

THE WOOD FOUNDATION AFRICA
*(A company limited by guarantee
and not having share capital)*

(Company Number: SC361033)
(Charity Number: SC040580)

DIRECTORS' ANNUAL REPORT AND ACCOUNTS

31 MARCH 2021

**THE WOOD FOUNDATION AFRICA
DIRECTORS' ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2021**

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THE WOOD FOUNDATION AFRICA
LEGAL AND ADMINISTRATIVE INFORMATION

DIRECTORS AND CHARITY TRUSTEES

The directors of the charitable company ("TWFA") are known as its Trustees for the purposes of charity law. The Directors are:

Sir Ian C Wood	Executive Chairman	
Lady Helen Wood		
Garreth R C Wood		(resigned 15 December 2021)
Graham Good		

NON EXECUTIVE DIRECTOR

David Knopp	Director of Africa
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SECRETARY

Alistair Buchan

REGISTERED OFFICE AND PRINCIPAL ADDRESS

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AUDITOR

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BANKERS

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AB10 1WD

SOLICITORS

Turcan Connell
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1 Earl Grey Street
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THE WOOD FOUNDATION AFRICA DIRECTORS' ANNUAL REPORT

The Directors submit their report and the audited financial statements of The Wood Foundation Africa (TWFA) for the year ended 31 March 2021.

Legal and administrative information set out on page 1 forms part of this report. The accounts comply with current statutory requirements, the Memorandum and Articles of Association, 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.

TWFA is a wholly owned subsidiary of The Wood Foundation which was established by Sir Ian Wood and family and was officially launched on 14 September 2007. The Wood Foundation is a Scottish based charity with a global outlook, and TWFA implements The Wood Foundation's African programme - 'Venture Philanthropy Transforming Livelihoods in Africa'.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Nature of Governing Document

The Wood Foundation Africa is a company limited by guarantee (company number SC361033) and a registered Scottish charity (charity number SC040580). The charitable company is governed by its Memorandum and Articles of Association.

Organisational Structure

The Board of Directors administers the charitable company. The Executive Chairman manages the day to day operations of the charitable company.

Recruitment and Appointment of Directors

The powers of appointment and removal of Directors are set out in the Memorandum and Articles of Association.

It is the charitable company's policy to seek to appoint Directors who have a specific interest in its objects or whose skills can complement those already in place.

Induction and Training of Directors

The Directors have been given appropriate information and training regarding their legal roles and responsibilities upon appointment to the Board.

Risk Management

The Directors have assessed the major risks to which the charitable company is exposed, in particular those related to the operations and finance of the charitable company and are satisfied that systems are in place to manage the exposure to major risk.

THE WOOD FOUNDATION AFRICA DIRECTORS' ANNUAL REPORT

TRUST OBJECTIVES AND ACTIVITIES

The objects of TWFA are to promote and advance for the public benefit the charitable activities of The Wood Foundation (Scottish charity number SC037957) both in the United Kingdom and overseas. These aims are achieved by actively promoting and carrying out projects supported or to be supported by The Wood Foundation and by doing anything else of a charitable nature which may further the domestic and overseas work of The Wood Foundation for public benefit and to promote similar charitable purposes, objects or institutions and in such preparation and manner as the Directors shall think fit. Principally, the activities of The Wood Foundation Africa are under The Wood Foundation's 'Venture Philanthropy in Transforming Livelihoods in Africa' programmes. TWFA engaged in industry-wide activities, for example, which directly benefited all 30,000 smallholder tea farmers in Tanzania. At present its activities mainly comprises of large individual projects to help improve the income and livelihoods of approximately 75,000 smallholder farmers cultivating tea in Rwanda and Tanzania and an action research project to improve yields of smallholder sugar cane farmers in Kenya.

CHAIRMAN'S REVIEW

Strategic Report

The Directors present their strategic report for the year ended 31 March 2021.

Assessment of Principal Risks and Uncertainties

The principal risks and uncertainties faced by The Wood Foundation Africa ('TWFA') relate to climatic conditions; market prices; and political stability. These risks are mitigated by choosing areas with a good history of respective growing conditions; partnering with reputable producers where applicable; and by recruiting suitably qualified and experienced management. Financial controls and systems are also in place to manage exposure to major risks, including ensuring that adequate levels of reserves are maintained to withstand any downturn.

The global COVID-19 pandemic, which adversely affected many global supply chain industries, has had minimal impact on TWFA's operations. Agriculture is recognised as a critical industry in the regions we operate in. Vaccine programmes are commencing and we will continue to monitor progress and adjust COVID-19 protocols as necessary.

Executive Summary

The Wood Foundation Africa is supported by its parent charity, The Wood Foundation, to deliver The Wood Foundation's African programme – Venture Philanthropy Transforming Livelihoods in Africa – a model which applies our global business experience and acumen to improve the income and livelihoods of large numbers of smallholder farmers.

TWFA continue to implement a series of large-scale and long-term tea development projects in Rwanda and Tanzania and are pleased to report that all TWFA operations at the five factories and four services companies continue largely unaffected by the global COVID-19 pandemic due to a combination of efforts by host country governments to stop the spread of transmission and by various mitigation protocols implemented by TWFA and its partners.

We have successfully leveraged our own funds by attracting other philanthropic investors and donors to impact large numbers of smallholder farmers, including the UK Foreign, Commonwealth & Development Office's ('FCDO') UKAid programme and during the year agreed funding from Unilever and the Government of Rwanda to expand an existing smallholder tea development project in Rwanda by a further 3,000 hectares. The impact of COVID-19 on the UK Government finances caused a temporary delay to some of the FCDO funding but payments have recently recommenced and we expect to receive all funding previously agreed, albeit over a slightly longer period than originally planned.

**THE WOOD FOUNDATION AFRICA
DIRECTORS' ANNUAL REPORT**

CHAIRMAN'S REVIEW (continued)

Executive Summary (continued)

In partnership with Lord David Sainsbury's Gatsby Africa charity ('Gatsby'), The Wood Foundation has invested in a series of smallholder tea development projects through the joint venture company East African Tea Investments ('EATI') and TWFA has operational lead on the two tea processing factories in Rwanda acquired as a Government privatisation and three services companies – one in Tanzania and two in Rwanda. As agreed at privatisation, EATI's shares in the two factories will eventually be passed to smallholder ownership and the first handover is expected to take place in early 2022. It will become the first tea factory controlled by smallholders in Rwanda. The three services companies provide a full range of long-term funding and operational support to enable smallholder farmers to plant out between 2,500 and 4,000 hectares of tea on their own land. These greenfield planting projects are already significantly improving the farmer livelihoods and, in turn, transforming the local economies in some of the poorest areas of East Africa.

Through the joint venture company, Silverback Tea Company Limited ('Silverback'), TWFA have a 25% stake in a further three tea factories in Rwanda in partnership with Luxmi Tea Company Private Limited ('Luxmi'), an eminent Indian family tea business. These factories are majority supplied by local smallholder tea farmers who we positively impact with our involvement. All future income realised by TWFA from these investments will be used to further our charitable objects.

During the year TWFA commenced an action research project in South Western Kenya along with Transmara Sugar Company Limited. The objective is to provide funding to plant a further 7,000 hectares of sugar cane and train 24,000 smallholder sugar cane farmers in an effort to increase their yields. Unusually favourable weather conditions have unexpectedly increased yields and so TWFA is currently reassessing its action research project to confirm if it should continue as originally planned or be adjusted in any way.

The Wood Foundation's charitable spend and commitment to date is £149 million, £31 million of which was spent through TWFA. Current funds in the parent charity are close to £103 million.

Charitable Activities During the 2020/21 Year

Venture Philanthropy Transforming Livelihoods in Africa

TWFA continued to be primarily engaged in improving the livelihoods of large numbers of smallholder tea farmers in some extremely impoverished rural communities in Africa.

During the year we continued our involvement in the operation and development of five tea processing factories in Rwanda. Two were acquired in partnership with Gatsby during Government privatisations through the 50/50 joint venture company EATI and three through Silverback, a joint venture company with Luxmi in which TWFA own 25%. The two EATI factories continue to progress towards our intention to eventually pass our shares over to smallholder ownership once we recover our original investment at nil return and the smallholder farmers achieve certain capacity and governance KPIs. We expect to hand over our shares in one of these factories within the next few months. Of the three Silverback factories, two are long established and they continue to achieve a high ranking in terms of tea prices achieved at the Mombasa tea auction. The third Silverback factory, which opened in August 2019, continues its early-stage development as the tea supply matures from the surrounding newly planted areas. Some of these factories, all majority supplied by smallholder tea farmers, now produce some of the finest teas in Africa and together account for one third of the total tea produced in Rwanda.

CHAIRMAN'S REVIEW (continued)

Charitable Activities During the Year (continued)

During the year we continued to operate three tea development services companies - one in Tanzania and two in Rwanda - each providing a full suite of agronomic and logistics support and long-term patient funding for smallholder farmers to plant, cultivate and harvest tea as well as transport it to the tea processing factory. Each of these are 25+ year tea development projects involving a partnership with an international tea production company who are building new state of the art tea processing factories to be supplied by the smallholder tea farmers. Two of the three new factories are now open, one being at Rugabano in which TWFA has a 25% interest. During the year TWFA and Unilever agreed a 3,000 hectare expansion of their project at Nyaruguru, Rwanda with half of the \$20 million funding required for the smallholder development being committed by the Government of Rwanda.

In Tanzania, we are more than halfway through the 2,500 hectares planting programme. Each farmer is trained in good agronomic practices from land preparation to maintenance and harvesting. Whilst the area has suffered from an unusually long dry spell recently, which affects yields, it is encouraging to see them continue to consistently supply good quality Greenleaf to the new Unilever factory. TWFA are bringing technological advances to smallholder tea farming in the form of machine harvesting.

Our other two green field developments are located in Southern Rwanda where we have partnered with Unilever at Nyaruguru and with Luxmi at Rugabano. These are larger scale projects compared to Tanzania and together will plant out about 8,000 hectares of new smallholder tea in areas which were very badly affected by the genocide and are among the highest poverty areas in the country.

FCDO's UK Aid programme has supported the three EATI greenfield developments which together are targeted to significantly impact the livelihoods of 15,000 new smallholder tea farmers as well as the future competitiveness of the tea industry in each country.

During the year TWFA commenced an 8 year sugar cane project with Transmara Sugar Company Limited in south western Kenya both to expand the number of smallholder sugar cane farmers supplying the Transmara factory. This is an action research project to determine the potential to increase yields achieved by the new smallholder farmers as well as those existing farmers that supply the Transmara factory. A total of 24,000 smallholder sugar cane farmers will be trained in agronomic practices to improve the viability of their small businesses. However, recent unusual very favourable weather conditions have raised yields much quicker than expected to the point where factory expansion will be necessary to cope with further yield increases and this has delayed some of the planned training and new planting activities.

Charitable activity spend by TWFA in the year was £3.5 million.

Plans for Future Year

The future year will be focused on continuing the current charitable activities but will also explore potential new smallholder projects in the region. In particular, TWFA will assess the sugar cane project and assess if it should continue as originally agreed or be adjusted in any way.

**THE WOOD FOUNDATION AFRICA
DIRECTORS' ANNUAL REPORT**

CHAIRMAN'S REVIEW (continued)

FINANCIAL REVIEW

The net outgoing resources for the year amounting to £809,000 (2020 - £364,000) have been dealt with as shown in the Statement of Financial Activities.

The income of the Charity for the year ending 31 March 2021 was £2.7 million (2020 - £2.9 million) which includes £0.6 million (2020 - £0.7 million) of donations received from The Wood Foundation.

Charitable expenditure for the year was £3.5 million (2020 - £3.2 million), as detailed in Note 6.

The larger grants made by the charity during the year were £0.9 million to East African Tea Investments. See note 20.

At the year end The Wood Foundation Africa held £1.8m in cash at bank.

Reserves

It is the Reserves Policy of The Wood Foundation Africa to only retain a minimal level of reserves. Projects are funded through a combination of funding from the parent charity, The Wood Foundation, Gatsby Africa, our philanthropic partner and other donors including The UK Government's UKAid programme administered by the Foreign, Commonwealth and Development Office ('FCDO').

Total reserves held at 31 March 2021 were £7.6m (2020 - £8.4m), of which £Nil (2020 - £33,000) were held in restricted reserves.

The Directors are satisfied that the level of reserves held at 31 March 2021 is in line with the Reserves Policy, and will be used for ongoing project expenditure.

**THE WOOD FOUNDATION AFRICA
DIRECTORS' ANNUAL REPORT**

PROVISION OF INFORMATION TO AUDITOR

As far as the Directors are aware, there is no relevant audit information of which the company's auditor is unaware and we have taken all the steps that we ought to have taken as Directors in order to make ourselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITOR

Anderson, Anderson & Brown Audit LLP has expressed its willingness to continue in office and a resolution proposing their re-appointment will be submitted at the annual general meeting.

The director's and strategic report was approved by the board of directors and signed on its behalf



.....
Trustee - Sir Ian Wood

.....
Date

21 DECEMBER 2021

THE WOOD FOUNDATION AFRICA
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors (who are also Trustees of The Wood Foundation Africa for the purposes of charity law) are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company and charity in Scotland requires the Directors 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 income and expenditure, of the charitable company for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE WOOD FOUNDATION AFRICA
INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF
THE WOOD FOUNDATION AFRICA

Opinion

We have audited the financial statements of The Wood Foundation Africa (the 'charitable company') for the year ended 31 March 2021 which comprises the Statements of Financial Activities, Balance Sheet, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006, Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis of 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 Auditors' 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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

THE WOOD FOUNDATION AFRICA
INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF
THE WOOD FOUNDATION AFRICA (continued)

Opinion 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements
- the Directors' report has been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In the light of our 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 Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 and Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept, or returns 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 Director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the directors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 Directors are responsible for assessing the charity'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 Directors either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the companies Act 2006 report in accordance with the Act and relevant regulations made or having effect thereunder.

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 Auditors' 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, is detailed below.

**THE WOOD FOUNDATION AFRICA
INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF
THE WOOD FOUNDATION AFRICA (continued)**

Auditors' responsibilities for the audit of the financial statements (continued)

We considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: timing of recognition of income and posting of unusual journals. We discussed these risks with client management and designed audit procedures in respect of the timing of revenue and tested a sample of journals to confirm they were appropriate and reviewed areas of judgement for indicators of management bias to address these risks.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' 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, and to the charitable company's Trustees, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and directors 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, its members, as a body, and its trustees, as a body for our audit work, for this report, or for the opinions we have formed.



Andrew Shaw (Senior statutory auditor)

for and on behalf of

Anderson Anderson & Brown Audit LLP

Statutory Auditor
Kingshill View
Prime Four Business Park
Kingswells
Aberdeen
AB15 8PU

Date: 21 December 2021

THE WOOD FOUNDATION AFRICA

STATEMENT OF FINANCIAL ACTIVITIES (incorporating income and expenditure account)

FOR THE YEAR ENDED 31 MARCH 2021

	Note	Unrestricted Funds £	Restricted Funds £	2021 £	2020 £
INCOME AND ENDOWMENTS FROM:					
Donations and legacies	3	-	2,461,962	2,461,962	2,558,102
Investments	4	185,132	-	185,132	267,154
Other trading activities	5	35,641	-	35,641	57,645
TOTAL		<u>220,773</u>	<u>2,461,962</u>	<u>2,682,735</u>	<u>2,882,901</u>
EXPENDITURE ON:					
Charitable activities	6	<u>963,434</u>	<u>2,528,462</u>	<u>3,491,896</u>	<u>3,247,337</u>
TOTAL		<u>963,434</u>	<u>2,528,462</u>	<u>3,491,896</u>	<u>3,247,337</u>
NET MOVEMENT IN FUNDS	10	(742,661)	(66,500)	(809,161)	(364,436)
Gain on disposal of assets		-	33,938	33,938	-
		(742,661)	(32,562)	(775,223)	(364,436)
RECONCILIATION OF FUNDS					
Total funds brought forward		8,376,868	32,562	8,409,430	8,773,866
Total funds carried forward	18	<u>7,634,207</u>	<u>-</u>	<u>7,634,207</u>	<u>8,409,430</u>

The charity has made no gains or losses other than as reported above.

The notes on pages 15 to 25 form part of these financial statements.

THE WOOD FOUNDATION AFRICA
COMPANY NUMBER: SC361033
BALANCE SHEET - 31 MARCH 2021

	Note	2021 £	2020 £
FIXED ASSETS			
Investments	13	850,812	850,812
Tangible fixed assets	14	<u>38,397</u>	<u>19,462</u>
		<u>889,209</u>	<u>870,274</u>
CURRENT ASSETS			
Debtors	15	4,954,002	5,007,694
Cash at bank and in hand		<u>1,843,495</u>	<u>3,120,762</u>
		6,797,497	8,128,456
CREDITORS: amounts falling due within one year	16	<u>(52,499)</u>	<u>(589,300)</u>
NET CURRENT ASSETS		<u>6,744,998</u>	<u>7,539,156</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,634,207</u>	<u>8,409,430</u>
NET ASSETS		<u><u>7,634,207</u></u>	<u><u>8,409,430</u></u>
FUNDS			
Unrestricted funds	18	7,634,207	8,376,868
Restricted funds	18	<u>-</u>	<u>32,562</u>
		<u>7,634,207</u>	<u>8,409,430</u>

Signed on behalf of the Board of Trustees



 Trustee - Sir Ian Wood

21 DECEMBER 2021

 Date

The notes on pages 15 to 25 form part of these financial statements.

THE WOOD FOUNDATION AFRICA
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021

	2021	2020
Note	£	£
Net cash flow from operating activities		
Net expenditure for the year	(775,223)	(364,436)
Interest receivable & income on fixed asset investments	(185,132)	(267,154)
Taxation charge	6,772	21,905
Gain on disposal of assets	(33,938)	-
Depreciation of tangible fixed assets	10,017	7,448
Decrease in debtors	53,692	233,231
Decrease in creditors	(521,668)	(875,596)
Taxation paid	(21,905)	(21,458)
Net cash used in operating activities	<u>(1,467,385)</u>	<u>(1,266,060)</u>
Cash flow from investing activities		
Interest receivable & income on fixed asset investments	185,132	267,154
Purchase of fixed assets	(28,952)	(8,597)
Disposal proceeds of fixed assets	33,938	-
Purchase of social investments	-	-
Net cash provided by investing activities	<u>190,118</u>	<u>258,557</u>
Decrease in cash and cash equivalents	19 <u><u>(1,277,267)</u></u>	<u><u>(1,007,503)</u></u>

The notes on pages 15 to 25 form part of these financial statements.

THE WOOD FOUNDATION AFRICA
NOTES ON THE FINANCIAL STATEMENTS - 31 MARCH 2021

1. ACCOUNTING POLICIES

(a) *Basis of accounts preparation*

The financial statements are prepared under the historical cost convention, 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. The company constitutes a public benefit entity as defined by FRS 102.

(b) *Going concern*

The Directors are pleased to report that the tea factories and new tea development projects in Africa have been largely unaffected by the global COVID-19 pandemic due to a combination of efforts by host country governments to stop the spread of transmission from the main cities to the rural areas and by various mitigation protocols implemented by TWFA and its partners.

The Directors, having made due and careful enquiry and preparing forecasts, are of the opinion that the company has adequate working capital to execute its operations over the next 12 months. The Directors, therefore, have made an informed judgement, at the time of approving the financial statements, that there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. As a result, the Directors have continued to adopt the going concern basis of accounting in preparing the financial statements.

(c) *Income*

i) Donations and legacies

Donations and legacies are included in the Statement of Financial Activities in the year in which they are receivable.

ii) Investment income

Income from investments is included in the Statement of Financial Activities in the year in which it is receivable. Investment income includes the computed tax credit and tax deducted at source.

(d) *Expenditure*

Liabilities are recognised when the charity has an obligation to make a payment to a third party.

Resources expended are included in the Statement of Financial Activities on an accruals basis, inclusive of any irrecoverable VAT.

Expenditure is directly attributed to the relevant category in the Statement of Financial Activities where practical. Other expenditure is allocated on a pro-rata basis based on the anticipated allocation between the three main areas of investment.

Grants or instalments of grants offered in connection with projects with institutions are charged to the Statement of Financial Activities in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional and the conditions are within the control of the charity, such grants being recognised as expenditure when payment is made.

Conditional grants where the conditions are outwith the control of the charity are charged to the Statement of Financial Activities in full in the year in which the offer is conveyed.

Grants which have been conveyed in the year but not recognised as expenditure are disclosed as contingent liabilities in the financial statements.

THE WOOD FOUNDATION AFRICA
NOTES ON THE FINANCIAL STATEMENTS - 31 MARCH 2021

1. ACCOUNTING POLICIES (continued)

(e) *Taxation*

The company is recognised by HM Revenue & Customs as a charity and, as a consequence of the tax reliefs available in relation to the current year, certain income streams are not liable to taxation. For surpluses which are outwith this exemption, the income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

(f) *Fixed asset investments*

Shares held as mixed motive investments are held at cost less impairment.

(g) *Tangible fixed assets and depreciation*

Fixed assets are capitalised at cost and written off over their expected useful lives as follows:

Plant and equipment	30% and 12.5% reducing balance
Motor vehicles	25% straight line

(h) *Foreign currencies*

Assets, liabilities, revenues and costs denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions; monetary assets and liabilities at the balance sheet date are translated at the year-end rate of exchange. The resulting profits or losses are dealt with in the Statement of Financial Activities.

(i) *Joint arrangements*

Where the charity enters into a joint arrangement, such that it carries out activities in partnership with other bodies, without forming a separate legal partnership, then the charity's gross share of the incoming resources and resources expended and the assets and liabilities are included in the accounts.

(j) *Funds*

Unrestricted funds include incoming resources receivable or generated for the objects of the charity without further specified purpose and are available as general funds. These funds can be used in accordance with the charitable objects at the discretion of the trustees.

Restricted funds are to be used for specific purposes as laid down by the donor.

(k) *Pensions*

Eligible employees are members of defined contribution pension schemes. Pension costs charged to the Statement of Financial Activities represents the contributions payable by the company in the year.

THE WOOD FOUNDATION AFRICA
NOTES ON THE FINANCIAL STATEMENTS - 31 MARCH 2021

1. ACCOUNTING POLICIES (continued)

(I) *Financial instruments*

The charitable company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable and loans to related and third parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2 JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements, requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported during the year for income and expenditure. However, the nature of estimation means that actual outcomes could differ from those estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors consider that there were no material judgements or estimation uncertainties in the current or prior year.

3 DONATIONS AND LEGACIES

	2021	2020
	£	£
Donations - Restricted Funds		
Department for International Development ('DFID') - Tanzania project	-	275,410
Department for International Development ('DFID') - Rwanda projects	1,107,518	1,535,687
The Sustainable Trade Initiative ('IDH')	-	9,704
The Wood Foundation	598,090	737,301
East African Tea Investments	756,354	-
	<u>2,461,962</u>	<u>2,558,102</u>

In addition to the above the charity benefited from certain administrative functions from JW Holdings Limited which were provided without charge.

THE WOOD FOUNDATION AFRICA
NOTES ON THE FINANCIAL STATEMENTS - 31 MARCH 2021

4 INCOME FROM INVESTMENTS

	2021 £	2020 £
Loan interest receivable	181,530	266,863
Bank interest receivable	3,602	291
	<u>185,132</u>	<u>267,154</u>

In 2021 and 2020, all interest receivable was to unrestricted funds.

5 OTHER TRADING ACTIVITIES

	2021 £	2020 £
Commercial trading operations	<u>35,641</u>	<u>57,645</u>

In 2021 and 2020, all commercial trading operations were to unrestricted funds.

6 EXPENDITURE ON CHARITABLE ACTIVITIES

	Venture Philanthropy Transforming Livelihoods in Africa £	Chai Project £	Imbarutso Win Win for Rwanda Tea Project £	2021 Total £
Grants payable (note 8)	<u>-</u>	<u>-</u>	<u>887,345</u>	<u>887,345</u>
Direct costs:				
Staff	330,685	302,032	831,582	1,464,299
Consultancy	-	120,445	49,636	170,081
Travel	-	11,924	22,987	34,911
Miscellaneous	3,141	-	-	3,141
	<u>333,826</u>	<u>434,401</u>	<u>904,205</u>	<u>1,672,432</u>
Support costs:				
Staff	613	103,300	103,300	207,213
Training & development	5,403	-	220	5,623
Insurance	4,189	2,679	5,875	12,743
Travel	8,730	-	-	8,730
Press & publicity	720	-	-	720
Miscellaneous expenses	65,725	24,038	88,368	178,131
Depreciation	1,685	5,881	2,450	10,016
Exchange gains	462,107	-	-	462,107
Governance costs (note 9)	16,629	5,230	18,205	40,064
Taxation (note 7)	-	-	6,772	6,772
	<u>565,801</u>	<u>141,128</u>	<u>225,190</u>	<u>932,119</u>
	<u>899,627</u>	<u>575,529</u>	<u>2,016,740</u>	<u>3,491,896</u>

THE WOOD FOUNDATION AFRICA
NOTES ON THE FINANCIAL STATEMENTS - 31 MARCH 2021

6 CHARITABLE ACTIVITIES (continued)

The comparative figures for 2020 were:

	Venture Philanthropy Transforming Livelihoods in Africa £	Chai Project £	Imbarutso Win Win for Rwanda Tea Project £	2020 Total £
Grants payable (note 8)	-	-	1,098,340	1,098,340
Direct costs:				
Staff	273,981	274,599	807,788	1,356,368
Consultancy	3,602	339,134	44,550	387,286
Travel		45,812	45,553	91,365
	<u>277,583</u>	<u>659,545</u>	<u>897,891</u>	<u>1,835,019</u>
Support costs:				
Staff	78,544	98,955	98,955	276,454
Training & development	10,750	-	280	11,030
Insurance	2,416	2,258	4,538	9,212
Travel	81,295	-	-	81,295
Database	1,224	13,907	-	15,131
Miscellaneous expenses	79,402	-	65,573	144,975
Depreciation	2,392	949	1,704	5,045
Exchange gains	(269,014)	-	-	(269,014)
Governance costs (note 9)	17,424	4,039	7,434	28,897
Taxation (note 7)	-	-	10,953	10,953
	<u>4,433</u>	<u>120,108</u>	<u>189,437</u>	<u>313,978</u>
	<u>282,016</u>	<u>779,653</u>	<u>2,185,668</u>	<u>3,247,337</u>

In 2020, of the total charitable expenditure, £492,425 was from unrestricted funds and £2,754,912 was from restricted funds.

7 TAXATION

	2021 £	2020 £
UK corporation tax for the current year	6,772	10,953
UK corporation tax relating to prior year	-	-
	<u>6,772</u>	<u>10,953</u>

The charitable company is recognised by HM Revenue and Customs as a charity and is therefore entitled to certain reliefs on income received. Certain income streams received in the current and prior year have however been deemed to be outwith these reliefs and have been taxed at the standard rate of corporation tax payable in the UK (19%). A reconciliation of this obligation is as follows:

	2021 £	2020 £
Net incoming resources not subject to taxation reliefs	<u>35,641</u>	<u>115,290</u>
Taxation charges at 19% (2019 - 19%)	6,772	21,905
Share of agreed cost with Gatsby Charitable Foundation (note 15)	-	(10,952)
Total tax charge recognised in the year	<u>6,772</u>	<u>10,953</u>

THE WOOD FOUNDATION AFRICA
NOTES ON THE FINANCIAL STATEMENTS - 31 MARCH 2021

8 GRANTS

Group	Grants Awarded No.	2021 £	Grants Awarded No.	2020 £
Grants to institutions:	<u>3</u>	<u>887,345</u>	<u>2</u>	<u>1,098,340</u>

9 GOVERNANCE COSTS

	2021 £	2020 £
Auditor's remuneration - UK	6,225	6,225
Auditor's remuneration - Overseas	2,859	3,927
Legal	2,760	2,938
Overseas Compliance Services	<u>28,220</u>	<u>15,807</u>
	<u>40,064</u>	<u>28,897</u>

10 NET MOVEMENT IN TOTAL FUNDS FOR THE YEAR is stated after charging:

	2021 £	2020 £
Auditor's remuneration - audit fees	<u>6,225</u>	<u>6,225</u>

11 STAFF COSTS AND NUMBERS

	2021 £	2020 £
Staff costs		
Wages and salaries	2,317,722	2,428,317
Other pension costs	43,239	40,090
Gatsby share of costs	-	(237,792)
Staff cost recharge (note 20)	<u>(689,452)</u>	<u>(597,793)</u>
	<u>1,671,509</u>	<u>1,632,822</u>

The average number of persons employed during the year was as follows:

	2021 No.	2020 No.
Directors	4	4
Management & administration	<u>23</u>	<u>18</u>
	<u>27</u>	<u>22</u>

During the year 13 employees received emoluments of over £60,000 (2020: 12). Pension contributions totalling £34,000 were paid into defined contribution pension schemes in respect of 4 of these individuals (2020: £34,000, 4 individuals). The Directors consider that it would be operationally sensitive to disclose any further remuneration information in respect of these individuals.

12 DIRECTORS' EMOLUMENTS AND EXPENSES

The Directors received no remuneration from the charity during the current or previous years.

No Director received expenses from the charity during the current or previous years.

No employees other than the directors are considered to be key management personnel.

THE WOOD FOUNDATION AFRICA
NOTES ON THE FINANCIAL STATEMENTS - 31 MARCH 2021

13 INVESTMENTS

Social investment - mixed motive £

COST

At 1 April 2020 and 31 March 2021 850,812

The Wood Foundation Africa purchased 25% equity in Silverback Tea Company Limited ("STCL") (formerly Rwanda Tea Investments Limited) which subsequently used these funds to acquire interests in three tea factories in Rwanda; Gisovu Tea Company Limited, Pfunda Tea Company Limited and Rugabano Tea Company Private Limited. STCL investments already positively impact 5,000 smallholder tea farmers in Rwanda at Gisovu and Pfunda factories. Rugabano is a new factory to process the Greenleaf from the new tea development we are undertaking there, so the STCL investment is expected to impact a further 8,000 smallholder tea farmers as the tea is planted out. All future income realised from this investment will be used to further our charitable objects.

The Wood Foundation Africa is the sole guarantor, with 100% control, of a new company set up during the financial year. Services Company Outgrowers Nyaruguru South Limited is a company limited by guarantee registered in Rwanda set up to provide long-term patient funding for smallholder farmers to plant tea, and train and support them with operational and logistical services.

14 TANGIBLE FIXED ASSETS

	Plant & equipment £	Motor vehicles £	Total £
COST			
At 1 April 2020	54,704	88,333	143,037
Additions	955	27,997	28,952
Disposals	-	(52,187)	(52,187)
At 31 March 2021	<u>55,659</u>	<u>64,143</u>	<u>119,802</u>
DEPRECIATION			
At 1 April 2020	35,242	88,333	123,575
Charge for year	5,642	4,375	10,017
Appropriated on disposal	-	(52,187)	(52,187)
At 31 March 2021	<u>40,884</u>	<u>40,521</u>	<u>81,405</u>
NET BOOK VALUES			
At 31 March 2021	<u>14,775</u>	<u>23,622</u>	<u>38,397</u>
At 1 April 2020	<u>19,462</u>	<u>-</u>	<u>19,462</u>

15 DEBTORS

	2021 £	2020 £
Amounts due from related undertakings	4,099,972	4,115,649
Other debtors	791,636	815,697
Prepayments and accrued income	62,394	76,348
	<u>4,954,002</u>	<u>5,007,694</u>

Other debtors at the year end include a loan balance due from Transmara Sugar Company Limited with loan interest charged at 3% per annum. The loan was advanced during the year and the balance outstanding at the year end was £762,705 (2020 - £Nil). Interest received during the year amounted to £13,539 (2020 - £Nil). Interest receivable at the year end was £Nil (2020 - £Nil).

THE WOOD FOUNDATION AFRICA
NOTES ON THE FINANCIAL STATEMENTS - 31 MARCH 2021

15 DEBTORS (continued)

The Wood Foundation Africa and Gatsby Africa have entered into a joint venture to develop the Tea Sector in Rwanda. The parties are to contribute an agreed share of the costs of the projects. From 1 April 2020 onwards the costs will be funded via grant funding from the charitable joint venture company of The Wood Foundation and Gatsby Africa, East African Tea Investments.

Other debtors at the year end includes £Nil (2020: £201,960), of expenditure incurred in excess of amounts received from Gatsby, in respect of the Imbarutso project.

	2021 £	2020 £
Imbarutso Project		
Debtor brought forward	201,960	592,702
Funds received from Gatsby	(201,960)	(592,702)
Share of agreed costs of Imbarutso project	-	248,652
Share of management fee receivable	-	(57,645)
Share of taxation obligation (note 7)	-	10,953
Debtor carried forward	<u>-</u>	<u>201,960</u>

The Wood Foundation Africa and Gatsby Africa have entered into a joint venture to develop the Tea Sector in Tanzania. The parties are to contribute an agreed share of the costs of the projects. From 1 April 2020 onwards the costs will be funded via grant funding from the charitable joint venture company of The Wood Foundation and Gatsby Africa, East African Tea Investments.

Other debtors at the year end includes £Nil (2020: £108,745), of expenditure incurred in excess of amounts received from Gatsby, in respect of the Chai project.

	2021 £	2020 £
Chai Project		
Debtor/(creditor) brought forward	108,745	152,048
Funds received from Gatsby	(108,745)	(152,048)
Share of agreed costs of Chai project	-	108,745
Debtor carried forward	<u>-</u>	<u>108,745</u>

16 CREDITORS: amounts falling due within one year

	2021 £	2020 £
Amounts due to related undertakings	63	485,731
Trade creditors	14,866	48,869
Accruals and deferred income	30,798	32,795
Corporation tax	6,772	21,905
	<u>52,499</u>	<u>589,300</u>

17 FINANCIAL INSTRUMENTS

	2021 £	2020 £
Financial assets		
Financial assets measured at fair value through profit or loss	1,843,495	3,120,762
Financial assets measured at amortised cost	4,891,608	4,931,346
	<u>6,735,103</u>	<u>8,052,108</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>45,727</u>	<u>567,395</u>

THE WOOD FOUNDATION AFRICA
NOTES ON THE FINANCIAL STATEMENTS - 31 MARCH 2021

18	MOVEMENT IN FUNDS	Brought forward £	Income £	Expenditure £	Other gains/ losses £	2021 Carried forward £
	General fund - unrestricted	<u>8,376,868</u>	<u>220,773</u>	<u>(963,434)</u>	<u>-</u>	<u>7,634,207</u>
	Restricted funds					
	Chai - Others	-	458,082	(492,020)	33,938	-
	Chai - DFID	26,474	-	(26,474)	-	-
	Rwanda - Others	9,704	896,362	(906,066)	-	-
	Rwanda - DFID	(3,616)	1,107,518	(1,103,902)	-	-
		<u>32,562</u>	<u>2,461,962</u>	<u>(2,528,462)</u>	<u>33,938</u>	<u>-</u>
	Total funds	<u>8,409,430</u>	<u>2,682,735</u>	<u>(3,491,896)</u>	<u>33,938</u>	<u>7,634,207</u>

Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	2021 £
Investments	850,812	-	850,812
Tangible fixed assets	27,608	10,789	38,397
Current assets	6,787,452	10,045	6,797,497
Current liabilities	(31,665)	(20,834)	(52,499)
At 31 March 2021	<u>7,634,207</u>	<u>-</u>	<u>7,634,207</u>

The comparative figures for 2020 were:

	Brought forward £	Income £	Expenditure £	2020 Carried forward £
General fund - unrestricted	<u>8,544,494</u>	<u>324,799</u>	<u>(492,425)</u>	<u>8,376,868</u>
Restricted funds				
Chai - Others	-	124,876	(124,876)	-
Chai - DFID	206,387	275,410	(455,323)	26,474
Rwanda - Others	-	622,129	(612,425)	9,704
Rwanda - DFID	22,985	1,535,687	(1,562,288)	(3,616)
	<u>229,372</u>	<u>2,558,102</u>	<u>(2,754,912)</u>	<u>32,562</u>
Total funds	<u>8,773,866</u>	<u>2,882,901</u>	<u>(3,247,337)</u>	<u>8,409,430</u>

Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	2020 £
Investments	850,812	-	850,812
Tangible fixed assets	5,643	13,819	19,462
Current assets	7,553,951	574,505	8,128,456
Current liabilities	(33,538)	(555,762)	(589,300)
At 31 March 2020	<u>8,376,868</u>	<u>32,562</u>	<u>8,409,430</u>

Restricted funds comprise funds donated for the Chai and Rwanda Tea projects; projects where the value chain of the tea sector is analysed in Tanzania and Rwanda respectively. Negative fund balances arise due to timing differences between expenditure being incurred and the funding income being allocated. All funds returned to a positive position after the year end.

THE WOOD FOUNDATION AFRICA
NOTES ON THE FINANCIAL STATEMENTS - 31 MARCH 2021

19 ANALYSIS OF CHANGES IN NET DEBT

	2021 £	2020 £
Cash at bank and in hand at 1 April 2020	3,120,762	4,128,265
(Decrease)/increase in cash and cash equivalents	<u>(1,277,267)</u>	<u>(1,007,503)</u>
At 31 March 2021	<u>1,843,495</u>	<u>3,120,762</u>

20 RELATED PARTY TRANSACTIONS

Control

Throughout the year the company was controlled by the Board of Directors.

The parent charity is The Wood Foundation, a charity registered in Scotland.

Transactions

The company has taken advantage of the exemption contained in Financial Reporting Standard 102 S33.1A from disclosing transactions with parties wholly owned within the same group.

Related party	Nature of relationship	Transaction	Amount £	Balance at year end £
East African Tea Investments	Joint venture of parent charity The Wood Foundation	Grants paid	887,345	(63)
		Grants receivable	756,354	756,354
Mulindi Factory Company Limited	Subsidiary of East African Tea Investments	Recharge of costs	379,855	379,855
		Management fees	-	-
Shagasha Tea Factory Limited	Subsidiary of East African Tea Investments	Recharge of costs	288,697	288,697
		Management fees	35,641	35,641
Kids Operating Room	A charity in which Garreth Wood and Graham Good are also Trustees	Recharge of costs	99,761	28,931
Silverback Tea Company Limited	Associate company - 25% equity stake	Loan repayment	759,296	1,997,600
		Accrued loan interest	167,991	400,193
		Recharge of costs	51,463	51,463

The loan is repayable in full by 31 December 2027, however the loan agreements do allow for early repayments at the borrowers discretion. The loan is unsecured and interest is charged at 7%.

Gisovu Tea Company Ltd	Subsidiary of Silverback Tea Company Limited	Recharge of costs	18,143	18,143
Pfunda Tea Company Ltd	Subsidiary of Silverback Tea Company Limited	Recharge of costs	17,705	17,705
Rugabano Tea Company Ltd	Subsidiary of Silverback Tea Company Limited	Recharge of costs	1,777	1,777
Services Company Outgrowers Nyaruguru South (SCON S)	Subsidiary	Loan advanced	152,544	152,544

21 CONTINGENT LIABILITIES

During the year to 31 March 2018 the group provided a guarantee in respect of lease obligations to a third party in connection with a charitable project in Africa, the total contingent liability in respect of this guarantee at 31 March 2021 was £37,500 (2020 - £62,000).

