

The Forest Trust

(A company limited by guarantee)

Registered Number 3842323

Charity Number 1114277

Annual Report

For the year ending 31 December 2016

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Directors and advisors

The trustee directors who were in office during the year and up to the date of signing the financial statements were:

Directors

Brent Wilkinson
Andrew Hewett
Eric Bouchet
Saskia Luutsche Ozinga
David Roth
Michel Troussier

CEO

Bastien Sachet

Secretary

Trethowans

Registered office

The Pavilion
Botleigh Grange Business Park
Hedge End
Southampton SO30 2AF

Independent auditors

PricewaterhouseCoopers LLP
Abacus House, Castle Park
Cambridge CB3 0AN

Legal adviser

Trethowans
The Pavilion
Botleigh Grange Business Park
Hedge End
Southampton SO30 2AF

Strategic report

TFT has created a model of action to change the way companies interact with nature. TFT firmly believes deforestation and exploitation must be fought directly — that is in forests, plantations and factories around the world. This is why the majority of TFT's 250 plus staff work on the ground in what is now more than 20 countries.

Our strategy has led to a rapid growth in our size and impact in 2016. Our incoming resources increased to US\$18.4m, up over US\$2m on 2015. This growth was the result of a continued increase of palm oil members, a significant breakthrough in pulp and paper projects, building upon our diversification in new product areas. This rapid expansion happened despite a significant decrease in grant income. Indeed this was a consequence of a strategic decision to focus more on member work. We continue to strengthen our reserves, from US\$5,087,413 in 2015 to US\$7,381,868 as at 31 December 2016. The performance of the business has been discussed further in the Directors' report.

TFT is organised into three key teams:

Field Programme Team

Works on the ground in more than 20 countries, in forests, plantations, quarries, mills and factories, to implement our member and partner projects. This group represents the vast majority of TFT staff and is comprised of foresters, agronomists and social experts who monitor the supply chains of our members and deliver on our donor priorities. They also share their local and regional knowledge through practical workshops and field training sessions.

The Field Support Team

Responsible for designing, implementing and supporting field projects which develop and demonstrate techniques for helping companies source their products more responsibly. Composed of project managers, financial and human resources specialists, communication and business development teams, our field support staff work to ensure the field team are in the best position to focus on extending TFT's positive impacts on land management and responsible supply chains.

The Member Support Team

Helps TFT's partners to understand requirements for sourcing products responsibly. They work closely with members to ensure they are delivering against their commitment to change their supply chains. They also act as a point of liaison with donors to ensure funds are invested effectively, and outputs communicated in a timely and digestible way. The team also communicates progress on the projects they support and in the chain of custody that supply their factories and stores.

Principal risks and uncertainties

TFT's senior team and trustees closely monitor key risks for the organisation. TFT has developed systems to monitor and control these risks and mitigate any significant impact they may have. Major risks and measures taken are recapitulated in an annual report validated by the trustees.

The top risks reported are:

- Inability to deliver a sustainable financial position
- Critical and sudden impact on reputation and brand leading to reduction of funding
- Increased technological development and dependency

Financial risk management policy

Operating in more than 20 countries, TFT is exposed to foreign currency fluctuations. To minimise risk, TFT continuously seeks to match the currency of income and expenditure. In 2017, to further reduce the risk, the focus will be to increase our USD cash reserve, our reporting currency, instead of Swiss Franc.

Working with a large number of members and partners, our key teams are closely involved in ensuring all receivables are collected within the period of our payment conditions.

The business review and future developments of the Charity are presented in the Directors' Report, which follows.

Approved by the board and signed on its behalf by

A handwritten signature in black ink, appearing to be 'Brent Wilkinson', written over a horizontal line.

Brent Wilkinson

Chairman

Chairman's report

TFT has yet again seen a year of significant growth, financial strengthening and learning. This was particularly pleasing as it was also a year when we had a new Chief Executive, Bastien Sachet, only the second in our history, with our Founder, Scott Poynton, stepping back from operations to focus on inculcating the TFT spirit and sharing with leaders our learning. On behalf of the Board I would like to thank the total TFT team for supporting and enabling this transition.

I am also very pleased to report that 2016 saw TFT push further with innovation in solutions to tackle deforestation. In partnership with Airbus and SarVision, TFT developed Starling - a satellite service enabling companies to provide evidence of how they are implementing their No Deforestation commitments. It will be the first time a technology of this kind is made available to companies, from producers to global brands, to help them make the right decisions and meet the promises set out in their forest conservation policies. This innovation is very much at the heart of what TFT does - collaborating on new solutions with global business for the benefit of people and nature. It's telling that global brands Ferrero and Nestlé piloted Starling before it was launched - it demonstrates an appetite for such innovation among the business community.

TFT's staff numbers grew rapidly over the course of 2014 and 2015, after a surge of new members. It was a time when the organisation was very much in doing mode, with little time to share the wealth of experience its work gained. So it was exciting to see 2016 being the year TFT showcased in film the work it has done to improve conditions for staff at SOSUCAM, Cameroon's largest employer. A film produced in late 2015, on TFT's work with Pro Fair Trade to increase supply chain transparency, has been watched nearly 6,000 times on YouTube. The objective here isn't to boast - far from it; the aim is to show what impact has been made in order to help other stakeholders see how it was possible, and for such impact to be taken to a greater scale.

I would like to take this opportunity to thank all TFT staff for their continued hard work, and once more look forward to the growing impact TFT will have over the coming years to make the world a better place.

Brent Wilkinson
Chairman

Directors' Report for the year ended 31 December 2016

The Directors, who act as Trustees for charitable purposes, present their report and the audited financial statements for the year ended 31 December 2016. The information with respect to Directors and advisors set out on page three forms part of this report. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association, applicable Accounting Standards in the United Kingdom and the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective January 2015).

Some requirements of the Directors' Report have been presented within the Strategic Report and the Chairman's Report on the previous pages.

Principal activities

TFT is a charity registered with the Charity Commission for England and Wales (Registration No. 1114277). It is also a company limited by guarantee registered in England and Wales (Registration No. 3842323). It was founded in 1999 and was formerly known as Tropical Forest Trust. Its objects and powers are set out in its Memorandum and Articles of Association.

TFT transforms supply chains for people and nature. Located between the two worlds of business and nature, it works out in the field and negotiates in the boardroom to help companies and communities bring about change. TFT is using this approach in a range of raw materials, like palm oil, pulp and paper, stone, charcoal, wood and sugar. Negotiating in the boardroom and working on the ground, side-by-side with our members, TFT's teams find practical and entrepreneurial ways of changing the way products are sourced, made and brought to customers.

TFT Highlights in 2016

Here's a quick summary of some of the highlights of TFT's work in 2016.

More commit to protecting forests

2016 saw us begin work with more companies. This included four new palm oil members – Japanese food manufacturer Fuji Oil, leading merchants and processors of agricultural goods Louis Dreyfus Company, global baking company Grupo Bimbo, and leading multinational manufacturer and marketer of consumer and professional products, Clorox. Each is working with us to support their palm oil suppliers improve their practices.

Leading multinational manufacturer and marketer of consumer and professional products Clorox became a TFT member. The company identified 12 key suppliers that it will focus on to help achieve supply chain traceability.

Global brand and chocolate company Lindt & Sprüngli began working with us on cocoa. We will support them to strengthen farming practices in their supply chain in cocoa producing countries, including Ecuador, Ghana and Madagascar. UK-based building product suppliers, Brett and London

Stone joined our Responsible Stone Programme, which improves worker conditions in stone supply chains.

Transparency Hub launched

We want to shine a light on the work we are doing with our members to impact change. We believe our new Transparency Hub will help us to do that. It shows greater transparency on the work we are doing in the field with our members to bring balance between businesses, people and nature. Visit the Hub at www.tft-transparency.org/

New service providing unprecedented accuracy on how well companies are protecting forests

Starling was developed with Airbus Defence and Space, and SarVision. We created Starling as a credible, scalable and cost effective alternative to auditing. It uses high-resolution optical satellite and radar imagery to provide up-to-date and unbiased monitoring of forest cover change. After 14 months of development, by October 2016 Starling was in operation with Ferrero and Nestlé as pilot customers, readied for commercial launch in Summer 2017. Optimised in the first instance for palm oil, Starling can be calibrated for many commodities and geographies. We are very excited about it as a real game changer for forest protection. Visit the Starling website at www.starling-verification.com

No Exploitation

We developed and published a toolkit giving practical guidance to those working to eradicate human exploitation from their supply chains. With subjects ranging from the Modern Day Slavery Act to fair wages and hours, the materials draw on our own practical experience as well as globally recognised standards such as those from the International Labour Organization. The toolkit is available at www.tft-earth.org/resources/tftrespect/

Future Development

2017 will see TFT and its partners further develop and launch Starling. The number of companies making commitments to cut deforestation in their operations is rising. Until now, verifying progress of these commitments has been challenging, with brands and producers relying on ground-based checks by auditing firms which are ultimately limited in the amount of land they can cover and how they can monitor change. With commercial agriculture for palm, soy, cattle, timber and pulp responsible for at least two-thirds of global tropical deforestation, companies making forestry conservation pledges have been asking for a reliable verification tool to prove their commitments are working. Starling will help provide this.

TFT will always support innovation. Furthermore, we will always support and encourage innovation that comes from collaboration. It's what we have done with Starling and we see it developing across a number of initiatives we have planned with our members. We accept that this will be challenging; research by MIT Sloan Management Review, The Boston Consulting Group and the

UN Global Compact showed only 47 percent of companies engage in sustainability collaborations with competitors, non-governmental organisations, suppliers, or regulators. Yet encouragingly, the research found that as sustainability issues become increasingly complex, global in nature and pivotal to success, companies are now starting realising that they can't make the necessary impact by acting alone.

Results for the year

The Statement of Financial Activities shows a net increase in funds of US\$2,294,455 (2015: increase of US\$1,466,089).

Reserves policy

As of 31 December 2016, TFT had net reserves of US\$7,381,868 (2015: US\$5,087,413). Reserves are held to fund the operations of the charity. At the end of 2016 a cash reserve equivalent of two months of operational cost had been achieved. The Board of Trustees believes that TFT should ultimately maintain a level of cash reserves equivalent to at least three months of operations. This policy is reviewed annually.

These reserves would be used to ensure the organisation can operate in times of substantial income fluctuations or where expenditure on charitable activities could not or should not be scaled back in the short to medium term.

Dividends

As a charitable organisation and a company limited by guarantee, there will be no payment of a dividend.

Governance of the charity

The Board of TFT comprises of 6 unpaid trustees, as listed below on page 10 (who are also the directors of TFT for the purpose of company law). The board is responsible for setting policy, agreeing strategy and approving major commitments based on advice from senior management, and the appointment of the chief executive. Day-to-day operations are delegated by the Board to the Chief Executive, who leads the Senior Management team. In 2016, Board meetings were held in January, May and September.

A thorough recruitment exercise is undertaken for the appointment of trustees, to ensure that any trustees recommended to the Board have the skills and experience required, complementing the current composition of the Board.

The induction and training of directors is based on an assessment of each new director's training needs, and briefings are tailored to meet their requirements. The following individuals were directors during the year:

Brent Wilkinson
Andrew Hewett
Eric Bouchet
Maria Cattai-Livanos (resigned January 26, 2017)
Saskia Luutsche Ozinga
David Roth
Michel Troussier

Public Benefit

The Board has referred to the guidance in the Charity Commission's general guidance on Public Benefit when reviewing their aims and objectives and in planning future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set.

Charitable status

The company has been granted relief from Corporation Tax under Section 478 (onwards) of the Corporation Taxes Act 2010.

Risk management

The Board recognises the need to develop sound systems of internal risk control and to implement effective risk management across the organisation and its operations. Risk issues – both internal and external - are discussed at each Board meeting and strategies are enacted to mitigate those risks.

Statement of Trustees' responsibilities

The trustees (who are also directors of The Forest Trust for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland* (FRS 102), and applicable law).

Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and 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:

Directors' report for the year ended 31 December 2016 (continued)

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the charitable company's shareholders in writing about the use, if any, of disclosure exemptions in FRS 102 in the preparation of financial statements.

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

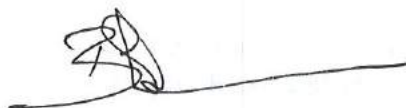
The trustees are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors and disclosure of information to auditors

Each director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the Annual General Meeting.

Approved by the board and signed on its behalf by Brent Wilkinson



Chairman

Independent auditors' report to the members of The Forest Trust

Report on the financial statements

Our opinion

In our opinion, The Forest Trust's financial statements (the financial statements"):

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2016 and of its incoming resources and application of resources, including its income and expenditure and cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report (the "Annual Report"), comprise:

- the balance sheet as at 31 December 2016;
- the statement of financial activities (incorporating an income and expenditure account) for the year then ended;
- the statement of cash flow for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter 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 Directors' report, including the Chairman's Report and the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report, including the Chairman's Report and the Strategic Report, has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Trustees' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Trustees' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 10, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the charity's members and trustees as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the trustees; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the trustees' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Simon Ormiston (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cambridge

Date: 28 September 2017

- (a) The maintenance and integrity of The Forest Trust website is the responsibility of the trustees; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of financial activities (incorporating an income and expenditure account) for the year ended 31 December 2016

	Note	Unrestricted funds 2016 US\$	Restricted funds 2016 US\$	Total funds 2016 US\$	Total funds 2015 US\$
Incoming resources					
Member contributions		17,275,899	-	17,275,899	15,617,000
Grants received		-	958,369	958,369	256,544
Investment income:					
Other incoming resources		101,977	-	101,977	31,258
Total incoming resources		17,377,876	958,369	18,336,245	15,904,802
Resources expended					
Expenditure on raising funds:					
Fundraising costs	3	605,115	33,371	638,486	313,112
Marketing and publicity	4	1,581,904	87,240	1,669,144	1,509,027
		2,187,019	120,611	2,307,630	1,822,139
Charitable activities	5	13,252,623	481,537	13,734,160	12,616,574
Total resources expended		15,439,642	602,148	16,041,790	14,438,713
Net comprehensive income for the year	6	1,938,234	356,221	2,294,455	1,466,089
Net movement in funds		1,938,234	356,221	2,294,455	1,466,089
Fund balances brought forward at 1 January		4,993,926	93,487	5,087,413	3,621,324
Fund balances carried forward at 31 December		6,932,160	449,708	7,381,868	5,087,413

All incoming resources and resources expended are derived from continuing activities. There are no other forms of comprehensive income. The notes on pages 18 to 31 form part of these financial statements.

Balance sheet as at 31 December 2016

	Note	2016 US\$	2015 US\$
Fixed assets			
Intangible assets	9	36,289	54,105
Tangible assets	10	309,481	195,704
Total Fixed assets		345,770	249,809
Current assets			
Debtors	11	4,671,554	3,830,370
Cash at bank and in hand		5,477,461	2,935,072
Total current assets		10,149,015	6,765,442
Creditors: Amounts falling due within one year	12	(3,112,917)	(1,927,838)
Net current assets		7,036,098	4,837,604
Total assets less current liabilities		7,381,868	5,087,413
Net assets		7,381,868	5,087,413
The funds of the charity			
Total income fund	15	7,381,868	5,087,413
Total charity funds		7,381,868	5,087,413

The financial statements and associated notes were approved, and authorised for issue, by the Board on September 28, 2016 and signed on its behalf by:



Brent Wilkinson
Chairman

Registered Number 3842323
Charity Number 1114277

Statement of Cash Flow for the year ended 31 December 2016

	Note	2016 US\$	2015 US\$
Operating expenses			
Net cash inflow from operating activities		2,961,640	321,062
Investing:			
Net cash inflow from financial activities		2,816	4,597
Purchase of tangible fixed assets		(234,005)	(149,005)
Purchase of intangible fixed assets		-	-
Net Cash outflow from investing		(231,189)	(144,408)
Increase in cash and cash equivalents in the year	17	2,730,451	176,654
Cash and cash equivalents at the beginning of the year		2,935,072	2,692,968
Effects of exchange rates		(188,062)	65,450
Cash and cash equivalents at the end of the year		5,477,461	2,935,072

Notes to the financial statements for the year ended 31 December 2016

1. Principal accounting policies

General information

The Forest Trust is engaged in the transformation of supply chains for people and nature. TFT is a Public Benefit Entity registered with the Charity Commission under number 1114277 and as such is a non-profit making organisation and private company (3842323), limited by guarantee and is incorporated in England and Wales. The address of its registered office is The Pavilion, Botleigh Grange Business Park, Hedge End, Southampton SO30 2AF.

Basis of accounting

The financial statements of The Forest Trust have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"), the Companies Act 2006, the Charities Act 2011, and the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" effective from January 2015 and have been prepared on a going concern basis.

Going concern

The Forest Trust produces annual budgets and forecasts which take into account expected changes in the funding stream and which demonstrate that the charity will be able to continue to operate for the foreseeable future. Due to secured funding the Trustees have reasonable expectation that the charity has adequate resources to continue in operational existence in the short to medium term. On this basis, the Trustees consider it appropriate to continue to prepare the financial statements on the going concern basis.

Restricted funds

Restricted funds are funds which are earmarked by the donor for specific purposes. Such purposes are within the overall aims of the organisation. These funds may be income only (where the capital must be retained) or income and capital (where the grant and income deriving there from may be utilised).

Accruals basis

The financial statements are prepared on an accruals basis with the exception of grants which are accounted for on a cash basis.

Incoming resources

Voluntary income including member contributions, gifts and legacies and grants that provide core funding or are of a general nature are recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met and it is probable that the income will be received and the amount can be measured reliably.

Grants

Income from government and other 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.

Resources expended

Direct charitable expenditure in relation to the operation of the activities of the charitable company is accounted for separately from any cost in respect of fundraising and publicity.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charity. They are allocated to the restricted/unrestricted funds in equal proportion with the allocation of the total restricted/unrestricted resources received.

The costs of marketing and publicity relate to general marketing and publicity of the charity as well as specific activities, including publicity and awareness material on initiatives such as Rurality and CSE.

Direct charitable expenditure is those costs incurred directly in support of expenditure on the activities of the charity. Governance costs represents salaries, direct expenditure and overhead costs incurred on the strategic, as opposed to day-to-day management of the charity and on compliance with constitutional and statutory requirements.

Tangible fixed assets

Capitalisation

The cost of fixed assets is their purchase cost together with any incidental costs of acquisition. Any with a cost below \$1,000 are not capitalised.

Depreciation

Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight-line basis over the expected useful economic lives of the assets concerned. Assets are depreciated over three years or five years on a straight line basis depending on the nature of the asset.

Furniture, fixtures & fittings	3 years
Computer and other office equipment	5 years

Intangible fixed assets

Capitalisation

Intangible assets represent the capitalised costs relating to the financial computer software.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Amortisation

Computer software development costs recognised as assets are amortised over their estimated useful lives, either six or seven years.

Costs amortised relate to the charity's accounting software.

Impairment of fixed assets

A review of impairment of a fixed assets is carried out annually. It takes into consideration if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

Notes to the financial statements for the year ended 31 December 2016

Foreign currencies

Trading transactions denominated in foreign currencies are translated into US dollars at the exchange rate ruling when the transaction was entered into. Monetary assets and liabilities denominated in foreign currencies are translated into US Dollars at the exchange rates ruling at the balance sheet date. In 2016 an exchange loss of \$234,997 is included in the operating results.

Deferred income

Deferred income represents that portion of income that has been billed to members in advance of the period that the payment relates to, where the period the payment relates to is after the year end.

Accrued Income

Accrued income represents income recognised for work performed that was unbilled at the year end. It is accounted for on the basis of work performed that remains unbilled, or in line with contracted agreements with Members. Investment income is recognised on a receivable basis.

Operating leases

Rental under operating leases are charged on a straight-line basis over the lease term.

Pension costs

The company pays into three defined contributions schemes on behalf of its employees, the costs of which are included in the SoFA in the year in which they are paid. There are no amounts prepaid or outstanding in relation to the pension schemes at year end (2015:\$nil).

2. Critical accounting judgements and estimation uncertainties

In the application of the charity's accounting policies, the Trustee representatives are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The Trustee representatives do not consider there are any critical judgements or sources of estimation uncertainty requiring disclosure.

3. Fundraising costs

As fundraising efforts are undertaken to obtain additional income from all sources, fundraising cost are allocated to the restricted/unrestricted funds in equal proportion with the allocation of the total restricted/unrestricted resources received.

Notes to the financial statements for the year ended 31 December 2016 (continued)

4. Marketing and publicity

	2016 US\$	2015 US\$
Marketing	1,643,768	1,484,686
Publications	25,376	24,341
Total	1,669,144	1,509,027

As marketing and publicity campaigns are generally intended to benefit all donors, marketing and publicity costs are allocated to the restricted/unrestricted funds in equal proportion with the repartition of the total restricted/unrestricted resources received.

5. Charitable activities

	2016 US\$	2015 US\$
Salaries and social costs	5,958,912	5,434,072
External consultants	637,975	497,601
Governance costs	4,606,823	3,639,709
Operating costs	2,530,450	3,045,192
Total	13,734,160	12,616,574

6. Net income/expenditure for the year

The balance transferred to the general unrestricted funds and the restricted fund for the year is stated after charging depreciation and amortisation of US\$137,000 (2015: US\$ 208,843). Fees to the auditors for the statutory audit amounted to US\$32,250 (2015: US\$44,645) and non-audit fees amounted to US\$Nil (2015: US\$5,813). The operating lease charge for 2016 is US\$446,519 (2015: US\$388,653). The operating lease charge covers office rentals.

7. Employee information

The average monthly number of persons employed by the company during the year was:

By location	2016 Number	2015 Number
Head office	66	57
SE Asia	156	146
Africa	31	34
Latin America	7	4
Total	260	241

Staff costs (for the persons above)	2016 US\$	2015 US\$
Wages and salaries	9,088,373	7,641,770
Social security costs	775,248	661,395
Other pension costs	554,676	461,294
Total	10,418,297	8,764,459

No directors received any remuneration from the charity during the year (2015: none). US\$2,296 (2015: US\$3,978) of expenses was reimbursed to 2 directors (2015: 3 directors) during the year. They received reimbursements of expenses for travel and subsistence costs in connection with their responsibilities as Trustees of the Charity.

7. Employee information (continued)

The aggregate emoluments of the highest paid employees were:

Aggregate emoluments per annum – Key Management	2016 Number	2015 Number
Between US\$140,000 and US\$149,999	1	1
Between US\$150,000 and US\$159,999	2	2
Between US\$170,000 and US\$179,999	2	2
Between US\$180,000 and US\$259,999	1	1
Above US\$260,000 and US\$410,000	1	1

The key management personnel of the charity are 5 members of the Senior Management Team, the Chief Executive Officer and the Founder. The total employee benefits of the group was \$1,464,214 (2015 \$1,397,069).

Aggregate emoluments per annum – other Staff	2016 Number	2015 Number
Between US\$90,000 and US\$99, 999	7	5
Between US\$100,000 and US\$109,999	3	4
Between US\$110,000 and US\$119,999	3	0
Between USD\$120,000 and USD\$129,999	1	1
Between USD\$130,000 and USD 139,999	1	2

8. Taxation

HM Revenue and Customs in the UK has previously accepted charitable status of the company and has granted relief from corporation tax under Section 478 of the Corporation Taxes Act 2010.

Notes to the financial statements for the year ended 31 December 2016 (continued)

9. Intangible assets

	Computer Software US\$	Assets Under Construction US\$	Total US\$
Cost			
At 1 January 2016	829,017	3,149	832,166
At 31 December 2016	829,017	3,149	832,166
Accumulated amortisation			
At 1 January 2016	774,912	3,149	778,061
Charge for the year	17,816	-	17,816
At 31 December 2016	792,728	3,149	795,877
Net book value			
At 31 December 2016	36,289	-	36,289
At 31 December 2015	54,105	-	54,105

Amortised costs are part of the charity's operating cost and refer to the charity's accounting software.

Notes to the financial statements for the year ended 31 December 2016 (continued)

10. Tangible assets

	Office equipment US\$	Total US\$
Cost		
At 1 January 2016	405,702	405,702
Additions	234,038	234,038
Disposals	(8,761)	(8,761)
At 31 December 2016	630,979	630,979
Accumulated depreciation		
At 1 January 2016	209,998	209,998
Charge for the year	119,184	119,184
Disposals	(7,684)	(7,684)
At 31 December 2016	321,498	321,498
Net book value		
At 31 December 2016	309,481	309,481
At 31 December 2015	195,704	195,704

11. Debtors

	2016 US\$	2015 US\$
Amounts falling due within one year:		
Trade debtors	3,689,318	2,734,510
Prepayments	211,556	226,585
Amount owed by employees	2,399	10,662
Other debtors	768,281	858,613
	4,671,554	3,830,370

Notes to the financial statements for the year ended 31 December 2016 (continued)

12. Creditors: amounts falling due within one year

	2016 US\$	2015 US\$
Trade creditors	313,886	390,803
Amount owed to employees	54,222	36,065
Accruals and deferred income (see note 13)	2,508,814	1,374,949
Taxation and social security	235,995	126,021
	3,112,917	1,927,838

13. Deferred income

	2016 US\$	2015 US\$
Opening balance	1,195,294	1,543,651
Incoming resources deferred in the year	7,306,823	4,664,525
Amounts released	(6,131,402)	(5,012,882)
Closing deferred income	2,370,715	1,195,294

Deferred income comprises of funds received for work to be carried out in 2017.

Notes to the financial statements for the year ended 31 December 2016 (continued)

14. Analysis of Assets and Liabilities between funds

	Restricted income fund	Unrestricted income fund	Total funds 2016	Total funds 2015
	US\$	US\$	US\$	US\$
Intangible assets	-	36,289	36,289	54,105
Tangible assets	-	309,481	309,481	195,704
Current assets:				
Debtors	77,018	4,594,536	4,671,554	3,830,370
Cash at bank and in hand	902,546	4,574,915	5,477,461	2,935,072
Current liabilities:				
Creditors: amounts falling due within one year	(529,856)	(2,583,061)	(3,112,917)	(1,927,838)
Balance at 31 December 2016	449,708	6,932,160	7,381,868	5,087,413

15. Funds

	Unrestricted income fund	Restricted income fund	Total funds
	US\$	US\$	US\$
Balance at 1 January 2016	4,993,926	93,487	5,087,413
Net movement in funds	1,938,234	356,221	2,294,455
Balance at 31 December 2016	6,932,160	449,708	7,381,868

Funds are considered restricted when they have been donated to the Charity to perform specific tasks and activities.

Notes to the financial statements for the year ended 31 December 2016 (continued)

16. Financial commitments

The total of future minimum lease payments on operating leases expiring:

	2016 US\$	2015 US\$
Other		
Operating leases due to expire		
Within one year	408,561	283,361
Between 2 to 5 years	1,147,929	812,525
After 5 years	463,651	619,651
Total	2,020,141	1,715,537
Plant and Machinery		
Operating leases due to expire		
Within one year	6,923	17,206
Between 2 to 5 years	-	7,169
Total	6,923	24,375

Lease payments are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

Notes to the financial statements for the year ended 31 December 2016 (Continued)

17. Notes to the Statement of Cash Flow

Reconciliation of surplus for the year to the net cash outflow/inflow from operating activities

	2016 US\$	2015 US\$
Surplus for the year	2,294,455	1,466,089
Interest received	(2,816)	(4,597)
Depreciation of tangible fixed assets	119,184	88,086
Amortisation of intangible fixed assets	17,816	120,757
Loss on disposals of tangible fixed assets	1,044	2,034
Impairment of intangible fixed assets	-	440,495
Increase in debtors	(841,184)	(1,621,774)
Increase/(decrease) in creditors	1,185,079	(104,578)
Foreign exchange gains/(losses) on operating activities	188,062	(65,450)
Net cash inflow from operating activities	2,961,640	321,062

Analysis and reconciliation of Net Funds

	2016 US\$	2015 US\$
Cash at bank and in hand beginning of the year	2,935,072	2,692,968
Effect of exchange rates	(188,062)	65,450
Cash Flow movement	2,730,451	176,654
Cash at bank and in hand end of the year	5,477,461	2,935,072

18. Capital

The Charity is a company limited by guarantee and consequently does not have share capital. Each member has undertaken to contribute £1 to the assets of the company to meet its liabilities if called to do so.

19. Related Parties

There were no related party transactions in the year and no balances outstanding from or owing to related parties at the year end.

20. Ultimate parent undertaking and controlling party

The directors do not believe there is a single ultimate controlling party. There is no parent company.

Annex 1: Supporters during 2016 (unaudited)

3M	Delhaize Group SA	Mr. Bricolage
ADEO	E-Bony	Natures Organics
Aggregate Industries	Eurosten	NBPOL
Alinea	Everfine	Neste Oil
Anavil Company Ltd.	Ferrero	Nestle
Arctic Kvartsit	Florin AG	NEXT Retail Ltd
ARTE	Gebr Voets	ProFairtrade - Ceres Food
Asia Pulp and Paper	Golden Agri Ressources	PZ Cussons
Auchan	Golden Veroleum Limited	Reckitt Benckiser
B&Q	Hershey's	S2udio PTY Ltd
Betrami	Hoogenburg	Sainsbury's
BNP Paribas	Intercement	Soboplac
Brico depot	Jardiland	Sony
Carbonex	Johnson & Johnson	Sosucam
Cargill	Jysk Group	System U
Casino	La Forestiere du Nord	Sysco Inc.
Castorama	Leclerc	TBI
Cemai	Leroy Merlin	Truffaut
Cerelia	Les Mousquetaires	Vandermoortele
Colgate-Palmolive	Louis Dreyfuss Commodities	Wilmar
Danone	Maisons du Monde	
Dekker	Mars	
	M-OB	

Charitable trusts

Maisons du Monde Foundation
 Prince Albert of Monaco Foundation
 Peace Nexus
 Waterloo Foundation

Organisations

Climate and Land Use Alliance
 European Commission
 Norwegian Agency for Development Cooperation (Norad)
 The Nature Conservancy