

Company number: 06959165
Charity number: 1133218

Producers Direct

Report and financial statements
For the year ended 31 December 2021

Producers Direct

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For the year ended 31 December 2021

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Producers Direct

Reference and administrative information

For the year ended 31 December 2021

Company number 06959165

Charity number 1133218

Registered office and operational address International House, 45-55 Commercial Street
E1 6BD, UK

Country of registration England & Wales

Country of incorporation United Kingdom

Previous Names Producers Direct legally changed its name from Cafédirect 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 | Chair |
| Christele Delbe | Vice Chair |
| Pauline Boit | |
| Lenin Tocto Minga | |
| Penny Newman | Resigned: 18 th February 2022 |
| Anthony Wainaina | |

Key management personnel Claire Rhodes Chief Executive Officer

Bankers Triodos Bank
Deanery Road
Bristol
BS1 5AS

Barclays Bank
Leicester
LE87 2BB

Solicitors Bates Wells
2-6 Cannon Street
London
EC4M 6YH

Producers Direct

Reference and administrative information

For the year ended 31 December 2021

Weil Gotshal & Manges
110 Getter Lane
London
EC4M 6YH

Auditor

Sayer Vincent LLP
Chartered Accountants and Statutory Auditor
Invicta House
108-114 Golden Lane
LONDON
EC1Y 0TL

Producers Direct

Trustees' annual report

For the year ended 31 December 2021

The Trustees present their report and the audited financial statements for the year ended 31 December 2021.

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 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 2021, 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, education 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.

Approach and Model

Producers Direct was founded in 2009 to be an organisation led by smallholder farmers, for smallholder farmers. The majority of the 600 million farms in the world are small. Farms of less than 1 hectare account for 70% of all farms but operate only 7% of all agricultural land. While smallholders play an essential role in global food security and nutrition, these same smallholder farmers typically live on under \$2 a day and are themselves often affected by food insecurity and malnutrition. Changing climatic conditions continue to exacerbate these challenges for both smallholder farmers and global food systems. Current market systems do not incentivise the management of climate resilient food systems and agricultural landscapes. With food shocks related to extreme weather events becoming increasingly frequent, smallholders are facing the double burden of increasing productivity and resilience without receiving the information and tools needed for it. Typically, smallholders face and confront climate risks with minimal access to external data. While smallholders are one of the most vulnerable groups to climate change, their central role in global food systems uniquely positions them to be key leaders / actors in fighting in - and in the future management of sustainable food systems.

Within this context, there are four major, interconnected problems that Producers Direct's model and 2021-2025 Strategy is seeking to address:

1. **FARMER-OWNED FOOD VALUE CHAINS:** The world is not on track to reach Sustainable Development Goal (SDG) number 2. Food systems are broken and unsustainable. Smallholders currently have limited power in food value chains. Most smallholders work independently, capturing minimal value for their crops at market with limited support to achieve the increased on-farm productivity and reductions in post-harvest loss required to strengthen food security, resilience and incomes. To meet expected global demand for food as the world's population grows, more effectively investing in and leveraging the knowledge, skills and resources of the world's smallholders is becoming increasingly critical.

2. **WOMEN'S EMPOWERMENT:** Globally, women comprise over 50% of the agricultural labour force and produce nearly 80% of the food consumed in the developing world. Yet, female smallholders earn far less than men and have limited access to credit. For example, in Kenya, women smallholders access less than 1% of available agricultural credit. Further challenges, including lower financial and digital literacy levels, and restricted mobility exacerbating lack of access to training and markets, drives further marginalisation of women smallholders within food value chains.

3. **YOUTH AGRIPRENEURS:** Youth populations are rising rapidly. Over 50% of the world's population is under 30. In the next decade, 1 billion youth will enter the job market. 600 million of them will not find jobs. We are on the brink of facing a massive youth unemployment crisis. While Africa's rapidly transforming economies are driving increasing urban opportunities for off-farm employment, farming remains the single largest employer of rural youth. Yet rural youth face many hurdles earning a livelihood from farming. Unfortunately, most young people do not see farming as a viable livelihood. A key gap remains investing in a critical mass of skilled youth with access to finance and know-how to drive productivity growth in farming and related value chains. Youth typically do not perceive agriculture as a remunerative or prestigious profession. Until youth see more inspiring, profitable examples of youth-led agri-enterprise within rural areas, current trends in urban migration will continue. Key barriers not only include a lack of access to training and skills, capital and financial services, and market access (FAO, 2021) - but also a lack of awareness of the opportunities and services that do exist to support them.

4. **DATA IN THE HANDS OF FARMERS:** Farmers often do not have access to the data and information they need to make informed on-farm decisions, protect our planet and strengthen their resilience - including to changing climatic conditions. 99% of farmers in our network either keep no records at all, or paper-based records at best. Traditional smallholder data collection methods remain costly, and are often designed to primarily benefit stakeholders working with farmers - rather than the farmers themselves. The lack of access to smallholder farmer data prevents financial institutions from quantifying risk and offering them affordable financial services - particularly for female farmers and youth agripreneurs. When farmers are not using data insights to support their on-farm decision making, this can further exacerbate barriers to on-farm improvement, including optimising costs of production, and overall on-farm productivity, diversification and performance - all of which significantly contribute to farm profitability and ultimately farmer incomes.

To address these challenges, Producers Direct's four 2021-2025 Strategic Goals are:

1. **Farmer- Owned Value Chains:** Increase incomes by 120% for at least 295,000 smallholder farmers by end-2025 as a result of supporting smallholder farmers to diversify their on-farm production, aggregate their surplus crops, and collectively sell these crops into local and national markets. Key metrics include percentage increase in incomes, and percentage of farmers who are successfully diversifying and managing multiple on-farm enterprises, ensuring farmers are not dependent on a single crop for food security and income. We consider this a measure of resilience.
2. **Women's Empowerment:** Support 147,476 women smallholders to bundle their crops and sell them collectively into local and national markets, with the aim of enabling these 147,476 female smallholders to increase their on-farm incomes, strengthen their decision-making power and achieve financial independence.
3. **Youth Agripreneurs:** Strengthen youth leadership in sustainable agri-food systems, including supporting 117,238 youth leaders to take leadership in food value chains by either launching their own agri-enterprises and/or playing lead roles in supply chain logistics and sales.
4. **Data in the hands of farmers:** Empower 1.7m smallholder farmers to access and adopt digital technologies, from basic SMS to pioneering technologies such as AI and Blockchain - in order to support farmers to apply these digital tools to enhance their on-farm profitability, resilience and incomes. Key metrics include the percentage of farmers who have access to information needed to make more informed on-farm decisions.

Producers Direct delivers support services to smallholder farmers across Africa and Latin America. Producers Direct's peer-to-peer model places producer leadership at the centre of our programme delivery, governance and strategy. We aim to enhance farmer livelihoods by 1.) Improving farming productivity and incomes; 2.) Strengthening farm- and livelihood- resilience to changing climates; and 3.) Driving farmer ownership and leadership in food value chains. Producers Direct's farmer-led model blends in-person services with cutting edge digital tools, developed through farmer-centred design. Our model comprises the following four inter-linked components:

1. **Farmer-led Training and Information Services:** In partnership with smallholder producer organisations, Producers Direct runs a peer-to-peer training model that 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 multimedia digital tools to support the digitisation of training and information services to process, including through SMS, WhatsApp and radio. Farmer-led training services focus on the following areas:

- Good Agricultural Practices;
- Crop Diversification and Agri-enterprise development to support income diversification and enhance resilience against climate change and economic shocks;
- Crop Quality and Productivity Improvement;
- Environmental Sustainability, including Climate Change Adaptation and Climate Smart Practices;
- Digital and Financial Literacy.

2. Farmer-led Data Services: Smallholder farmers typically have extremely limited access to data to enhance their farm's performance or respond to the impacts of changing climatic conditions on their farm's performance. The livelihood impacts that Producers Direct is targeting to achieve through smallholders having improved data access include: Optimised profitability across multiple on-farm enterprises to support household income improvement; Insights into optimal harvest times maximising yields; Managing a range of profitable enterprises that collectively reduce vulnerability to climatic shocks; Yield prediction data that helps to de-risk on-farm investment; and enhanced access to financial services as a result of having improved on-farm performance records.

To support smallholder farmers to more effectively access data, Producers Direct is pioneering a farmer-led data system, FarmDirect, to support farmers manage their farms as sustainable and profitable small-scale businesses. FarmDirect provides producers with holistic farm views of all on-farm enterprises, enabling farmers to analyse productivity and profit/loss across multiple enterprises and to manage climate change risks.

Through FarmDirect, we are supporting farmers to access to the following data, empowering them to make smarter, more informed decisions:

- Profit & Loss: Gain insights into profit and loss across multiple farm enterprises.
- Yield Predictions: Access yield predictions for current and future seasons under varying climate change scenarios.
- Mobile Marketplace: Digitally bundle crops, sell products and track payments through a mobile marketplace managed by local youth.
- Loan Payments: Track loan repayments, create a digital record and access increased financing from external lenders.

3. Access to Finance: A key barrier to farmers trialling techniques that they have learnt about during in-person and digital training is their lack of access to the finance that may be required to trial the techniques. For example, funds to trial new fertilising techniques, including to support organic farming, or to develop a new micro-enterprise that increases household incomes, such as fish farming or beekeeping. To support smallholder farmers to overcome this barrier, Producers Direct is partnering with smallholder producer organisations to offer micro-loans to farmers, supporting them with access to the funds they need to make on-farm investments. This is particularly vital for women and youth within smallholder communities, who face disproportionately high barriers accessing finance. To address this, we are increasingly targeting loans to support young people and women who typically cannot access financial services or credit.

We also support farmers accessing loans to track their profits, loss, repayments, and product volumes, building a credit history so they can access increased credit in the future.

4. Market Access: Smallholder farmers also face the challenge of accessing markets for their products. To support market access, Producers Direct has been undertaking the following activities:

- Supporting the development of digital tools that enable farmers to work cooperatively to: Increase market visibility and accessibility; Trace products and payments; Improve access and links to buyers. We are developing the functionality of our digital tool, FarmDirect, so smallholders can form 'digital cooperatives' to bundle their crops and increase their negotiating power with upstream buyers, capturing a higher value for their crops. This work includes a focus on supporting women smallholders to enhance their incomes by collectively bundling and selling any surplus of the food security crops they are growing for household consumption.
- Supporting youth leaders within farming communities to take leadership on managing post-harvest logistics and supporting the structuring of currently unstructured value chains. Youth are supporting farmers to aggregate and negotiate better prices for a range of diversification crops they might be growing on their farm, such as honey, avocado, pineapple and banana, and therefore increasing farmers' access to untapped markets and buyers.
- Trialling the sale of branded Producers Direct products into urban markets in countries where Producers Direct is located, starting with the trial of honey sales in Kenya and Peru. The long-term goal for Producers Direct's product sales is to enable farmers to take leadership within food value chains, capture a higher percentage of the final market value for their product and have access to more reliable market opportunities for their range of products within food value chains.

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 remain 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 smallholder farming communities in which activities are undertaken. This includes:
 - a. Through a farmer-led training model, smallholder farmers are trained as trainers, who then share and replicate their knowledge with a broad range of smallholder farmers within their community and neighbouring communities.

- b. By engaging with groups within farming communities who may typically be marginalised from traditional farming cooperative structures. For example, our investment in strong networks of women and youth leaders within farming 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 producers beyond the smallholder producer organisations who partner with Producers Direct. Producers Direct's digital training and information services have a wide reach across digital channels, including SMS and WhatsApp. During the global pandemic Covid-19 Health and Safety materials have been disseminated to over 1.1 million smallholder farmers across East Africa and Latin America.

Activities and services delivered during 2021

All Producers Direct's charitable activities focus on improving the livelihoods and resilience of smallholder producers, and are undertaken to further Producers Direct's charitable purposes for the public benefit. Overall, Producers Direct's activities directly reached 811,590 smallholders and young people during 2021. 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. 2021 East Africa programme expenditure totalled £481,203, with donors including MercyCorps AgriFin and Innovate UK. In Latin America, programme expenditure totalled £187,085 - funded by Pret a Manger, the World Food Programme Innovation Accelerator and the German Development Agency, GIZ. Funding from Bayer AG supported programme activities across both Peru and East Africa.

2021 activities and services delivered included:

1. Farmer-led Training and Information Services:

Following a pause on in-person farmer training during 2020 due to COVID-19, in-person training activities were maintained at a low-frequency during the majority of 2021 - with a continued prioritisation and emphasis on digitised training and information services. Priority training and information programmes designed and delivered during 2021 included:

- **Covid-19 Health and Safety Messaging (East Africa):** Covid-19 impacts on smallholder livelihoods continued to be felt throughout 2021. These have included: 1.) Health concerns for rural communities worldwide, particularly with the ageing farmer demographic across Producer Direct's smallholder network placing them within the high risk Covid-19 category; 2.) Travel restrictions have limited smallholders' in-person access to markets, seasonal labour, training and inputs; 3.) Volatility in national and international markets, and supply chain uncertainty. Activities initiated in 2020 with support from MercyCorps AgriFin to design and disseminate digitised information on priority Covid-19 challenges faced by smallholder farmers continued throughout 2021. Producers Direct worked with smallholder farmers to design and test both the key messages and visual designs that were being developed, working through an iterative feedback process with farmer design groups. This second phase of the Covid-19 campaign, running throughout 2021, reached a total of 377,871 East African smallholder farmers during 2021, and was supported by MercyCorps

AgriFin and the Starbucks Foundation. Information was disseminated through a variety of channels, including SMS; Radio, with local language scripts developed, WhatsApp, Social Media and the display of posters in areas where farmers regularly visit. Content topics included: Keeping families and communities safe; Reducing Covid-19 transmission and Covid-19 myth busting - particularly vaccination myths and misconceptions. In addition to smallholder producer organisations partnering to support information dissemination, programme delivery was supported by iShamba, AFarmers Media and Standard Group Media in Kenya. An independent evaluation of campaign impact conducted by Busara Centre for Behavioural Economics indicated a 6.6 percentage point increase in smallholders' knowledge, attitudes, and behaviours towards Covid-19, as a result of knowing more about social distancing and Covid-19 transmission.

- **Youth Agripreneurs (East Africa):** From February to July 2021, Producers Direct partnered with the UK's Foreign Commonwealth & Development Office (FCDO) to design and run the *YouthDirect Na AgriBiz* campaign, focussed on mobilising youth from across Kenya to share their perspectives on the challenges and opportunities they face in developing sustainable agri-enterprises and earning incomes from agriculture, with the longer-term goal of empowering this cohort of youth agripreneurs with the knowledge and skills they need to launch profitable agri-enterprises. Over this six-monthly campaign, a total of 433,719 youth agripreneurs were reached through multiple social media platforms. Campaign messaging was co-designed with a cohort of 80+ Kenyan youth agripreneurs, to ensure campaign content directly responded to the challenges, needs and interests of their peers. Over the six-months, a series of county-level innovation showcases were convened with youth and other stakeholders from across Kenya, sharing youth-identified agri-enterprise innovations and facilitating opportunities for young people to share and learn with one another. The campaign then culminated in a virtual, national-level Kenyan Innovation Showcase of inspiring youth agri-enterprises, and associated *Youth Na Agribiz* Competition - which showcased 50 top youth-led agri-innovations across multiple value chains, including Dairy Farming, Livestock, Beekeeping, and Agri-Tech. 193 attendees participated in the National Innovation Showcase from across 14 counties. Results from an independent evaluation of campaign impact, conducted by Busara Centre for Behavioural Economics included: 96% of youth respondents saying they would join a physical or digital agricultural focussed cooperative group; 100% saying they would like to attend similar campaign events; 93% of youth participating in campaign events saying they had learned something new; and 98% saying they would recommend campaign information and activities to other youth in the agribusiness sector.
- **Honey (East Africa):** In-person honey training activities resumed during periods of 2021 where Covid-19 restrictions had eased. Trainer-of-the-trainer materials on hive management were developed and rolled out by Farmer Promoters, with 400 Beekeepers trained across Kenya, Uganda and Tanzania. Training included on how to manage on-farm records for their hives, empowering farmers to track the performance of their hives - as well as overall on-farm productivity and profitability. In-person training materials were followed-up with digital training materials, disseminated to 60% of the participating beekeepers post-training. 98% of farmers who were trained reported they felt able to implement practices they learned post-training.
- **Food Security (East Africa and Peru):** Work continued to develop printed and digital versions of food security crop training materials, to support programme activities in both Peru and East Africa. Materials developed included kitchen garden crops, as well as

bananas and avocados, in a variety of formats including training manuals for farmer promoters, visual guides for farmers, WhatsApp for Business content and tips to be shared by SMS. This included working with 350 female farmers in Peru to design and test training materials, and channels for information dissemination.

- **Youth Agripreneurs in Coffee (Peru):** In partnership with Pret a Manger and Cenfrocafe, work continued to develop training modules and materials to support youth entrepreneurs from smallholder coffee communities in Peru, with thematic areas including good practices in coffee farming; post-harvest coffee quality management and marketing; farm management, enterprise and leadership development. Throughout 2021, a cohort of 45 youth leaders undertook a 12-month MBA-style training programme, undertaking each of these thematic training modules through a combination of in-person and digitally convened training sessions, paired with on-farm learning experiences.

2. Farmer-led Data Services (Latin America and East Africa)

2021 provided an opportunity to do more on-the-ground, in-person testing of FarmDirect, with focus areas including on: 1.) Re-designing and further testing of paper-based log books to support smallholders managing on-farm records across a number of enterprises, including beekeeping, and working with youth leaders within farming communities to test the digitisation and sharing back of insights to farmers; and 2.) Expanding focus to test how farmers can benefit from predictive data insights, as well as real-time snapshots of how their farm is performing. Throughout 2021, Producers Direct partnered with the International Centre for Tropical Agriculture (CIAT) to test how AI-generated yield prediction models can be paired with farm-level data - with the aim of generating a pre-season prediction of the crop yield that a farmer might expect to receive. We are testing this through the farmer-led design and prototyping of a second digital tool - Croppie, working initially with smallholder coffee farmers to test the concept with coffee yield predictions. Our goal is to understand how these yield predictions, combined with sharing digitised agronomic and financial planning tips with smallholders, ahead of and during the season, can firstly support the farmer to optimise on-farm and financial / cost management during the season, and secondly look ahead to planning for future seasons - recognising that farmers will increasingly need forward-looking insights to plan for anticipated impacts of changing climatic conditions on crop yields and farm performance. With initial funding from CGIAR as a 2020 Inspire Challenge winner, and from October 2021 from GIZ, we have begun to work with 700 smallholder farmers in Peru and 300 smallholder farmers in Colombia to 1.) Explore how they value these yield predictions, including when paired with agronomic and financial tips and 2.) Test how farmers can access predictions on their future farm performance under varying climate scenarios, in order to support forward planning and the proactive management and mitigation of potential climate-related risks to their annual farm performance.

3. Access to Finance:

During 2021, Producers Direct launched Phase 2 of its Rotating Credit Facility, ROTA. Phase 2 focussed on Producers Direct providing loans to support beekeepers invest in their honey enterprises. Instead of the financing being provided in cash, Producers Direct pre-purchased 1,000 hives, which were then distributed as loans to 100 beekeepers across Kenya, Tanzania and Uganda. Farmers will each repay the value of the hives they received through a blend of honey and cash over the next four years, at an interest rate of 8%. Producer partner organisations supporting the administration and management of the loans to individual farmers will receive a 1% Management Fee of the collective value of loans distributed to the farmers they are supporting.

4. Market Access:

2021 saw significant progress on market access programme activities across East Africa and Peru, through branded and unbranded product sales into local and national markets - with a focus on horticultural crop and honey value chains. We launched our branded Producers Direct honey into the Kenya market in April 2021, with end-2021 results including listings in over 40 Kenyan retail outlets; 7,152 kg of honey sold; and revenue from branded Kenyan honey sales of £26,624. Furthermore, an initial trial of branded honey sales in Peru commenced in December 2021. This investment in driving market access opportunity for beekeepers directly connects with 2021 Training, Data and Finance programme activities outlined above to support the structuring of honey value chains, by training and building the capacity of smallholder farmers to supply their honey to the Producers Direct brand, through in-person and digital trainings in hive management; distribution of rotating credit loans to support beekeepers start or expand their beekeeping enterprise, and data services to support farmers to manage their hive performance and their ROTA loan management, on-paper and digitally.

For horticultural crops, we expanded the testing of FarmDirect's market access functionalities during 2021, with a focus on supporting smallholder farmers to bundle surplus food security crops they are growing, including fruits and vegetables, and selling them in local markets. Logistics associated with identifying buyers and sourcing products from farmers is being supported by a network of youth agents. FarmDirect functionalities tested during 2021, included registering farmers and buyers on FarmDirect and digitally aggregating / bundling volumes available from individual farmers to sell in bulk to buyers. During 2021, 80 farmers in East Africa and 350 female farmers in Peru were engaged in FarmDirect testing activities, with Peru programme activities undertaken in partnership with World Food Programme (WFP) Innovation Accelerator and WFP Peru.

Achievements and performance during 2021

During 2021, Producers Direct's activities reached **811,590** smallholder farmers and their families. Since 2009, cumulatively, **1.3 million** smallholder farmers and their families have benefited from Producers Direct's activities. Looking ahead to 2025, we are committed to reaching 1.7 million smallholders and improving incomes and livelihoods for smallholders, strengthening resilience to rapidly changing climates and driving ownership in food value chains.

Data collected from farmer surveys during 2021, including from 507 smallholder farmers across Kenya and Uganda, and 350 smallholder farmers in Peru, indicated:

- Up to a 100% increase in incomes for farmers who have adopted additional on-farm enterprises, including farmers taking up or expanding beekeeping and female smallholder farmers establishing or expanding the sale of their kitchen garden food crops.
- On average, 77% of farmers were managing diverse farming systems, of three or more on-farm enterprises to strengthen their climate resilience and decrease their dependency on a single cash crop. On-farm enterprises that farmers are diversifying into include tissue culture banana, honey, avocado, poultry, and local produce etc. 90% of farmers who have diversified have also reported diversification improved their incomes. From a baseline of \$1.35 per farmer per day, 100% income increases are resulting in individual farmers seeing incomes improved to \$2.70 per day (\$702 per year), with an overall increased annual dollar amount of \$351. For example, farmers producing bananas have improved their incomes by

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an additional \$288 per year, while farmers managing beehives and selling honey can earn an additional \$348 per year.

- 88% of farmers have access to the data / information needed for decision making.
- 98% of farmers who were trained reported they felt able to implement practices they learned post-training.

Impact metrics are tracked internally through data collections, surveys, evaluations, and focus groups. Producers Direct has also had our work externally evaluated four times - by Picture Impact in 2017 and 2018, and by Busara Centre for Behavioural Economics in 2020 and 2021, to verify our impact on smallholder farmer livelihoods. Busara's evaluation on the impact of our Covid-19 campaign concluded that 87% of farmers changed behaviour because of our digital Covid-19 campaign. Busara also evaluated the effectiveness of Producers Direct's 2021 *YouthDirect Na AgriBiz* campaign on changes in Knowledge, Attitudes and Behaviours (KAB). Results showed that youth participating in this 6-month campaign on average improved their knowledge and attitudes to youth-led agribusiness by 10% when compared to a control group. Although this did not necessarily translate to behaviour change during this 6 month engagement, Busara's KAB score - which averages out the knowledge, attitude, and behaviour components - showed that youth are on the right trajectory to changing their behaviour. For example, 96% of youth responded that they would join a physical or digital agricultural focussed cooperative group and 100% said they would like to attend other similar agribusiness competitions and events. Additionally, 93% of youth who participated in campaign events said they had learned something new; and 98% said they would recommend campaign information and activities to other youth in the agribusiness sector.

Other non-programmatic achievements during 2021 included:

- Producers Direct registered a US non-stock company, Producers Direct Inc, in August 2021 to support US-based fundraising and Producers Direct having a presence in the US. As a next step, Producers Direct Inc will file for 501c3 non-profit status.

External factors affecting achievement

Producers Direct works principally with smallholder producer organisations located in East Africa and Latin America. Working with these vulnerable producer organisations can affect capacity to deliver on partnership agreements according to defined timelines and targets. Throughout 2021, Covid-19 remained a dominant external factor affecting achievement - with the detrimental impacts of Covid-19 spanning both on the livelihoods of smallholder communities where Producers Direct works, as well as the socio-economic consequences of Covid-19 in the UK and internationally where Producers Direct's team members, donors and other strategic partners are located.

Smallholder farmers represent one of the most vulnerable groups to climate change, with changing climatic conditions continuing to exacerbate the challenges faced by smallholder farmers. Climate-related challenges include vulnerability to natural disasters, prolonged droughts and associated detrimental impacts of these changing climatic conditions on crop production. Current market systems typically do not incentivise the management of climate resilient food systems and agricultural landscapes. With food shocks related to extreme weather events becoming increasingly frequent, smallholders are facing the double burden of increasing productivity and resilience without receiving the information and tools needed for it. Typically, smallholders face and confront climate risks with minimal access to external data.

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 38 smallholder-owned producer organisations across Latin America and East Africa. Smallholder farmers across Producers Direct network are diverse in geography, crops and resources. On average, the smallholder farmers we work with earn less than \$2 per day and sustain their families on 1.2 hectares (3 acres). Farmers are managing diverse farming systems, including cash, non-cash and subsistence crops. Principal crops include grains, fruits, vegetables, honey, tea, coffee, and cocoa. The average age of our farmers is 60, on average they have 5 dependents and 94% are affected by climate change. On average, 16% of the farmers we work with own a smartphone, and 17% have internet access. Only 48% have a bank account. From our recent survey data, 89% of farmers who responded reported access to finance being a key challenge, and 59% reported market access as an additional challenge - showcasing the importance of our investment in linking farmers to markets. We particularly focus our resources on reaching women and youth. For over a decade, we have made significant investments in promoting female farmer leadership across our network and empowering female smallholders to play central roles in the design and delivery of our programme activities, both in-person and digitally. Furthermore, we continue to invest in supporting youth to take up leadership roles within smallholder communities, as well as to launch and scale their own agri-enterprises, as exemplified by our 2021 *YouthDirect Na AgriBiz* campaign.

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 levels to support programme implementation. During 2021, strategic partners supporting programme delivery included the World Food Programme Innovation Accelerator, MercyCorps AgriFin, International Centre for Tropical Agriculture (CIAT), Busara Centre for Behavioural Economics, Ideo.org, Champion Agency, Climate Edge, Cranfield University, iShamba and AFarmers Media.

Financial review

As shown in Producers Direct's Financial Statements, 2021 income totalled £988,359 with funds brought forward from 2020 totalling £1,314,734. 2021 expenditure totalled £1,089,278. During 2021, Producers Direct's principal funding sources included grants and donations from private foundations, inter-governmental organisations and public limited companies.

Detailed below and in our 2021 Financial Statements as a 2021 Post Balance Sheet Event, Wefarm Limited went into administration in August 2022. Consequently, the end-2020 value of Producers Direct's shareholding in Wefarm (£367,000) was reduced to £0 at end-2021, representing a net loss on investment of £367,000 at the end of 2021.

Producers Direct ended the year with a total fund balance of £846,815, of which £393,806 was restricted funds and £453,009 was 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 has represented a one-off investment that was undertaken because Producers Direct's Trustees felt

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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 current accounts and fixed term deposit savings accounts, Producers Direct's shareholding in Wefarm represented Producers Direct's only current investment through until end-2021.

From 2015 through until the end of 2018, Producers Direct maintained the fixed asset value of its shareholding in Wefarm at £800. This valuation of £800 was maintained because there had been no market mechanism or liquidity in Producer Direct's Wefarm shares. At the end of 2019, Producers Direct's Wefarm shares were re-valued in anticipation of Producers Direct being able to share a percentage of its shareholding during a 2020 Wefarm investment round, with the share value changing from £0.10 per share at the end of 2018, to £1.994 per share at the end of 2019. During 2020, Producers Direct sold 610,825 of its 800,000 shares, at a price of £1.908 per share on 29th October 2020, realising £1,165,465 of unrestricted income. The share price for this 2020 investment round was £1.94 per share, with a 1.65% deduction applied to this share price for transaction costs.

As a 2021 Post Balance Sheet Event, Wefarm Limited went into administration in August 2022. Consequently, Producers Direct's shareholding in Wefarm was devalued from £367,000 at the end of 2020, to £0 at the end of 2021, representing a net loss of £367,000.

Grant making policies

Producers Direct does not openly invite applications for grants and therefore does not have a grant making policy.

Loans

In 2020, Producers Direct secured two loans to support cash flow management and to invest in testing branded honey sales in East Africa. These were:

- CAF Venturesome: £50,000 debt finance (6% interest, 5-year repayment terms) secured to support the development and testing of Producers Direct branded honey sales in East Africa. The CAF Venturesome loan balance at the end of 2021 was £39,106.40.
- UK Government Bounce Back Loan: A £50,000 loan (2.5% interest after the first 12 months, 5-year repayment terms) was secured in June 2020 to support cash flow management. The Bounce Back loan balance at the end of 2021 was £44,987.94.

Voluntary help and gifts in kind

Throughout 2021, Producers Direct benefited from *pro bono* support from legal firm, Weil, Gotshal & Manges, who have acted on behalf of Producers Direct during Wefarm investment rounds. The value of these *pro bono* legal services included within the 2021 Accounts is £55,192.

Producers Direct was also 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 2021.

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 its:

- 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.

Additionally, the management of Covid-19 specific risks continued during 2021, with attention to key programme- and financing-related risks that included:

- Producers Direct Team and Operations: Risks of operational disruptions and team productivity as a result of all team members working from home, and experiencing high levels of uncertainty.
- Smallholder communities: Health concerns for rural communities worldwide, particularly as the ageing farmer demographic across our network places them within the high risk Covid-19 category; Anticipated disruption of operations and business performance of our producer partners; Mid-term food and income security challenges as a consequence of food production and local market sales being detrimentally impacted if farmers do fall ill; Increased challenges sourcing farm labour from non-local labourers, whose movement might now be restricted.

Reserves policy and going concern

Producers Direct's Reserve Policy focuses on holding sufficient unrestricted reserves to cover at least six months of essential operational costs during a period of unforeseen difficulty. In this context, Trustees consider essential operational costs to include: Core team members across the UK, East Africa and Latin America; IT costs to support effective remote working; and any outstanding contractual commitments to donors and/or service providers.

Under current 3-year cash flow projections, 6 months of essential operational costs are budgeted to range between £260,000 - £413,000. At the end of 2021, the balance of Producers Direct's unrestricted cash and assets totalled £453,009. During 2022, Producers Direct will continue work to enhance its unrestricted cash reserves through the following strategies:

- Careful management of Producers Direct's unrestricted fund balance.

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- Targeting opportunities to secure funding from Impact Investors, whose funding tends to be less restricted than other grant-based donor funds.
- Continued testing of opportunities to generate earned income through Producers Direct's activities, including the sale of Producers Direct branded products into local and national markets where smallholder partner organisations are located.
- Targeting earned income through service provision contracts with organisations working with smallholders.

At the end of 2021, Trustees assessed Producers Direct as a Going Concern on the following basis:

- A review of internal management information, including a budget and cash flow forecast through at least December 2023 - with planned scenarios in the event that fundraising income is significantly lower than plan. 2022+ cash flow forecasts had made no further provision to realise value from Producers Direct's remaining end-2020 shareholding in Wefarm.
- An analysis of external factors and risks, as outlined and managed through Producers Direct's Risk Register and 2021 Covid-19 response plan.
- Producers Direct holds sufficient unrestricted cash reserves to cover at least six months of essential operational costs to enable operations to continue during a period of unforeseen difficulty.

Fundraising

During 2021, 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 principally undertaken internally by grant writers who are employed by Producers Direct.

As part of our commitment to best practice, Producers Direct adheres to the standards set by the Fundraising Regulator (England, Wales and Northern Ireland), and the UK Chartered Institute of Fundraising. During 2021, there were 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 2021/2022 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 and social lenders during 2021:

East Africa

- Innovate UK Agri-tech 9: £28,600 received during 2021 of the total £55,117 secured for Producers Direct, sub-granted from Climate Edge, over 24 months from August 2020 to support the expansion of the initial soil kit testing work undertaken in 2019, and trial low-cost advisory services to support soil quality management.

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- UK Aid: £99,607 secured to design and implement a youth-led campaign in Kenya from January to July 2021, focused on enhancing youth engagement in Kenya's agribusiness sector, with the long-term goal of enabling youth to find a sustainable means of enhancing incomes from agriculture and establishing thriving agri-enterprises.
- Mercy Corps AgriFin: £66,464 secured for expenditure during 2021 from Mercy Corps AgriFin (who were a grantee of the Starbucks Foundation) to support a second phase of the Covid-19 information campaign initiated originally during 2020, with focus on targeting updated Covid-19 health and safety materials to smallholder farmers.

Latin America

- Pret a Manger Coffee Fund: £100,000 secured for expenditure during 2021/2022 to strengthen youth leadership within coffee value chains, in partnership with the producer coffee cooperative Cenfrocafe in Peru.
- World Food Programme (WFP) Innovation Accelerator: \$US 63,000 secured for expenditure during 2021/2022 to continue working in partnership with WFP Peru to test Producers Direct's 'Digital Cooperatives' concept and its potential to support women smallholders in Las Lomas, Peru, to aggregate and collectively sell their surplus food crops to enhance their incomes.
- 2020 Inspire Challenge Prize: Further to Producers Direct being a 2020 CGIAR Inspire Challenge winner, prize funds of £43,471 were sub-granted from the International Centre for Tropical Agriculture Centre (CIAT) to Producers Direct to support the design and testing of initial prototyping activities for Croppie - a digital tool that supports smallholders access yield prediction data for their crops - starting with coffee, and provide field-level data to enable continual improvement of the yield predictions generated by AI (Artificial Intelligence) and machine learning models.
- GIZ (German Development Agency): Producers Direct secured 700,445 Euros from the GIZ *Fund for the Promotion of Innovation in Agriculture (i4AG)* from October 2021 for 24 months to support expanded development and testing of Croppie - our digital tool focussed on data-driven yield predictions for smallholders in Peru and Colombia.

International:

- Bayer AG: \$318,000 (£235,443) secured for 2021-2022 support to Producers Direct to expand the testing of FarmDirect, and associated 'Digital Cooperatives' concept with smallholders in Peru and Uganda - with particular emphasis on supporting female smallholder farmers.

Unrestricted Income

- Dovetail Impact Foundation: Producers Direct received its first unrestricted donation of \$US 75,000 from the Dovetail Impact Foundation.
- Cafédirect plc: Producers Direct received an annual donation of £100,000 during 2021 from Cafédirect plc, in accordance with Producer Direct's multi-year Donation Agreement with Cafédirect plc.

Plans for the future

Future Programme Focus Areas

The focus of Producers Direct's 2021 - 2025 Strategy is to deliver public benefits to smallholder farming communities across Africa and Latin America, with the overarching impacts of:

- Enhancing farmer livelihoods and incomes;
- Enhancing resilience, including resilience to changing climatic conditions and economic shocks;
- Investing in building farmer leadership.

Key aspects of Producers Direct's 2021-2025 Strategy and model include:

- Farmer leadership and expertise central to design and delivery of all interventions.
- Blending of peer-to-peer in-person and digital services to enhance adoption rates and maximise impact on the livelihoods of smallholder farmers.
- Co-financing model leveraging Producers Direct's investment in farmer-led programming through co-financing and payments from smallholder farmers.

Producers Direct's 5-year strategy aims to transform food systems while enhancing resilience for 1.7m farming households, increasing incomes by up to 120% and promoting leadership and inclusion of all farmers, including reaching 50% women and 40% youth. We will continue to blend in-person and digital services, designed and delivered by farmers for farmers. The key focus areas of our 2021-2025 strategy are as follows:

Training and Digital Information Services: We are aiming to provide access to farmer-led training and digital services for 1.7 million smallholder farmers by 2025. All training is farmer-friendly, ensuring farmers can access, utilise and readily adopt what they've learned. In-person training will be led by a network of Farmer Promoters who will lead training on demonstration sites. Training will focus on the crops we will be selling into local and national markets, ensuring a cohort of 295,000 farmers has access to knowledge needed to improve productivity and quality, catalysing improved incomes, strengthened climate resilience and increased food and nutrition security. In parallel, we will accelerate our move to digital, ensuring 1.7M farmers have access to cutting-edge, farmer friendly training materials online and offline. FarmDirect will provide farmer-friendly digital training so farmers can learn new skills remotely. Digital training will provide information on micro-enterprise diversification, food security, Covid-19 health and safety, and climate resilience.

Farmer-led Data Services: We will increasingly expand the data services that FarmDirect offers to smallholder farmers, enabling farmers to analyse productivity and profit/loss across multiple enterprises and to manage climate change risks. Through FarmDirect, we will aim for farmers to have access to the following data, empowering them to make smarter, more informed decisions:

- Profit & Loss: Gain insights into profit and loss across multiple farm enterprises, supporting farmers to manage more than one on farm enterprise successfully, strengthening climate resilience by decreasing dependence on a single cash crop.
- Yield Predictions: Access yield predictions for current and future seasons, which is becoming increasingly important as we continue to face rapidly changing climates and erratic, extreme weather events.
- Mobile Marketplace: Digitally bundle crops, sell products and track payments through a mobile marketplace managed by local youth.
- Loan Payments: Track loan repayments, create a digital record and access increased financing from external lenders.

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Access to Finance: We will provide smallholders who qualify with access to loans, incentivising co-investment from farmers and partner farming cooperatives. We will focus our loans on farmers who plan to sell value-added products into national markets, ensuring farmers have access to initial start-up costs needed to invest in their farms and sell their crops and products. The majority of our loans will be earmarked for young people and women who typically cannot access financial services or credit. We will support farmers accessing loans to track their profits, loss, repayments, and product volumes, building a credit history so they can access increased credit in the future.

Access to Markets: We will drive market access for smallholders. Aggregated volumes of crops and value-added products will empower smallholders to increase their bargaining power in, and ownership of, food systems. 295,000 smallholders will sell their products into local and national markets, increasing incomes by up to 120%. Smallholders will bundle crops using our pioneering digital tool, FarmDirect. In parallel, we will test and scale the sale of Producers Direct branded products into domestic markets across East Africa and Latin America, supporting farmers to capture a higher value for their crops. Transport logistics will be managed by networks of youth. We aim for smallholder farmers to play stronger leadership roles within food systems in order to drive sustainable, resilient food value chains.

Future funding

Funds secured to support 2022 programme activities and operations to-date include:

Restricted Income: International

- Bayer AG: Continued expenditure of the 2021-2022 funding secured from Bayer AG in 2021 to expand the testing of FarmDirect, and associated 'Digital Cooperatives' concept with smallholders in Peru and Uganda - with particular emphasis on supporting female smallholder farmers.

Restricted Income: East Africa

- Innovate UK: Continuation of Agri-tech 9 programme activities, with funding originally secured in 2020 through a sub-grant from Climate Edge to support the testing of low-cost digital advisory services to farmers.

Restricted Income: Latin America

- Pret a Manger Coffee Fund: £100,000 confirmed for 2022 expenditure to strengthen youth leadership within coffee value chains, in partnership with the producer coffee cooperative Cenfrocafe in Peru.
- GIZ (German Development Agency): 353,800 of the 700,445 Euros secured from the GIZ *Fund for the Promotion of Innovation in Agriculture (i4AG)* from October 2021 for 24 months to support expanded development and testing of Croppie - our digital tool focussed on data-driven yield predictions for smallholders in Peru and Colombia.
- IDB Labs: \$1,000,000 secured from the IDB Labs - the innovation laboratory of the Inter-American Development Bank Group from January 2022 for three years to support a Peru-wide programme focused on 'Data Resilient Landscapes - focussed on working with Producer Direct's 10 producer partners in Peru, as well as non-producer partners including CIAT to design and implement the data, training, finance and market access services required to support climate resilience with Peruvian coffee landscapes.

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Unrestricted Income

- Cafédirect plc: As per the 3-Year Donation Agreement in place between Cafédirect and Producers Direct, an annual unrestricted donation of £100,000 from Cafédirect plc.

Additional 2022 priorities and 2021 post-balance sheet events include:

- Appointment of new Producers Direct Trustees: During 2022, five new Trustees will be nominated for appointment to the Producers Direct Board. This will include two new Peruvian smallholder producer representatives, and three non-producer Trustees who are based in Kenya, Sweden and the UK.
- Governance and Legal Structure: During 2022, Trustees and Management will continue work to review Producers Direct's current legal structure, including potential changes required to scale a successful product sales strategy in both East Africa and Latin America. This includes developing the business case for establishing a trading subsidiary of the charity and associated governance structures, and the future relationship between Producers Direct and its sole member, Cafedirect Producers Limited. Legal advice to support Trustees discussions will be sought throughout this process.
- Producers Direct's branded Product Sales: Producers Direct will continue testing and growing branded product sales in domestic markets where producer partners are located. During 2022, this will include continued trials of branded honey sales into retail and HORECA (Hotels, Restaurants and Cafes) channels in Kenya, and initial trials of branded honey sales in Peru.
- Wefarm closure: Wefarm was developed as a project by Producers Direct from 2010-2015 in collaboration with smallholder farmer representatives. 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. Producers Direct continued to hold a seat on the Wefarm Board until October 2020, supporting Wefarm's strategic business development and strategy to raise funds through the sale of its equity to organisational and individual investors with a range of social and/or financial investment interests. In October 2020, Wefarm completed a Series A+ investment round which provided Producers Direct with the opportunity to sell some of its Wefarm shares. Producers Direct has been a minority shareholder in Wefarm since 2020, with a shareholding of less than 1%. Wefarm Ltd went into administration in August 2022, resulting in Producers Direct's incurring a net loss of £367,000 in fixed assets investments during 2021.

Structure, governance and management

Constitution

Producers Direct is an international non-governmental, non-political, non-religious organisation. It was established as a UK private limited company limited by guarantee on 10th July 2009 (Company Number: 06959165) and was registered as a UK 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). Producers Direct also holds local branch registrations in Kenya and Peru and

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during 2021 registered a non-stock company in the US, Producers Direct Inc – with the aim of securing non-profit 501c3 status in the US.

Trustees

Producer 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. Trustees typically serve a maximum of two three-year terms.

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. Typically, international 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. However, Producers Direct's Board meetings were convened virtually rather than in-person throughout 2021. Subsequently, no travel expenses associated with Board meetings were incurred during 2021.

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.

Typically, Producers Direct's Board of Trustees meet at least quarterly, with the CEO reporting to the Trustees on activities undertaken in managing Producers Direct and providing updated financial reports that explain Producers Direct's financial position. During 2021, while meetings continued to be convened virtually, the Board met monthly by teleconference. A total of 12 Board teleconferences were convened and update reports provided.

Typically, Producers Direct also has a Board sub-committee established to oversee Producers Direct Procurement processes, composed of two staff and one trustee representative. However, during 2020 and 2021, Trustees recognised the need for extremely careful cash management, with all procurement matters being reviewed by the Board overall as part of monthly cash flow and expenditure reporting presented by the Management team. In previous years, a Board sub-committee has also been in-place for oversight of matters concerning Producers Direct's shareholding in Wefarm. However, during 2020 and 2021, all matters pertaining to Wefarm investment were managed during the main Board meetings. During 2021, Lebi Hudson served as the Producers Direct Chair - with the exception of the period March -October 2021, where Lebi Hudson requested personal time away from the Board, and Christele Delbe (Vice Chair) stepped in to serve as interim Acting Chair. Lebi Hudson resumed his role as Chair from October 2021, with Christele Delbe resuming responsibilities as Vice Chair. No further specific responsibilities have

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been appointed to each trustee. Penny Newman submitted her resignation from the Producers Direct Board at the end of 2021, having completed two 3-year terms as a Trustee. During 2021, a process to identify and recruit new Producers Direct Trustees was undertaken, with the goal of new Trustees joining the Board in 2022. New Producer Trustee candidates from Latin America were identified through a series of consultations with Producers Direct's producer partners across the region. Other Trustees not representing producers were identified on the basis of Producers Direct's current Board first identifying the skills and capacities required from new Trustees, and subsequently undertaking a selection process involving candidate interviews with Producers Direct's current Chair, Vice Chair and CEO.

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 CEO 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 Trustees' and Senior Team member's Interests has been established and is updated annually.

Employees

For the majority of 2021, Producers Direct employed 2 full-time and 3 part-time UK-based staff members as follows:

- The CEO, responsible for managing the day-to-day operations of Producers Direct, and Producers Direct's longer-term strategic development.
- The COO, responsible for strategic oversight and management of Producers Direct's impact, programmes and organisational development. (*Note - The COO was UK-based for the majority of 2021, and then transitioned to work for Producers Direct from the USA from 1st September 2021*).
- Head of Fundraising and Partnerships (0.8FTE), responsible for leading Producers Direct's fundraising and partnership development activities.
- Head of Information (0.8FTE), responsible for managing Producers Direct's communications with the general public, and Producers Direct's work to design a farmer-led data management system.
- Head of Business Development (0.6FTE - from July 2021), responsible for business development and financial modelling across Producers Direct's programme areas, particularly branded and unbranded product sales.

Throughout 2021, Producers Direct maintained its local branch status in Kenya. For the majority of 2021, Producers Direct maintained 11 full-time employees based in Nairobi, with Kenya-based senior team members including:

- The CFO, responsible for strategic management for Producers Direct's finances overall (not solely Kenya), and the operational management of Producers Direct's local branch in Kenya.
- Head of Commercial, responsible for leading on development and implementation of commercial plans for branded Producers Direct honey sales in Kenya.

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- Africa Manager, responsible for managing Producers Direct's programme activities across Producers Direct smallholder producer network in East Africa and managing annual work plans for each of the four East African Centres of Excellence.
- Honey Quality Manager, responsible for Producers Direct's development and delivery of honey programme activities with producer partners in Kenya, Uganda and Tanzania, and oversight of honey product development and quality management of branded honey products.

From September 2021, Producers Direct's local branch registration in Peru enabled 4 Peru-based employees to be hired, with Peru-based senior team members including:

- Peru Manager, responsible for managing Producers Direct's programme activities across Producers Direct smallholder producer network in Peru, including 2021 work plan development and delivery.
- Peru Commercial Manager, responsible for leading on development and implementation of commercial plans for branded Producers Direct honey sales in Peru and the testing of unbranded product sales through FarmDirect.

During 2021, Producers Direct contracted a range of support services, including user-centred design and financial management services, and support for the coordination of programme activities with smallholder producer organisations in Latin America. This included the services of five project coordinators for the majority of 2021, one in Haiti and four in Peru, to support the delivery of Producers Direct programmes in Latin America, and additional fundraising and administrative services to support the growth of Producers Direct's operations and programme activities in Peru.

Employee Remuneration

Producers Direct staff salaries are reviewed annually for all employees. Salary reviews take into account the following aspects: Employee's annual performance; level of responsibility, skill and knowledge required to carry out the role; comparable salary ranges in the geography and market in which the team member is working. For the CEO, the Chair of Producers Direct is responsible for proposing the salary adjustment to the Producers Direct Board for consideration and approval, based on their review of the CEO's performance and salary benchmarking with non-profit organisations of similar size, scope and resources to Producers Direct. For all other Producers Direct staff, the CEO is responsible for proposing the salary adjustments to the Producers Direct Board for consideration and approval, based on an employee's annual performance and benchmarking of salaries against comparable roles in organisations operating in similar geographies and markets to Producers Direct.

Appointment of Trustees

To recruit and appoint new Trustees, the Producers Direct management team reviews and shortlists 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 training 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:

Producers Direct Inc. Producers Direct Inc is a US-registered non-stock company that was established by Producers Direct to support the growth of Producers Direct's operations and expansion of US-based fundraising opportunities for Producers Direct. An application for US 501 c3 non-profit status has been submitted and is currently under consideration. From September 2021, Producers Direct's COO has been US-based and is employed by Producers Direct Inc.

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.

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 agreement was extended for an additional 3-years from January 2020.

Wefarm Ltd (Closed August 2022): 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. Until October 2020, Producers Direct was represented on the Wefarm Board and held the right to a Wefarm Board seat. In October 2020 Producers Direct sold 610,825 of its 800,000 shares in Wefarm at a price of £1.908 per share, enabling Producers Direct to realise £1,165,465 unrestricted funding from its investment in Wefarm. As part of this 2020 investment round, Producers Direct relinquished its rights to a Wefarm Board seat. At the end of 2021, Producers Direct's shareholding in Wefarm is less than 1%. Wefarm Ltd went into administration in August 2022.

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

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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 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 2021 was 1, Cafédirect Producers Limited being the sole member of the charity (2020: 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 15 September 2022 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 2021 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 2021 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on Producers Direct's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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 contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The trustees' annual 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
- The directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

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

Independent auditor's report

To the members of

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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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management, internal audit and the audit and risk committee, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
 - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.

Independent auditor's report

To the members of

Producers Direct

- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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)
20 September 2022

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 2021

| | Note | Unrestricted £ | Restricted £ | 2021 Total £ | Unrestricted £ | Restricted £ | 2020 Total £ |
|---|------|-------------------|-----------------|--------------------|-------------------|-----------------|--------------------|
| Income from: | | | | | | | |
| Donations and legacies | 2 | 223,002 | – | 223,002 | 130,068 | – | 130,068 |
| Charitable activities | | | | | | | |
| Africa Programmes | 3 | – | 194,671 | 194,671 | – | 13,217 | 13,217 |
| Latin America Programme | 3 | – | 544,062 | 544,062 | – | 168,655 | 168,655 |
| Honey Sales | | 26,624 | – | 26,624 | – | – | – |
| Investments | | – | – | – | 3,034 | – | 3,034 |
| Total income | | 249,626 | 738,733 | 988,359 | 133,102 | 181,872 | 314,974 |
| Expenditure on: | | | | | | | |
| Raising funds | 4a | 57,067 | 15,917 | 72,983 | 37,876 | – | 37,876 |
| Charitable activities | | | | | | | |
| Africa Programmes | 4a | 555,065 | 176,720 | 731,785 | 271,674 | 17,748 | 289,422 |
| Latin America Programme | 4a | 115,410 | 169,099 | 284,509 | 73,483 | 177,599 | 251,082 |
| Total expenditure | | 727,542 | 361,736 | 1,089,277 | 383,034 | 195,347 | 578,381 |
| Net expenditure before losses on investments | | (477,916) | 376,997 | (100,918) | (249,932) | (13,475) | (263,407) |
| Net losses on investments | | (367,000) | – | (367,000) | – | – | – |
| Net expenditure for the year | 5 | (844,916) | 376,997 | (467,918) | (249,932) | (13,475) | (263,407) |
| Transfers between funds | | – | – | – | (3,530) | 3,530 | – |
| Net expenditure after transfers | | (844,916) | 376,997 | (467,918) | (253,462) | (9,945) | (263,407) |
| Net movement in funds | | (844,916) | 376,997 | (467,919) | (253,462) | (9,945) | (263,407) |
| Reconciliation of funds: | | | | | | | |
| Total funds brought forward | | 1,297,925 | 16,809 | 1,314,734 | 1,551,387 | 26,754 | 1,578,141 |
| Total funds carried forward | | 453,009 | 393,806 | 846,815 | 1,297,925 | 16,809 | 1,314,734 |

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 18a to the financial statements.

Producers Direct**Balance sheet**

Company no. 06959165

As at 31 December 2021

| | Note | 2021 £ | £ | 2020 £ | £ |
|--|------|------------------|-----------------------|------------------|-------------------------|
| Fixed assets: | | | | | |
| Tangible assets | 10 | | 5,374 | | 3,129 |
| Investments | 11 | | - | | 367,000 |
| | | | <u>5,374</u> | | <u>370,129</u> |
| Current assets: | | | | | |
| Programme related investments | 13 | 46,024 | | - | |
| Debtors | 12 | 92,537 | | 49,766 | |
| Cash at bank and in hand | | 935,582 | | 1,029,990 | |
| | | <u>1,074,143</u> | | <u>1,079,757</u> | |
| Liabilities: | | | | | |
| Creditors: amounts falling due within one year | 14 | (166,950) | | (50,950) | |
| Net current assets | | | <u>907,193</u> | | <u>1,028,806</u> |
| Creditors: amounts falling due after one year | 15 | (65,752) | | (84,200) | |
| Total net assets | | | <u><u>846,815</u></u> | | <u><u>1,314,734</u></u> |
| The funds of the charity: | | | | | |
| Restricted income funds | 18a | | 393,806 | | 16,809 |
| Unrestricted income funds: | | | | | |
| General funds | | <u>453,009</u> | | <u>1,297,925</u> | |
| Total unrestricted funds | | | <u>453,009</u> | | <u>1,297,925</u> |
| Total charity funds | | | <u><u>846,815</u></u> | | <u><u>1,314,734</u></u> |

Approved by the trustees on 15 September 2022 and signed on their behalf by

Lebi Hudson
Trustee, Producers Direct

Producers Direct

Statement of cash flows

For the year ended 31 December 2021

| | Note | 2021 £ | £ | 2020 £ | £ |
|--|------|-----------|------------------|-----------|------------------|
| Cash flows from operating activities | | | | | |
| Net expenditure for the reporting period (as per the statement of financial activities) | | (467,919) | | (263,407) | |
| Depreciation charges | | 2,376 | | 2,477 | |
| Losses on investments | | 367,000 | | - | |
| Dividends, interest and rent from investments | | - | | 3,034 | |
| (Increase)/decrease in debtors | | (42,772) | | 81,657 | |
| (Decrease)/increase in creditors | | 116,000 | | (66,234) | |
| Net cash used in operating activities | | | (25,315) | | (242,473) |
| Cash flows from investing activities: | | | | | |
| Dividends, interest and rents from investments | | - | | (3,034) | |
| Proceeds from sale of investments | | - | | 1,185,000 | |
| Cash received on repayment of programme related | | (46,024) | | 3,240 | |
| Purchase of fixed assets | | (4,621) | | (2,945) | |
| Net cash used in investing activities | | | (50,645) | | 1,182,261 |
| Cash flows from financing activities: | | | | | |
| Cash inflows from new borrowing | | (18,448) | | 84,200 | |
| Net cash used in financing activities | | | (18,448) | | 84,200 |
| Change in cash and cash equivalents in the year | | | (94,408) | | 1,023,987 |
| Cash and cash equivalents at the beginning of the year | | | 1,029,990 | | 6,003 |
| Cash and cash equivalents at the end of the year | | | 935,582 | | 1,029,990 |

1 Accounting policies

a) Statutory information

Producers Direct is a charitable company limited by guarantee and is incorporated in England and Wales.

The registered office address and principal place of business is: International House, 45–55 Commercial Street, E1 6BD, UK

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) – (Charities SORP FRS 102), The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) 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 charity 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 charity's ability to continue as a going concern. This is based on Trustees undertaking a review of the following Going Concern Assessment Criteria: At the end of 2021, Trustees assessed Producers Direct as a Going Concern on the following basis: 1.) A review of internal management information, including a budget and cash flow forecast through until at least December 2023 – with planned scenarios in the event that fundraising income is significantly lower than plan; 2.) An analysis of external factors and risks, as outlined and managed through Producers Direct's Risk Register and Covid-19 response plan; 3.) Producers Direct currently holding sufficient unrestricted cash reserves to cover at least six months' of essential operational costs to enable operations to continued during a period of unforeseen difficulty.

Key judgements that the charity 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 the period 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 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.

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.

Notes to the financial statements

For the year ended 31 December 2021

1 Accounting policies (continued)

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 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 charity 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 | 72% |
| ▪ Latin America Programme | 28% |

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. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

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.

n) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

o) 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.

Notes to the financial statements

For the year ended 31 December 2021

1 Accounting policies (continued)

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 financial activities.

2 Income from donations and legacies

| | Unrestricted £ | Restricted £ | Total 2021 £ | Unrestricted £ | Restricted £ | Total 2020 £ |
|-----------|-------------------|-----------------|--------------------|-------------------|-----------------|--------------------|
| Donations | 223,002 | - | 223,002 | 130,068 | - | 130,068 |
| | <u>223,002</u> | <u>-</u> | <u>223,002</u> | <u>130,068</u> | <u>-</u> | <u>130,068</u> |

3 Income from charitable activities

| | Unrestricted £ | Restricted £ | Total 2021 £ | Unrestricted £ | Restricted £ | Total 2020 £ |
|---|-------------------|-----------------|--------------------|-------------------|-----------------|--------------------|
| East Africa Programme: | | | | | | |
| UKAid | - | 99,607 | 99,607 | - | - | - |
| MercyCorps AgriFin | - | 66,464 | 66,464 | - | - | - |
| Global Resilience Partnership | - | - | - | - | (4,682) | (4,682) |
| Producer Partners | - | - | - | - | - | - |
| Innovate UK | - | 28,600 | 28,600 | - | 17,899 | 17,899 |
| Honey Sales: East Africa | 26,624 | - | 26,624 | - | - | - |
| Sub-total for East Africa Programme | <u>26,624</u> | <u>194,671</u> | <u>221,295</u> | <u>-</u> | <u>13,217</u> | <u>13,217</u> |
| Latin America Programme: | | | | | | |
| Bayer AG | - | 235,443 | 235,443 | - | - | - |
| GIZ | - | 139,211 | 139,211 | - | - | - |
| CIAT | - | 43,471 | 43,471 | - | - | - |
| Pret a Manger | - | 100,000 | 100,000 | - | 102,500 | 102,500 |
| World Food Programme | - | 25,937 | 25,937 | - | 61,465 | 61,465 |
| Peru Partners | - | - | - | - | 4,690 | 4,690 |
| Sub-total for Latin America Programme | <u>-</u> | <u>544,062</u> | <u>544,062</u> | <u>-</u> | <u>168,655</u> | <u>168,655</u> |
| Total income from charitable activities | <u>26,624</u> | <u>738,733</u> | <u>765,357</u> | <u>-</u> | <u>181,872</u> | <u>181,872</u> |

Notes to the financial statements

For the year ended 31 December 2021

4a Analysis of expenditure (current year)

| | Charitable activities | | | | | 2021 Total £ | 2020 Total £ |
|--|-----------------------|-------------------------------|---------------------------------|--------------------------|-----------------------|--------------------|--------------------|
| | Raising funds £ | East Africa Programme £ | Latin America Programme £ | Governance costs £ | Support costs £ | | |
| Staff costs (Note 6) | 72,983 | 212,395 | 26,146 | - | 178,705 | 490,229 | 253,848 |
| Direct programme expenditure | - | 241,011 | 160,939 | - | 50,950 | 452,900 | 246,573 |
| Costs of generating funds: Other expenditure | - | - | - | - | - | - | 16,074 |
| Office costs | - | 27,797 | - | - | 51,643 | 79,440 | 51,667 |
| Audit, legal and professional fees | - | - | - | 7,893 | 58,815 | 66,708 | 10,219 |
| | 72,983 | 481,203 | 187,085 | 7,893 | 340,113 | 1,089,277 | 578,381 |
| Support and governance costs | - | 250,584 | 97,424 | (7,893) | (340,115) | - | - |
| Total expenditure 2021 | 72,983 | 731,785 | 284,509 | - | - | 1,089,277 | |
| Total expenditure 2020 | 37,876 | 289,422 | 251,083 | - | - | | 578,381 |

Producers Direct

Notes to the financial statements

For the year ended 31 December 2021

4b Analysis of expenditure (prior year)

| | Charitable activities | | | | | 2020 Total £ |
|--|-----------------------|-------------------------------|---------------------------------|--------------------------|-----------------------|--------------------|
| | Raising funds £ | East Africa Programme £ | Latin America Programme £ | Governance costs £ | Support costs £ | |
| Staff costs (Note 6) | 21,802 | 119,646 | - | - | 112,400 | 253,848 |
| Direct programme expenditure | - | 75,168 | 171,405 | - | - | 246,573 |
| Costs of generating funds: Other expenditure | 16,074 | - | - | - | - | 16,074 |
| Office costs | - | 4,459 | 1,471 | 638 | 45,099 | 51,667 |
| Audit, legal and professional fees | - | - | - | 10,219 | - | 10,219 |
| | 37,876 | 199,273 | 172,876 | 10,857 | 157,499 | 578,381 |
| Support costs | - | 90,149 | 78,207 | (10,857) | (157,499) | - |
| Support and governance costs | - | - | - | - | - | - |
| Total expenditure 2020 | 37,876 | 289,422 | 251,083 | - | - | 578,381 |

5 Net income / (expenditure) for the year

This is stated after charging / (crediting):

| | 2021 £ | 2020 £ |
|---|--------------|--------------|
| Depreciation | 2,376 | 2,477 |
| Auditor's remuneration (excluding VAT): | | |
| Audit | 7,250 | 6,650 |
| Other services: GRP Project Audit during 2019 | 643 | 448 |
| | <u>2,376</u> | <u>2,477</u> |

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

Staff costs were as follows:

| | 2021 £ | 2020 £ |
|---|----------------|----------------|
| Salaries and wages | 436,891 | 224,657 |
| Social security costs | 24,835 | 14,635 |
| Employer's contribution to defined contribution pension schemes | 28,504 | 14,556 |
| | <u>490,230</u> | <u>253,848</u> |

One employee earned more than £60,000 during the year (2020: nil) – the CEO (2021 Annual salary: £68,000).

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £80,756 (2020: £56,763).

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2020: nil). No charity trustee received payment for professional or other services supplied to the charity (2020: nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £0 (2020: £0) incurred by 4 (2020: 4) members relating to attendance at meetings of the trustees.

7 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 16.3 (2020: 8.5).

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

| | 2021 No. | 2020 No. |
|--------------------------|-------------|-------------|
| Raising funds | 1.1 | 0.7 |
| East Africa Programmes | 7.2 | 4.0 |
| Latin America Programmes | 2.8 | – |
| Support | 5.2 | 3.8 |
| | <u>16.3</u> | <u>8.5</u> |

Producers Direct

Notes to the financial statements

For the year ended 31 December 2021

8 Related party transactions

Aggregate donations from related parties were £109,030.95; (2020: £100,000).

Other transactions with related parties: Service Charge agreement paid from Producers Direct to Cafédirect: £4,296 (2020: £8,592). Producers Direct is connected to these related parties as follows:

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.

9 Taxation

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

10 Tangible fixed assets

| | Computer Equipment | |
|--------------------------|--------------------|--------------|
| | 2021 | 2020 |
| | £ | £ |
| Cost | | |
| At the start of the year | 11,459 | 17,772 |
| Additions in year | 4,621 | 2,945 |
| Disposals in year | - | (9,258) |
| At the end of the year | 16,080 | 11,459 |
| Depreciation | | |
| At the start of the year | 8,330 | 15,111 |
| Charge for the year | 2,376 | 2,477 |
| Eliminated on disposal | - | (9,258) |
| At the end of the year | 10,706 | 8,330 |
| Net book value | | |
| At the end of the year | 5,374 | 3,129 |
| At the start of the year | 3,129 | 2,661 |

All of the above assets are used for charitable purposes.

11 Fixed asset investments

| | 2021 | 2020 |
|----------------------------------|-----------|----------------|
| | £ | £ |
| Cost at the start of the year | 367,000 | 1,552,000 |
| Disposals in year | - | 1,185,000 |
| Net loss on change in fair value | (367,000) | - |
| | - | 367,000 |

At end-2020, Producers Direct's shareholding in Wefarm was valued as a fixed asset investment of £367,000. This shareholding in Wefarm represented Producers Direct's only fixed asset investment. Wefarm Ltd closed in August 2022. Producers Direct's net loss of £367,000 in fixed assets investments during 2021 is a consequence of Wefarm closing in August 2022 as a post-balance sheet event. At end-2021, Producers Direct's shareholding in Wefarm was devalued from £367,000 to £0.

Producers Direct

Notes to the financial statements

For the year ended 31 December 2021

12 Debtors

| | 2021 £ | 2020 £ |
|--------------------------------|---------------|---------------|
| Trade debtors | 39,638 | 41,123 |
| Prepayments and accrued income | 52,899 | 8,643 |
| | <u>92,537</u> | <u>49,766</u> |

13 Programme related investments

| | 2021 £ | 2020 £ |
|--|---------------|-----------|
| Fair value at the start of the year | - | 3,240 |
| Repayment of loans | 46,024 | (3,240) |
| Fair value at the end of the year | <u>46,024</u> | <u>-</u> |

Investments comprise:

| | 2021 £ | 2020 £ |
|--|---------------|-----------|
| Loans | | |
| Ankole (ACPCU) | 12,497 | 0 |
| Kayonza Growers | 20,929 | 0 |
| Rungwe and Busokelo Tea Co-operative Joint Enterprise (RBTC) | 12,598 | 0 |
| | - | - |
| | <u>46,024</u> | <u>-</u> |

During 2021, Producers Direct partnered with three smallholder producer organisations in Uganda (Ankole and Kayonza), and Tanzania (RBTC), and micro-finance institutions associated with each organisation, to enhance farmers' access micro-loans to support them take-up or strengthen on-farm beekeeping practices. Interest on loans is being charged below market rates in Uganda and Tanzania. Loans are being made to further the charity's objectives and not solely to generate a financial return.

14 Creditors: amounts falling due within one year

| | 2021 £ | 2020 £ |
|---------------------------------|----------------|---------------|
| Trade creditors | 136,187 | 18,171 |
| Taxation and social security | 3,081 | 3,413 |
| Loan payments due within a year | 18,342 | 14,294 |
| Accruals | 9,340 | 15,072 |
| | <u>166,950</u> | <u>50,950</u> |

Producers Direct

Notes to the financial statements

For the year ended 31 December 2021

15 Non-Current Creditors: amounts falling due beyond one year

| | 2021 £ | 2020 £ |
|----------------------|---------------|---------------|
| UK Bounce Back Loan | 35,802 | 45,094 |
| CAF Venturesome Loan | 29,950 | 39,106 |
| | <u>65,752</u> | <u>84,200</u> |

During 2020, Producers Direct secured two loans to support cash flow management and to invest in testing branded honey sales in East Africa. These were a CAF Venturesome loan for £50,000 of unsecured debt finance, on a 5 year repayment terms at an interest rate of 6% per annum, and a UK Government Bounce Back unsecured loan of £50,000 at a 2.5% per annum interest rate after the first 12 months on 5 year repayment terms.

16 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.

17a Analysis of net assets between funds (current year)

| | General unrestricted £ | Restricted £ | Total funds £ |
|----------------------------------|------------------------------|-----------------|------------------|
| Tangible fixed assets | – | 5,374 | 5,374 |
| Net current assets | 572,309 | 334,884 | 907,193 |
| Long term liabilities | (65,752) | – | (65,752) |
| Net assets at 31 Dec 2021 | <u>506,557</u> | <u>340,258</u> | <u>846,815</u> |

17b Analysis of net assets between funds (prior year)

| | General unrestricted £ | Restricted £ | Total funds £ |
|----------------------------------|------------------------------|-----------------|------------------|
| Tangible fixed assets | – | 3,129 | 3,129 |
| Investments | 367,000 | – | 367,000 |
| Net current assets | 1,015,125 | 13,680 | 1,028,805 |
| Long term liabilities | (84,200) | – | (84,200) |
| Net assets at 31 Dec 2020 | <u>1,297,925</u> | <u>16,809</u> | <u>1,314,734</u> |

Producers Direct

Notes to the financial statements

For the year ended 31 December 2021

18a Movements in funds (current year)

| | At 1 January 2021 | Income & gains | Expenditure & losses | Transfers | At 31 December 2021 |
|--------------------------------------|----------------------|-------------------|-------------------------|-----------|---------------------------|
| | £ | £ | £ | £ | £ |
| Restricted funds: | - | - | - | - | - |
| Africa – Innovate UK | - | 28,600 | (31,469) | - | (2,869) |
| Africa – UKAid | - | 99,607 | (99,607) | - | - |
| Africa – MercyCorps AgriFin | - | 66,464 | (52,635) | - | 13,829 |
| Africa and Latin America – Bayer AG | - | 235,443 | (12,398) | - | 223,045 |
| Latin America – GIZ | - | 139,211 | (21,005) | - | 118,206 |
| Latin America – CIAT | - | 43,471 | (43,471) | - | - |
| Latin America – Pret a Manger | 16,809 | 100,000 | (65,643) | - | 51,166 |
| Latin America – World Food Programme | - | 25,937 | (35,507) | - | (9,570) |
| Latin America – Producer Partners | - | - | - | - | - |
| Total restricted funds | 16,809 | 738,733 | (361,735) | - | 393,806 |
| Unrestricted funds: | | | | | |
| General funds | 1,297,925 | 249,626 | (1,094,542) | - | 453,009 |
| Total unrestricted funds | 1,297,925 | 249,626 | (1,094,542) | - | 453,009 |
| Total funds | 1,314,734 | 988,359 | (1,456,277) | - | 846,815 |

The narrative to explain the purpose of each fund is given at the foot of the note below.

Producers Direct

Notes to the financial statements

For the year ended 31 December 2021

18b Movements in funds (prior year)

| | At 1 January 2020 £ | Income & gains £ | Expenditure & losses £ | Transfers £ | At 31 December 2020 £ |
|--|---------------------------|------------------------|------------------------------|----------------|--------------------------------|
| Restricted funds: | | | | | |
| Africa – Global Resilience Partnership | (2,586) | (4,682) | 7,268 | - | - |
| Africa – World Bank | (163) | - | 163 | - | - |
| Africa – GHR | 7,288 | - | (7,288) | - | - |
| Africa – Innovate UK AgriTech | (29) | 17,899 | (17,870) | - | - |
| Africa – Producer Partners | 21 | - | (21) | - | - |
| Latin America – Community Fund | 5 | - | (5) | - | - |
| Latin America – Pret | 21,479 | 102,500 | (107,169) | - | 16,809 |
| Latin America – HenriNestle | 5 | - | (5) | - | - |
| Latin America – World Food Programme | 679 | 61,465 | (63,944) | 1,800 | - |
| Latin America – Peru Partners | 6.8 | 4,690 | (6,427) | 1730 | - |
| Latin America – Rikolto | 48 | - | (48) | - | - |
| Total restricted funds | 26,754 | 181,872 | (195,346) | 3,530 | 16,809 |
| Unrestricted funds: | | | | | |
| General funds | 1,551,387 | 133,102 | (383,034) | (3,530) | 1,297,925 |
| Total unrestricted funds | 1,551,387 | 133,102 | (383,034) | (3,530) | 1,297,925 |
| Total funds | 1,578,141 | 314,974 | (578,380) | - | 1,314,734 |

Purposes of restricted funds

Africa – Global Resilience Partnership: Funding co-sponsored by USAID, the Swedish Government and UKAid) to develop and scale digital tools that support smallholder farmers in East Africa to enhance their resilience and engagement in agricultural value chains.

Africa – World Bank: Funding from the World Bank Data Innovations Fund to support the development of Producer Direct's farmer-led data system in East Africa, with the aim of supporting smallholder farmers to respond to climate risks.

Africa – GHR: 2018–2020 Bridgebuilder Challenge funding awarded from the GHR Foundation and OpenIDEO to support YouthDirect –focused on promoting youth engagement with agriculture across Kenya, Tanzania and Uganda.

Africa – Innovate UK: Funding from Innovate UK's Agritech 9 funding window over 24 months from August 2020, sub-granted from Climate Edge, to support the expansion of the initial soil kit testing work undertaken in 2019, and trial low-cost advisory services to support soil quality management, and from Innovate UK's Global Challenges Research Fund (GCRF), sub-granted from Climate Edge, to support the testing of software that enables producer organisations to more effectively provide digital advisory services to smallholders. The fund balance of –£2,869 at end-2021 is due to programme activities running through into 2022, and a pending payment from Innovate UK for activities undertaken in 2021 expected in early 2022.

Africa – Mercy Corps AgriFin / Starbucks Foundation: £66,464 secured for 2021 expenditure to support the next phase of the Covid-19 information campaign that was undertaken during 2020, with focus on targeting updated Covid-19 health and safety materials to smallholder farmers across Kenya.

Purposes of restricted funds (continued)

Latin America – CIAT: In October 2020, Producers Direct was one of the 2020 CGIAR Inspire Challenge winners for our Croppie concept. The prize funds of £43,471 sub-granted from the International Centre for Tropical Agriculture Centre (CIAT) to Producers Direct supported activities from January – October 2021 in partnership with CIAT to design a digital tool that supports smallholders access yield prediction data for their crops – starting with coffee, and provide field-level data to enable continual improvement of the yield predictions generated by AI (Artificial Intelligence) and machine learning models.

Latin America – GIZ (German Development Agency): 700,445 Euros secured over 24 Months (2021 Q4 – 2023 Q3) to support the expansion of Croppie – our digital tool focussed on data-driven yield predictions for smallholders in Peru and Colombia.

Latin America – World Food Programme (WFP) Innovation Accelerator: 2020 and 2021 funding to test Producers Direct's 'Digital Cooperative' concept and its potential to support women smallholders in Las Lomas, Peru, to aggregate and collectively sell their surplus food crops to enhance their incomes. The fund balance of –£9,570 at end-2021 is due to programme activities running through into 2022, and a pending payment from WFP Innovation Accelerator for activities undertaken in 2021 expected in early 2022.

Latin America – Pret a Manger Coffee Fund: Funding to support Peruvian Partners, particularly Cenfrocafe, to implement a youth leadership training programme.

Latin America – Producer Partners: Funding from Peruvian producer partners to undertake a market research study on opportunities for income generation from the sale of diversification crops.

19 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 2021, Cafédirect Producers Limited.

20 Post balance sheet events

Wefarm Ltd went into administration in August 2022. Producers Direct's net loss of £367,000 in fixed assets investments during 2021 is a consequence of Wefarm closing in August 2022 as a post-balance sheet event. At end-2021, Producers Direct's shareholding in Wefarm was devalued from £367,000 to £0.