to be less restricted than other grant-based donor funds.

Fundraising

During 2017, Producer Direct’s fundraising activities principally consisted of applications to national and international donors for grants to support programme and organisational development. Fundraising activities are undertaken internally by grant writers who are employed by Producers Direct. Producers Direct therefore does not hire third party fundraising services.

As part of our commitment to best practice, Producers Direct adheres to the standards set by the Fundraising Regulator and the Institute of Fundraising. During the year, there have been no instances of non-compliance with the requirements of the fundraising code of practice and no complaints have been received by the charity regarding fundraising activities.

The aim of Producers Direct’s fundraising expenditure on grant writers is to enhance Producers Direct’s annual restricted and unrestricted income for 2017 and future periods in order to sustain and grow programme activities in East Africa and Latin America and support organisational growth. As a result of this annual expenditure on fundraising, Producers Direct received and benefited from funding from the following key donors during 2017:

- The final disbursement of a four-year grant of £600,600 from Comic Relief that originally commenced on 1st April 2013.
- Second year disbursements of a four-year grant of £450,119 from the Big Lottery Fund (2015–2019) to support smallholder coffee farmers in Peru.
- £304,638 from the Global Resilience Partnership, a consortium of partners including USAID, Rockefeller Foundation and SiDA, of a total grant of SUS 1,000,000 to develop and scale digital tools that support smallholder farmers in East Africa to enhance their resilience and engagement in agricultural value chains.
- Producer Direct’s ongoing strategic partnership with MasterCard Labs, to support the development of the digital tool 2Kuze to enable smallholder farmers to access financial products and services.
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• Producer Direct’s ongoing Donation Agreement with Cafédirect plc. During 2017, Producers Direct received an annual donation of £150,000 from Cafédirect plc.

• Expenditure relating to the £30,000 received from the Fairtrade Foundation’s Deepening Impact Fund during 2016 to support work with smallholder coffee farmers in Peru.

• Expenditure related to the £45,000 from the Nominet Trust secured in 2016 to support Producers Direct’s farmer-led data processes, focussing on the development of digital prototypes that relay data from on-farm sensors to farmers’ mobile phones.

• £13,573 from Climate Ventures to support Producers Direct’s participation in a US-based accelerator programme to support the development of a scalable model for the on-farm sensor work.

Plans for the future

Future Programme Activities
Producers Direct’s 2017-2020 Strategy continues to focus on delivering public benefits to smallholder producer communities across Latin America and Africa, with the overarching impacts of:

• Enhancing farmer livelihoods and incomes;
• Enhancing resilience;
• Investing in building farmer leadership.

Key aspects of Producers Direct’s 2017-2020 Strategy and model include:

• Farmer leadership and expertise central to design and delivery of all interventions.
• Blend of in-person, peer-to-peer training and digital services to enhance adoption rates and maximize impact.
• Development of a global network of self-sustaining Centres of Excellence led by smallholder producer organisations.
• Co-financing model leveraging Producers Direct’s investment in farmer-led programming through co-financing and payments from smallholder farmers.

During 2017-2020, Producers Direct’s farmer-led model will continue to address 4 key barriers limiting smallholder farmers’ productivity, income generation potential and resilience:

Farmer-led training: In partnership with local farmer cooperatives, Producers Direct will continue to develop a global network of Centres of Excellence that provide relevant and affordable peer-to-peer training to smallholder farmers. Each Centre of Excellence offers farmers: 1) access to a network of qualified Lead Farmers (trained by Producers Direct and local cooperative partners) and 2) relevant and affordable in-person training on demonstration sites/farms, where farmers can learn and trial innovative farming practices, increasing behaviour change and uptake amongst farmers. Farmers’ willingness to pay underscores the validity of our business model and its potential for replication. In-person training is supported by multi-media digital tools including
Producers Direct (formerly Cafedirect Producers’ Foundation)

Trustees’ annual report

For the year ended 31 December 2017

WeFarm, which amplifies reach and impact to larger numbers of smallholder farmers. Centres of Excellence specialise in at least one of the following areas:
1) micro-enterprise development (providing alternative household incomes),
2) business management/planning,
3) crop quality and improved productivity, and
4) environmental sustainability and climate change adaptation.

Access to finance: Farmers’ inability to access finance required to trial techniques learned during training is a key barrier (i.e. funds to trial new fertilising techniques or the development of an alternative microenterprise to increase household incomes such as fish farming or beekeeping). Producers Direct will support smallholder farmers to access the finance they need to make on-farm investments.

Market Access: Producers Direct will blend in-person and digital approaches to support smallholders to access markets. This aspect of Producers Direct’s strategy builds on work undertaken in partnership with MasterCard Labs to develop 2Kuze, a digital tool that supports farmers to: 1) increase market visibility, 2) trace products and payments and 3) improve access and links to buyers. Producers Direct will also invest building youth hubs to manage post-harvest logistics and coordination. Youth are supporting farmers to bundle crops for the first time and develop value chains for unorganised crops, increasing farmers’ access to untapped markets and buyers. During 2018, activities will be undertaken to assess the viability of supporting each Centre of Excellence to increasingly structure value chains for these currently unorganised crops and test the viability of branded product sales from the East African Centres of Excellence in local markets where each Centre of Excellence is operating.

Data Analytics: Data systems owned and shared by beneficiaries have significant potential to step-change the effectiveness and impact of development interventions. Producers Direct will pioneer a farmer-led data system, providing critical feedback loops to farmers. Data is routinely extracted from rural communities, yet data is rarely collected by or shared with beneficiaries, preventing key actors from accessing critical information. Producers Direct will support farmers to digitise their on-farm records and link this information to our global data dashboard. To support this, Producers Direct will build on initial prototyping activities undertaken during 2016 to equip local farming tools (i.e. weighing scales, cow collars/ear tags) with sensors that relay accurate and timely data over 3G networks to farmers’ mobile phones. Access to information will empower farmers with the necessary knowledge to make informed on-farm decisions and qualify for credit from local banks (equipped with farm-level input/output evidence required by banks). Producers Direct will also use these systems to analyse our impact and make decisions regarding replication and scale.
Producers Direct (formerly Cafedirect Producers' Foundation)

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For the year ended 31 December 2017

Future funding
Funds secured for 2018 programme activities include:

- Delivering the third 12 months of the four-year programme in Peru, *Innovation by Smallholders to enhance Productivity, Incomes, Resources and Enterprise (INSPIRE)*, with support from the Big Lottery Fund.

- Final tranche of funding from the Global Resilience Partnership award of $US 1 million (co-sponsored by USAID, Rockefeller Foundation and SIDA), contracted through until 30th June 2018, to develop and scale digital tools that support smallholder farmers in East Africa to enhance their resilience and engagement in agricultural value chains.

- $US 249,500 received from the World Bank's 2018 Development Data Innovation Award, to support the scaling of our farmer-led data work and help smallholder farmers respond to climate risks by integrating multiple sources of information that supports them adapt and respond to specific climate-related challenges.

Additional 2018 priorities include:

- Re-branding and re-launching from Cafedirect Producers' Foundation to Producers Direct – with the new name aimed at more clearly communicating our model's focus on direct relationships, farmer leadership and the focus of Producers Direct's 2017-2020 strategy on developing and scaling farmer-led support services to an expanding, diverse network of smallholder farmers.

- Establishing a local branch of Producers Direct in Peru, with the aim of expanding Peru-focussed activities and associated funding to support programme growth in Peru.

- Continued emphasis on fundraising to grow and diversify Producer Direct's sources of unrestricted and restricted income for 2018 and beyond.

- Continued investment in strengthening the skills and capacity Producers Direct's existing Board, and developing the leadership skills of future producer representatives to serve on Producers Direct's Board.

- Appointment of a new Chair of Producers Direct from April 2018, following the resignation of Nimrod Wambette as Producers Direct Chair after serving two three-year terms as a Producers Direct Trustee.

- Continuing to support Wefarm's strategy to raise funds through the sale of equity in Wefarm through a plan to approach organisational and individual investors with a range of social and/or financial investment interests, including the successful completion of Wefarm's next fundraising round scheduled to complete in early 2018.
Producers Direct (formerly Cafédirect Producers' Foundation)

Trustees' annual report

For the year ended 31 December 2017

Structure, governance and management

Constitution
Producers Direct is an international non-governmental, non-political, non-religious organisation. It was established as a private limited company limited by guarantee 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) that established its objectives and powers and is governed under its Articles of Association (10th July 2009).

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

Producers Direct's Articles of Association allows for a minimum of three Trustees to be appointed. As the charity's sole Member, CPL (as outlined in Producers Direct's Articles of Association) reviews the appointment of Producers Direct 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.

All Trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 6 to the accounts. Producers Direct's Trustees are not paid and are not remunerated for their role. Travel expenses associated with Producers Direct Trustees attending Board meetings are reimbursed, including the international flights of Producers Direct Trustees travelling from Kenya, Uganda, Tanzania and Peru.

The Producers Direct Board of Trustees is responsible for approving Producers Direct's annual work plan, budget and long-term strategy development. The day-to-day management of Producers Direct is delegated to Producers Direct's CEO – Claire Rhodes, based on a strategy, annual work plan and budget approved by the Trustees. Claire Rhodes has served in this role since the establishment of Producers Direct (previously Cafédirect Producers' Foundation) in 2009.

The CEO reports at least quarterly to the Trustees on activities undertaken in managing Producers Direct and provides updated financial reports that explain Producers Direct's financial position. In 2017, six Board meetings were held and update reports provided. Face to face Board meetings were held in March, July, September and December 2017, with two Board teleconferences convened in May and June 2017.

At present, Producers Direct has a Board sub-committee responsible for oversight of matters concerning Producers Direct's shareholding in Wefarm. Board sub-committee members include
Producers Direct (formerly Cafédirect Producers' Foundation)

Trustees' annual report

For the year ended 31 December 2017

Nimrod Wambette, Catriona Dejean (until July 2017), Penelope Newman and Tim Morgan. A sub-committee has also been established to oversee Producers Direct Procurement Processes. This sub-committee compromises two staff and one trustee representative. Lebi Hudson is the appointed trustee representative. Throughout 2017 Nimrod Wambette served as the Producers Direct Chairperson. Nimrod Wambette retired from the Board in April 2018 after two three-year terms serving as a Trustee. Trustees elected Lebi Hudson to serve as the new Producers Direct Chair from April 2018, with Christele Delbe elected to serve as Assistant Chair. No further specific responsibilities have been appointed to each trustee.

Financial controls are determined by Producers Direct’s financial procedures and procurement policies, which outline the level of authority of Producers Direct Trustees and the Producers Direct General Manager over Producers Direct's financial procedures. Conflicts of Interest are managed in accordance with the Producers Direct's Articles of Association and Producers Direct's Conflict of Interest Policy. A Register of Trustee's and Senior Team member's interests has been established and is updated annually.

For the majority of 2017 Producers Direct employed 5 full-time UK-based staff members:

- The CEO, responsible for managing the day-to-day operations of Producers Direct, and Producers Direct's longer-term strategic development.

- A Business Development and Investments Manager, with responsibility to lead Producers Direct’s fundraising activities.

- A Communications and Information Manager, responsible for managing Producers Direct’s communications with the general public, and Producers Direct’s work to design a farmer-led data management system.

- A Fundraising and Office Coordinator, responsible for supporting Producers Direct fundraising and operational activities.

- From the fourth quarter of 2017, a part-time Finance Manager (0.8 FTE).

Throughout 2017, Producers Direct maintained its local branch status in Kenya. Producers Direct started 2017 with three full-time and one part-time employees in Kenya. By the end of 2017, this had been expanded to four full-time employees:

- An Africa Programme Manager, responsible for managing Producers Direct's activities with the smallholder producer organisations that Producers Direct works with across East Africa.

- An African Programme Assistant, responsible for providing coordination support for Africa-focused activities.
Producers Direct (formerly Cafédirect Producers’ Foundation)

Trustees’ annual report

For the year ended 31 December 2017

- An Africa Centre of Excellence Manager to oversee the strategic development of Producers Direct’s Centre of Excellence network in East Africa.

- An Accounts and Administrative Assistant, to support day-to-day financial and operational management of Producers Direct’s local branch in Kenya. (Part time at the start of 2017, full time by the end of 2017).

During 2017, Producers Direct contracted a range of support services, including financial management services and support for the coordination of programme activities with smallholder producer organisations in Latin America. This included the services of three project co-ordinators throughout 2017, one in Haiti and two in Peru. (See Notes to the financial statements, Note 6 on Staff costs).

Appointment of Trustees

To recruit and appoint new Trustees, the Producers Direct management team reviews and shortlisting potential candidates based on the key skills sought from the new Trustees and each candidate’s potential suitability for the role. Existing Producers Direct Trustees are responsible for reviewing the short-list of candidates and identifying top candidates to be interviewed by current Trustees. Trustees then recommend selected candidates to the sole member of Producers Direct, Cafédirect Producers Limited (CPL). As the sole member of Producers Direct, Cafédirect Producers Limited is responsible for the final appointment of new Trustees to the Producers Direct Board.

Trustee induction and training

When new Trustees are appointed to Producers Direct, they will be given an induction to Producers Direct and are given the information they need to fulfil their role, including information about their role as a Producers Direct Trustee and on charity law. Trustees are also encouraged and supported to attend external trainings available for new and existing Trustees on key responsibilities associated with serving as a Trustee of a UK Charity.

Related parties and relationships with other organisations

Related parties include:

Cafédirect Producers Limited (CPL): CPL is the sole Member of Producers Direct. 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.
Producers Direct (formerly Cafédirect Producers' Foundation)

Trustees' annual report

For the year ended 31 December 2017

Cafédirect plc: Producers Direct is legally independent from Cafédirect plc. Cafédirect plc and Producers Direct have been linked through a Donation Agreement, dating from 28th September 2009, which outlines the terms under which Cafédirect plc makes an annual donation to Producers Direct to support producer programmes, and to strengthen Producers Direct's operational capacity. This donation was extended for an additional 3 years from January 2017.

Wefarm Ltd: Wefarm originated as a project of Producers Direct and operated as a Producers Direct project from 2010–2015. In January 2015, Wefarm was incorporated as a Private Company Limited by Shares. At the end of 2017, Producers Direct held a 15.6% shareholding in Wefarm. Producers Direct is also represented on the Wefarm Board and currently holds the right to a Wefarm Board seat.

Chad Advisory: Chad Advisory is an independent consultancy with expertise in digital tools to support the management of agricultural value chains. From 2016, Chad Advisory has been one of the consortium partners responsible for delivering the Global Resilience Partnership (GRP) programme managed by Producers Direct. As such, Chad Advisory has received payments for delivering support services that contribute to programme delivery. Through the successful partnership to deliver GRP Programme activities, Christele Delbe, Founder and Director of Chad Advisory, was identified as a strong future Producers Direct Trustee during 2017 and invited to join as a Trustee from September 2017.

Statement of responsibilities of the Trustees

The Trustees (who are also directors of Producers Direct 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 and statements of recommended practice 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 charity will continue in operation

The Trustees are responsible for keeping adequate 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. They are also
Producers Direct (formerly Cafedirect Producers' Foundation)

Trustees' annual report

For the year ended 31 December 2017

... 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
- 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

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 December 2017 was 1, Cafedirect Producers Limited being the sole member of the charity (2016: 1). The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

Auditor

Sayer Vincent LLP was appointed as the charitable company’s auditor during the year and has expressed its willingness to continue in that capacity.

The Trustees’ annual report has been approved by the Trustees on 27 September 2018 and signed on their behalf by

Mr L G Hudson
Chair, Producers Direct
Independent auditor’s report

To the members of

Producers Direct

Opinion

We have audited the financial statements of Producers Direct (the ‘charitable company’) for the year ended 31 December 2017 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company’s affairs as at 31 December 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- The trustees’ use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.
Independent auditor’s report

To the members of

Producers Direct

Other information

The other information comprises the information included in the trustees’ annual report other than the financial statements and our auditor’s report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the trustees’ annual report, including the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements
- The trustees’ annual report, including the strategic report, has been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees’ annual report.

We have nothing to report in respect of the following matters in relation to which 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
Independent auditor’s report

To the members of

Producers Direct

Responsibilities of trustees

As explained more fully in the statement of trustees’ responsibilities set out 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions
Independent auditor's report

To the members of

Producers Direct

are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charitable 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 charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Noelia Serrano (Senior statutory auditor)
27 September 2018
for and on behalf of Sayer Vincent LLP, Statutory Auditor
Invicta House, 108–114 Golden Lane, LONDON, EC1Y 0TL
Producers Direct

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 December 2017

<table>
<thead>
<tr>
<th></th>
<th>2017 Unrestricted</th>
<th>2017 Restricted</th>
<th>2016 Total Unrestricted</th>
<th>2016 Total Restricted</th>
<th>2016 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income from:</td>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Donations and legacies</td>
<td>181,078</td>
<td>-</td>
<td>181,078</td>
<td>190,118</td>
<td>190,118</td>
</tr>
<tr>
<td>Charitable activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Africa Programme</td>
<td>13,573</td>
<td>346,026</td>
<td>359,599</td>
<td>-</td>
<td>549,900</td>
</tr>
<tr>
<td>Latin America Programme</td>
<td>-</td>
<td>99,460</td>
<td>99,460</td>
<td>-</td>
<td>142,656</td>
</tr>
<tr>
<td>Investments</td>
<td>148</td>
<td>-</td>
<td>148</td>
<td>2,266</td>
<td>-</td>
</tr>
<tr>
<td>Total Income</td>
<td>194,798</td>
<td>445,486</td>
<td>640,284</td>
<td>192,384</td>
<td>692,556</td>
</tr>
<tr>
<td>Expenditure on:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Raising funds</td>
<td>48,922</td>
<td>2,700</td>
<td>51,622</td>
<td>48,465</td>
<td>-</td>
</tr>
<tr>
<td>Charitable activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Africa Programme</td>
<td>104,369</td>
<td>757,964</td>
<td>862,333</td>
<td>78,618</td>
<td>473,690</td>
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<td>Latin America Programme</td>
<td>24,086</td>
<td>191,613</td>
<td>215,699</td>
<td>20,004</td>
<td>97,898</td>
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<tr>
<td>Total expenditure</td>
<td>177,377</td>
<td>952,277</td>
<td>1,129,654</td>
<td>147,087</td>
<td>571,588</td>
</tr>
<tr>
<td>Net (expenditure) / income for the year</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>17,421</td>
<td>(506,791)</td>
<td>(489,370)</td>
<td>45,297</td>
<td>120,968</td>
</tr>
<tr>
<td>Transfers between funds</td>
<td>(3,814)</td>
<td>3,814</td>
<td>-</td>
<td>(43,656)</td>
<td>43,656</td>
</tr>
<tr>
<td>Net movement in funds</td>
<td>13,607</td>
<td>(502,977)</td>
<td>(489,370)</td>
<td>1,641</td>
<td>164,624</td>
</tr>
<tr>
<td>Reconciliation of funds:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total funds brought forward</td>
<td>11,167</td>
<td>539,189</td>
<td>550,356</td>
<td>9,526</td>
<td>374,565</td>
</tr>
<tr>
<td>Total funds carried forward</td>
<td>24,774</td>
<td>36,212</td>
<td>60,986</td>
<td>11,167</td>
<td>539,189</td>
</tr>
</tbody>
</table>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 16a to the financial statements.
Producers Direct

Balance sheet

As at 31 December 2017

<table>
<thead>
<tr>
<th>Note</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Fixed assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>10</td>
<td>3,984</td>
</tr>
<tr>
<td></td>
<td>11</td>
<td>800</td>
</tr>
<tr>
<td>Current assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debtors</td>
<td>12</td>
<td>52,908</td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td>108,446</td>
<td>549,633</td>
</tr>
<tr>
<td></td>
<td>161,354</td>
<td>645,374</td>
</tr>
<tr>
<td>Liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creditors: amounts falling due within one year</td>
<td>13</td>
<td>(105,152)</td>
</tr>
<tr>
<td>Net current assets</td>
<td></td>
<td>56,191</td>
</tr>
<tr>
<td>Total net assets</td>
<td></td>
<td>60,986</td>
</tr>
<tr>
<td>The funds of the charity:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted income funds</td>
<td>16a</td>
<td>36,212</td>
</tr>
<tr>
<td>Unrestricted income funds:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General funds</td>
<td>24,774</td>
<td>11,167</td>
</tr>
<tr>
<td>Total unrestricted funds</td>
<td></td>
<td>24,774</td>
</tr>
<tr>
<td>Total charity funds</td>
<td></td>
<td>60,986</td>
</tr>
</tbody>
</table>

Approved by the trustees on 27 September 2018 and signed on their behalf by

Mr L G Hudson
Chair
Producers Direct

Statement of cash flows

For the year ended 31 December 2017

<table>
<thead>
<tr>
<th>Note</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flows from operating activities</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>Net cash (used in) / provided by operating activities</td>
<td>(436,248)</td>
<td>130,933</td>
</tr>
<tr>
<td>Cash flows from investing activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends, interest and rents from investments</td>
<td>(148)</td>
<td>2,265</td>
</tr>
<tr>
<td>Purchase of fixed assets</td>
<td>(4,791)</td>
<td>-</td>
</tr>
<tr>
<td>Net cash (used in) / provided by investing activities</td>
<td>(4,939)</td>
<td>2,265</td>
</tr>
<tr>
<td>Change in cash and cash equivalents in the year</td>
<td>(441,187)</td>
<td>133,198</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the year</td>
<td>549,633</td>
<td>416,435</td>
</tr>
<tr>
<td>Cash and cash equivalents at the end of the year</td>
<td>108,446</td>
<td>549,633</td>
</tr>
</tbody>
</table>
Producers Direct

Notes to the financial statements

For the year ended 31 December 2017

1 Accounting policies

a) Statutory information
   Producers Direct is a charitable company limited by guarantee and is incorporated in England & Wales. The registered office address and principal place of business is 21 Whiston Road, London, E2 8EX.

b) Basis of preparation
   The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (September 2015) and the Companies Act 2006.

   Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

c) Public benefit entity
   The charitable company meets the definition of a public benefit entity under FRS 102.

d) Going concern
   The trustees consider that there are no material uncertainties about the charitable company’s ability to continue as a going concern.

   Key judgements that the charitable company has made which have a significant effect on the accounts include: Recognition of income in accordance with the terms of the grants made to the charity, where income is granted to the charity over a period of greater than one year, and is linked to performance within the project, there is some degree of judgement in assessing the stage of completion and hence the income recognised.

   The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e) Income
   Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

   Income from government and other grants, whether ‘capital’ grants or ‘revenue’ grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

   For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor’s intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is a treated as a contingent asset and disclosed if material.

   Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

f) Donations of gifts, services and facilities
   Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees’ annual report for more information about their contribution.
1 Accounting policies (continued)

g) Interest receivable
Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

h) Fund accounting
Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable
Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

i) Expenditure and irrecoverable VAT
Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose
- Expenditure on charitable activities includes the costs of delivering services undertaken to further the purposes of the charity and their associated support costs.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

j) Allocation of support costs
Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

Support and governance costs are re–allocated to each of the activities on the following basis which is an estimate, based on staff time, of the amount attributable to each activity

- Africa Programme 79%
- Latin America Programme 21%

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity’s activities.

k) Operating leases
Rental charges are charged on a straight line basis over the term of the lease.

l) Tangible fixed assets
Items of equipment are capitalised where the purchase price exceeds £500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

- Computer equipment 3 years straight line

m) Debtors
Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.
1 Accounting policies (continued)

n) Creditors and provisions
Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

o) Financial instruments
The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

p) Pensions
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

2 Income from donations and legacies

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted £</th>
<th>Restricted £</th>
<th>2017 Total £</th>
<th>2016 Total £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donations</td>
<td>181,078</td>
<td>-</td>
<td>181,078</td>
<td>190,118</td>
</tr>
</tbody>
</table>

Of the 2017 total income from donations, £150,000 related to the donation from Cafedirect plc and £31,078 from other unrestricted donations and services.

3 Income from charitable activities

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted £</th>
<th>Restricted £</th>
<th>2017 Total £</th>
<th>2016 Total £</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Africa Programme</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>East Africa - Mastercard Labs</td>
<td></td>
<td>37,340</td>
<td>37,340</td>
<td>60,711</td>
</tr>
<tr>
<td>East Africa - Nominet Trust</td>
<td>-</td>
<td>2,013</td>
<td>2,013</td>
<td>45,000</td>
</tr>
<tr>
<td>East Africa - Global Resilience Partnership</td>
<td>-</td>
<td>304,638</td>
<td>304,638</td>
<td>304,849</td>
</tr>
<tr>
<td>East Africa - Comic Relief</td>
<td>-</td>
<td>2,035</td>
<td>2,035</td>
<td>139,341</td>
</tr>
<tr>
<td>East Africa - Climate Ventures</td>
<td>13,573</td>
<td>-</td>
<td>13,573</td>
<td>-</td>
</tr>
<tr>
<td>Sub-total for East Africa Programme</td>
<td>13,573</td>
<td>346,026</td>
<td>359,599</td>
<td>549,900</td>
</tr>
</tbody>
</table>

|                             |                |              |               |               |
| Latin America Programme     |                |              |               |               |
| Latin America - Big Lottery | 97,924         |              | 97,924        | 112,655       |
| Latin America - Other       | 1,536          |              | 1,536         | 30,000        |
| Sub-total for Latin America Programme | - | 99,460 | 99,460 | 142,655 |

Total income from charitable activities | 13,573 | 445,486 | 459,059 | 692,555 |

The Global Resilience Partnership funding represented a 24-month award of SUS 1 million from a consortium of partners that included USAID, Rockefeller Foundation and SIDA.
4 Analysis of expenditure

<table>
<thead>
<tr>
<th>Charitable activities</th>
<th>Raising funds £</th>
<th>East Africa Programme £</th>
<th>Latin America Programme £</th>
<th>Governance costs £</th>
<th>Support costs £</th>
<th>2017 Total £</th>
<th>2016 Total £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff costs (Note 6)</td>
<td>45,922</td>
<td>63,878</td>
<td>-</td>
<td>-</td>
<td>110,547</td>
<td>220,347</td>
<td>194,383</td>
</tr>
<tr>
<td>Direct: Programme Expenditure</td>
<td>-</td>
<td>634,784</td>
<td>170,529</td>
<td>-</td>
<td>-</td>
<td>805,313</td>
<td>435,421</td>
</tr>
<tr>
<td>Costs of generating funds: Other expenditure</td>
<td>5,700</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5,700</td>
<td>10,475</td>
</tr>
<tr>
<td>Office costs</td>
<td>-</td>
<td>6,249</td>
<td>-</td>
<td>-</td>
<td>66,737</td>
<td>72,986</td>
<td>49,772</td>
</tr>
<tr>
<td>Audit, legal and professional costs</td>
<td>-</td>
<td>-</td>
<td>25,308</td>
<td>-</td>
<td>25,308</td>
<td>28,624</td>
<td></td>
</tr>
<tr>
<td></td>
<td>51,622</td>
<td>704,911</td>
<td>170,529</td>
<td>25,308</td>
<td>177,284</td>
<td>1,129,654</td>
<td>718,675</td>
</tr>
<tr>
<td>Support costs and governance costs</td>
<td>157,422</td>
<td>45,170</td>
<td>(25,308)</td>
<td>(177,284)</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Total expenditure 2017</td>
<td>51,622</td>
<td>862,333</td>
<td>215,699</td>
<td>-</td>
<td>-</td>
<td>1,129,654</td>
<td>718,675</td>
</tr>
<tr>
<td>Total expenditure 2016</td>
<td>48,465</td>
<td>552,308</td>
<td>117,902</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>718,675</td>
</tr>
</tbody>
</table>
Producers Direct

Notes to the financial statements

For the year ended 31 December 2017

5 Net (expenditure) for the year

This is stated after charging / (crediting):

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation</td>
<td>807</td>
<td>1,543</td>
</tr>
<tr>
<td>Auditor’s remuneration (excluding VAT):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Audit</td>
<td>5,500</td>
<td>3,750</td>
</tr>
</tbody>
</table>

6 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages</td>
<td>193,601</td>
<td>168,601</td>
</tr>
<tr>
<td>Social security costs</td>
<td>11,300</td>
<td>14,210</td>
</tr>
<tr>
<td>Employer’s contribution to defined contribution pension schemes</td>
<td>15,446</td>
<td>11,572</td>
</tr>
<tr>
<td></td>
<td>220,347</td>
<td>182,811</td>
</tr>
</tbody>
</table>

No employee earned more than £60,000 during the year (2016: nil).

The total employee benefits (including pension contributions and employer’s national insurance) of the key management personnel were £47,905; (2016: £48,790)

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2016: £nil). No charity trustee received payment for professional or other services supplied to the charity (2016: £nil).

Trustees’ expenses represents the payment or reimbursement of travel and subsistence costs totalling £1,909 – incurred by four members relating to the international travel costs associated with them attending meetings of the trustees (2016: Nil).

7 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 9 (2016: 6).

Staff are split across the activities of the charitable company as follows (full time equivalent basis):

<table>
<thead>
<tr>
<th></th>
<th>2017 No.</th>
<th>2016 No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raising funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>East Africa Programmes</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>Support</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>9</td>
<td>6</td>
</tr>
</tbody>
</table>

8 Related party transactions

Aggregate donations from related parties were £150,000; (2016: £188,500).

Other transactions with related parties: Global Resilience Partnership Sub-grant from Producers Direct to Wefarm (2017: £146,3111; 2016: 224,832); Service Charge Agreement paid from Producers Direct to Café direct (2017: £36,000; 2016: £38,100)
9 Taxation

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

10 Tangible fixed assets

<table>
<thead>
<tr>
<th>Computer equipment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Cost or valuation</td>
<td></td>
</tr>
<tr>
<td>At the start of the year</td>
<td>9,258</td>
</tr>
<tr>
<td>Additions in year</td>
<td>4,791</td>
</tr>
<tr>
<td>Disposals in year</td>
<td>-</td>
</tr>
<tr>
<td>At the end of the year</td>
<td>14,049</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Depreciation</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>At the start of the year</td>
<td>9,258</td>
</tr>
<tr>
<td>Charge for the year</td>
<td>807</td>
</tr>
<tr>
<td>Eliminated on disposal</td>
<td>-</td>
</tr>
<tr>
<td>At the end of the year</td>
<td>10,065</td>
</tr>
<tr>
<td>Net book value</td>
<td></td>
</tr>
<tr>
<td>At the end of the year</td>
<td>3,984</td>
</tr>
<tr>
<td>At the start of the year</td>
<td>-</td>
</tr>
</tbody>
</table>

All of the above assets are used for charitable purposes.

11 Fixed asset investments

<table>
<thead>
<tr>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Cost at the start of the year</td>
<td>800</td>
</tr>
<tr>
<td>Net gain / (loss) on change in fair value</td>
<td>-</td>
</tr>
<tr>
<td>800</td>
<td>800</td>
</tr>
</tbody>
</table>

The investment represents Producers Directs' investment in WeFarm at cost, as detailed on p10 of the trustees report.

12 Debtors

<table>
<thead>
<tr>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Trade debtors</td>
<td>20,537</td>
</tr>
<tr>
<td>Other debtors</td>
<td>-</td>
</tr>
<tr>
<td>Prepayments and accrued income</td>
<td>32,371</td>
</tr>
<tr>
<td>52,908</td>
<td>95,741</td>
</tr>
</tbody>
</table>

13 Creditors: amounts falling due within one year

<table>
<thead>
<tr>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Trade creditors</td>
<td>85,160</td>
</tr>
<tr>
<td>Taxation and social security</td>
<td>5,465</td>
</tr>
<tr>
<td>Accruals</td>
<td>14,527</td>
</tr>
<tr>
<td>105,152</td>
<td>95,818</td>
</tr>
</tbody>
</table>

35
14 Pension scheme

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.

15a Analysis of net assets between funds (current year)

<table>
<thead>
<tr>
<th></th>
<th>General unrestricted</th>
<th>Restricted</th>
<th>Total funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangible fixed assets</td>
<td>-</td>
<td>3,984</td>
<td>3,984</td>
</tr>
<tr>
<td>Investments</td>
<td>800</td>
<td>-</td>
<td>800</td>
</tr>
<tr>
<td>Net current assets</td>
<td>23,974</td>
<td>32,228</td>
<td>56,202</td>
</tr>
<tr>
<td><strong>Net assets at 31 December 2017</strong></td>
<td><strong>24,774</strong></td>
<td><strong>36,212</strong></td>
<td><strong>60,986</strong></td>
</tr>
</tbody>
</table>

15b Analysis of net assets between funds (prior year): 2016

<table>
<thead>
<tr>
<th></th>
<th>General unrestricted</th>
<th>Restricted</th>
<th>Total funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangible fixed assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Investments</td>
<td>800</td>
<td>-</td>
<td>800</td>
</tr>
<tr>
<td>Net current assets</td>
<td>10,367</td>
<td>539,189</td>
<td>549,556</td>
</tr>
<tr>
<td><strong>Net assets at 31 December 2016</strong></td>
<td><strong>11,167</strong></td>
<td><strong>539,189</strong></td>
<td><strong>550,356</strong></td>
</tr>
</tbody>
</table>

16a Movements in funds (current year)

<table>
<thead>
<tr>
<th></th>
<th>At 1 January 2017 £</th>
<th>Income &amp; gains £</th>
<th>Expenditure &amp; losses £</th>
<th>Transfers £</th>
<th>At 31 December 2017 £</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Restricted funds:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Africa - Global Resilience Partnership</td>
<td>197,056</td>
<td>304,638</td>
<td>(475,091)</td>
<td></td>
<td>26,603</td>
</tr>
<tr>
<td>Africa - Comic Relief</td>
<td>213,487</td>
<td>2,035</td>
<td>(213,235)</td>
<td></td>
<td>2,287</td>
</tr>
<tr>
<td>Africa - Nominet Trust</td>
<td>39,123</td>
<td>2,013</td>
<td>(41,136)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Africa - Other</td>
<td>952</td>
<td>37,340</td>
<td>(40,387)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Latin America - Big Lottery</td>
<td>69,855</td>
<td>97,924</td>
<td>(162,176)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Latin America - Other</td>
<td>18,716</td>
<td>1,536</td>
<td>(20,252)</td>
<td>1,808</td>
<td>(287)</td>
</tr>
<tr>
<td><strong>Total restricted funds</strong></td>
<td><strong>539,189</strong></td>
<td><strong>445,486</strong></td>
<td><strong>(952,277)</strong></td>
<td><strong>3,814</strong></td>
<td><strong>36,212</strong></td>
</tr>
<tr>
<td><strong>Total unrestricted funds</strong></td>
<td><strong>11,167</strong></td>
<td><strong>194,798</strong></td>
<td><strong>(177,377)</strong></td>
<td><strong>(3,814)</strong></td>
<td><strong>24,774</strong></td>
</tr>
<tr>
<td><strong>Total funds including pension fund</strong></td>
<td><strong>550,356</strong></td>
<td><strong>640,284</strong></td>
<td><strong>(1,129,654)</strong></td>
<td><strong>-</strong></td>
<td><strong>60,986</strong></td>
</tr>
</tbody>
</table>

The narrative to explain the purpose of each fund is given at the foot of the note below.
### Movements in funds (prior year)

<table>
<thead>
<tr>
<th>At 1 January 2016</th>
<th>Income &amp; gains £</th>
<th>Expenditure &amp; losses £</th>
<th>Transfers £</th>
<th>At 31 December 2016 £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted funds:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wefarm</td>
<td>143,169</td>
<td>58,504</td>
<td>(224,832)</td>
<td>23,159</td>
</tr>
<tr>
<td>East Africa</td>
<td>197,620</td>
<td>503,397</td>
<td>(248,858)</td>
<td>(4,793)</td>
</tr>
<tr>
<td>Latin America</td>
<td>33,776</td>
<td>130,655</td>
<td>(97,898)</td>
<td>25,290</td>
</tr>
<tr>
<td>Total restricted funds</td>
<td>374,565</td>
<td>692,556</td>
<td>(571,588)</td>
<td>43,656</td>
</tr>
<tr>
<td>Total unrestricted funds</td>
<td>9,526</td>
<td>192,384</td>
<td>(147,087)</td>
<td>(43,656)</td>
</tr>
<tr>
<td>Total funds including pension fund</td>
<td>384,091</td>
<td>884,940</td>
<td>(718,675)</td>
<td>–</td>
</tr>
</tbody>
</table>

### Purposes of restricted funds

Africa – Global Resilience Partnership: A 24-month award of $US 1 million (co-sponsored by USAID, Rockefeller Foundation and SIDA), contracted through until 30th June 2018, to develop and scale digital tools that support smallholder farmers in East Africa to enhance their resilience and engagement in agricultural value chains.

Africa – Comic Relief: A multi-year grant from Comic Relief (2013–2017), the East Africa Producer Innovation Programme (EAPIP), to establish the farmer-run Centres of Excellence which support smallholders enhance the quality of their tea and coffee production; diversify incomes through micro-enterprise establishment, and enhance their resilience to climate change.

Africa – Nominet Trust: A 12-month grant from Nominet Trust, initiated in June 2016, to support the development of digital prototypes that relays data from on-farm sensors to farmers’ mobile phones.


Latin America – Big Lottery: A four-year programme in Peru (2015-2019), entitled Innovation by Smallholders to enhance Productivity, Incomes, Resources and Enterprise (INSPIRE), funded by the Big Lottery Fund, to support the establishment of 3 Centres of Excellence in Peru.

Latin America – Other: Includes income and expenditure from the 2016–2017 Deepening Impact grant from the Fairtrade Foundation to support the Centre of Excellence model and leadership development in Peru, and 2017 funding from Rikal to support leadership development activities in Peru.

Fund transfers from unrestricted to restricted funds principally represents staff time and other direct costs associated with programme delivery that has been covered by unrestricted funds, rather than funding from the

### Reconciliation of net (expenditure) / income to net cash flow from operating activities

<table>
<thead>
<tr>
<th>2017 £</th>
<th>2016 £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income / (expenditure) for the reporting period (as per the statement of financial activities)</td>
<td>(489,370)</td>
</tr>
<tr>
<td>Depreciation charges</td>
<td>807</td>
</tr>
<tr>
<td>Dividends, interest and rent from investments</td>
<td>148</td>
</tr>
<tr>
<td>(Increase)/decrease in debtors</td>
<td>42,834</td>
</tr>
<tr>
<td>Increase/(decrease) in creditors</td>
<td>9,334</td>
</tr>
<tr>
<td>Net cash provided by / (used in) operating activities</td>
<td>(436,248)</td>
</tr>
</tbody>
</table>

### Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1. There was one member at 31 December 2017, Cafedirect Producers Limited.