

**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 2018

**THE WOOD FOUNDATION AFRICA**  
DIRECTORS' ANNUAL REPORT AND ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2018

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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  
Graham Good

**SECRETARY**

Alistair Buchan

**REGISTERED OFFICE AND PRINCIPAL ADDRESS**

Blenheim House  
Fountainhall Road  
ABERDEEN  
Scotland  
AB15 4DT

**AUDITORS**

Anderson, Anderson & Brown Audit LLP  
Kingshill View  
Prime Four Business Park  
Kingswells  
ABERDEEN  
Scotland  
AB15 8PU

**BANKERS**

Clydesdale Bank plc  
St Nicholas Branch  
62 Union Street  
ABERDEEN  
Scotland  
AB10 1WD

**SOLICITORS**

Turcan Connell  
Princes Exchange  
1 Earl Grey Street  
EDINBURGH  
Scotland  
EH3 9EE

## **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 2018.

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) (effective 1 January 2015) - (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.

### **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 administer 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.

## **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 'Making Markets Work for the Poor in Sub-Saharan Africa' which at present mainly comprises of projects to help improve the income and livelihoods of approximately 60,000 smallholder tea farmers in Tanzania and Rwanda.

## **CHAIRMAN'S REVIEW**

### **Strategic Report**

The Directors present their strategic report for the year ended 31 March 2018.

### **Assessment of Principal Risks and Uncertainties**

The principal risks and uncertainties faced by The Wood Foundation Africa ('TWFA') relate to climatic conditions; global tea prices; and political stability. These risks are mitigated by choosing areas with a good history of tea-growing conditions; partnering with reputable tea producers where applicable; and by recruiting suitably qualified and experienced staff as our operations expand. 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.

### **Executive Summary**

The Wood Foundation, which was founded in 2007, is the parent charity of TWFA and supports TWFA to deliver The Wood Foundation's African programme - Making Markets Work for the Poor in sub-Saharan Africa. Our strategy is clear - we apply our business acumen and global experience to venture philanthropy to improve the income and livelihoods of smallholder farmers in East Africa.

In partnership with Lord David Sainsbury's Gatsby Charitable Foundation ('Gatsby'), we've continued to develop a range of smallholder tea development projects and are the recognised philanthropist in smallholder tea farming, working directly with farmers and providing long-term finance and operational support to help them become small businesses and thus plan ahead and help themselves. To date our projects have transformationally impacted over 45,000 smallholder tea farmers in Tanzania and Rwanda, and our more recent new greenfield tea development projects which have commenced in the past 4 years will impact a further 15,000. We continue to operate two large tea processing factories in Rwanda which together produce approximately 20% of the tea produced in that country. These are part-owned by smallholder tea farmers, and TWFA continue to progress the plan to eventually pass our shares to smallholder ownership. We also operate three services companies delivering a full suite of financial and operational support to large-scale smallholder greenfield developments which together will plant out approximately 10,000 hectares of smallholder tea supplying new-build state of the art tea factories owned by internationally recognised tea producers. We have successfully leveraged our own funds by attracting other philanthropic investors and donors to impact large numbers of smallholder tea farmers, including the UK Department for International Development (DFID).

**CHAIRMAN'S REVIEW (continued)**

The Wood Foundation's charitable spend and commitment to date is £92 million, £21 million of which was spent through TWFA. Current funds in the parent charity are close to £111 million.

**Charitable Activities During the 2017/18 Year**

**Making Markets Work for the Poor in Sub-Saharan Africa**

We continue to operate two significant projects - 'Chai' in Tanzania and 'Imbarutso' in Rwanda. Chai means 'tea' in Kiswahili and Imbarutso means 'to catalyse' in Kinyarwanda. Both continue to make a significant impact within the tea industry, improving the livelihoods of more than 45,000 smallholder tea farmers in rural communities.

The two tea processing factories we purchased in Rwanda in late 2012, Mulindi and Shagasha, are performing well and as a result of our ongoing investment, are now much better equipped to produce good quality tea. The regular feedback from our smallholder partners is very encouraging as they put the higher income levels to good use for the benefit of their families. During the financial year events were held at both Mulindi and Shagasha factories to celebrate the very significant improvement in the farmers earnings over the period. Between 4,500 and 5,000 farmers attended each event to sing and dance and say thank you. They were very exhilarating and encouraging occasions. We continue to progress towards transferring ownership of the factories to the smallholder farmers upon recovery of our principal investment at nil return, and when they achieve certain capacity and governance KPI's.

The first of our major greenfield developments commenced 4 years ago in Njombe in Southern Tanzania where we fund and support large numbers of smallholders to plant tea. We are approximately half way through the 2,500 hectares development and are training the smallholders in good agronomic practice to maximise yields, quality and therefore income. Unilever recently opened the newly built state of the art factory that will be majority supplied by these smallholders. The project will transform smallholder tea farming through innovation in block management, smallholder irrigation, and mechanized harvesting.

Our other two greenfield developments are located in Southern Rwanda where we have partnered with Unilever at Nyaruguru and with Luxmi at Rugabano who will each build a large tea factory that will be exclusively supplied by the smallholder farmer. These are larger scale projects compared to Tanzania and together will plant out about 8,000 hectares of new smallholder tea. These are key projects in extremely poor areas of Rwanda where the acidic soil is good for tea-growing but very poor for many food crops. These regions were very badly affected by the Genocide and these projects will help transform the lives of many smallholder farmers as well as having a transformational impact on the regional economy.

DFID's UK Aid programme has supported all three of our 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 tea in each country.

Charitable activity spend by TWFA in the year was £5.2 million.

The larger grants made by the charity during the year were £2 million to East African Tea Investments. See note 19.

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

**FINANCIAL REVIEW**

**Plans for Future Year**

In addition to continuing the current charitable activities we are exploring potential new smallholder projects in East Africa.

The net incoming resources for the year, amounting to £379,000 (2017 - £3,636,000) have been dealt with as shown in the Statement of Financial Activities.

The Directors have prepared financial statements which are in accordance with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice (FRS102) - Accounting and Reporting by Charities.

The income of the Charity for the year ending 31 March 2018 was £5.5 million (2017 - £8.5 million) which includes £1.8 million (2017 - £4.3 million) of donations received from The Wood Foundation.

Charitable expenditure for the year was £5.2 million (2017 - £4.9 million), as detailed in Note 6.

At the year end The Wood Foundation Africa held £4.7m 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, The Gatsby Charitable Foundation, our philanthropic partner and other donors including The UK's Department for International Development ('DFID').

Total reserves held at 31 March 2018 were £5.2m (2017 - £4.8m) , of which £12,000 (2017 - £194,000) were held in restricted reserves.

All restricted funds held at 31 March 2018 were expected to be utilised within the next 12 months.

The Directors are satisfied that the level of reserves held at 31 March 2018 is in line with the Reserves Policy, and will be used for ongoing project expenditure.

**PROVISION OF INFORMATION TO AUDITORS**

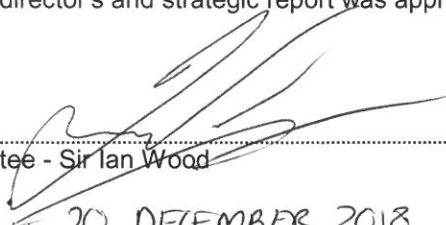
As far as the Directors are aware, there is no relevant audit information of which the company's auditors are unaware and we have taken all the steps that we ought to have taken as Directors in order to make ourselves aware of any relevant audit information and to establish that the auditors are aware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

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

**AUDITORS**

Anderson, Anderson & Brown Audit LLP have expressed their 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 20 DECEMBER 2018



**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 AUDITORS' 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 2018 which comprises the Statements of Financial Activities, Balance Sheet, Cashflow 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 2018 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 Auditors' 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 AUDITORS' REPORT TO THE DIRECTORS OF  
THE WOOD FOUNDATION AFRICA

**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 Directors 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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' report.

**THE WOOD FOUNDATION AFRICA**  
INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF  
THE WOOD FOUNDATION AFRICA

**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.

*Anderson Anderson & Brown Audit LLP*

John Black (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: *20 DECEMBER 2018*

**THE WOOD FOUNDATION AFRICA**STATEMENT OF FINANCIAL ACTIVITIES (incorporating income and expenditure account)  
FOR THE YEAR ENDED 31 MARCH 2018

	Note	Unrestricted Funds £	Restricted Funds £	2018 £	2017 £
<b>INCOME AND ENDOWMENTS FROM:</b>					
Donations and legacies	3	1,108,780	4,382,659	5,491,439	8,485,889
Investments	4	1,704	-	1,704	1,000
Other trading activities	5	53,365	-	53,365	8,034
<b>TOTAL</b>		<u>1,163,849</u>	<u>4,382,659</u>	<u>5,546,508</u>	<u>8,494,923</u>
<b>EXPENDITURE ON:</b>					
Charitable activities	6	603,750	4,563,927	5,167,677	4,859,217
<b>TOTAL</b>		<u>603,750</u>	<u>4,563,927</u>	<u>5,167,677</u>	<u>4,859,217</u>
<b>NET MOVEMENT IN FUNDS</b>	10	560,099	(181,268)	378,831	3,635,706
<b>RECONCILIATION OF FUNDS</b>					
Total funds brought forward		4,603,918	193,522	4,797,440	1,161,734
Total funds carried forward	17	<u>5,164,017</u>	<u>12,254</u>	<u>5,176,271</u>	<u>4,797,440</u>

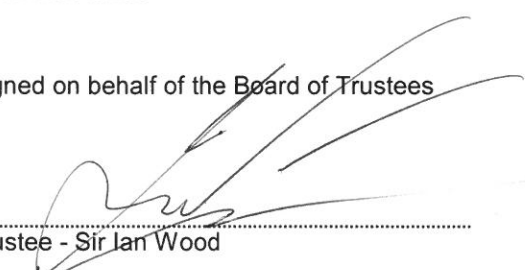
The charity has made no gains or losses other than as reported above.

The notes on pages 14 to 24 form part of these financial statements.

THE WOOD FOUNDATION AFRICA  
 COMPANY NUMBER: SC361033  
 BALANCE SHEET - 31 MARCH 2018

	Note	2018 £	2017 £
<b>FIXED ASSETS</b>			
Tangible fixed assets	13	<u>18,553</u>	<u>20,691</u>
		<u>18,553</u>	<u>20,691</u>
<b>CURRENT ASSETS</b>			
Debtors	14	1,187,306	892,811
Cash at bank and in hand		<u>4,708,658</u>	<u>4,202,014</u>
		5,895,964	5,094,825
CREDITORS: <i>amounts falling due within one year</i>	15	<u>(738,246)</u>	<u>(318,076)</u>
<b>NET CURRENT ASSETS</b>		<u>5,157,718</u>	<u>4,776,749</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		5,176,271	4,797,440
<b>NET ASSETS</b>		<u>5,176,271</u>	<u>4,797,440</u>
<b>FUNDS</b>			
Unrestricted funds	17	5,164,017	4,603,918
Restricted funds	17	<u>12,254</u>	<u>193,522</u>
		<u>5,176,271</u>	<u>4,797,440</u>

Signed on behalf of the Board of Trustees

  
 Trustee - Sir Ian Wood

20 DECEMBER 2018  
 Date

The notes on pages 14 to 24 form part of these financial statements.

**THE WOOD FOUNDATION AFRICA**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2018**

	Note	2018 £	2017 £
<b>Net cash flow from operating activities</b>			
Net income for the year		378,831	3,635,706
Interest receivable & income on fixed asset investments		(1,704)	(1,000)
Taxation charge		20,292	27,712
Depreciation of tangible fixed assets		13,317	17,796
(Increase)/decrease in debtors		(294,495)	1,627,408
Increase/(decrease) in creditors		419,437	(1,819,041)
Taxation paid		(19,559)	(8,166)
Net cash provided by/(used in) operating activities		<u>516,119</u>	<u>3,480,415</u>
<b>Cash flow from investing activities</b>			
Interest receivable & income on fixed asset investments		1,704	1,000
Purchase of fixed assets		(11,179)	(8,800)
Net cash (used in)/provided by investing activities		<u>(9,475)</u>	<u>(7,800)</u>
<b>Increase/(decrease) in cash and cash equivalents</b>	18	<u><u>506,644</u></u>	<u><u>3,472,615</u></u>

The notes on pages 14 to 24 form part of these financial statements.

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) (effective 1 January 2015) - (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, 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 2018

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) *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

(g) *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.

(h) *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.

(i) *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.

(j) *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 2018

(k) *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 **JUDGMENTS 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 WOOD FOUNDATION AFRICA**  
**NOTES ON THE FINANCIAL STATEMENTS - 31 MARCH 2018**

3 DONATIONS AND LEGACIES

	2018 £	2017 £
<b>Donations - Restricted Funds</b>		
Department for International Development ('DFID') - Tanzania project	2,333,523	3,179,184
Department for International Development ('DFID') - Rwanda projects	1,221,124	607,037
The Sustainable Trade Initiative ('IDH')	177,945	361,727
The Wood Foundation	650,067	592,024
	<u>4,382,659</u>	<u>4,739,972</u>
<b>Donations - Unrestricted Funds</b>		
The Wood Foundation	1,108,780	3,745,917
	<u>1,108,780</u>	<u>3,745,917</u>
	<u>5,491,439</u>	<u>8,485,889</u>

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

4 INCOME FROM INVESTMENTS

	2018 £	2017 £
Bank interest receivable	<u>1,704</u>	<u>1,000</u>

In 2018 and 2017, all interest receivable was to unrestricted funds.

5 OTHER TRADING ACTIVITIES

	2018 £'000	2017 £'000
Commercial trading operations	<u>53,365</u>	<u>8,034</u>

In 2018 and 2017, all commercial trading operations were to unrestricted funds.

**THE WOOD FOUNDATION AFRICA**  
**NOTES ON THE FINANCIAL STATEMENTS - 31 MARCH 2018**

6 EXPENDITURE ON CHARITABLE ACTIVITIES

	Making markets work for the poor £	Chai Project £	Imbarutso Win Win for Rwanda Tea Project £	2018 Total £
Grants payable (note 8)	-	1,564,254	804,228	2,368,482
Direct costs:				
Staff	95,912	585,803	597,125	1,278,840
Consultancy	-	325,055	264,727	589,782
Travel	-	78,842	29,574	108,416
	<u>95,912</u>	<u>989,700</u>	<u>891,426</u>	<u>1,977,038</u>
Support costs:				
Staff	47,567	75,767	75,767	199,101
Training & development	8,036	860	706	9,602
Insurance	2,782	5,305	3,899	11,986
Travel	68,095	-	-	68,095
Press & publicity	23	-	-	23
Database	8,668	-	-	8,668
Miscellaneous expenses	31,857	59,802	64,089	155,748
Depreciation	999	9,178	1,571	11,748
Exchange gains	316,124	-	-	316,124
Governance costs	13,533	11,187	6,189	30,909
Taxation (note 7)	-	-	10,153	10,153
	<u>497,684</u>	<u>162,099</u>	<u>162,374</u>	<u>822,157</u>
	<u>593,596</u>	<u>2,716,053</u>	<u>1,858,028</u>	<u>5,167,677</u>

**THE WOOD FOUNDATION AFRICA**

NOTES ON THE FINANCIAL STATEMENTS - 31 MARCH 2018

6 CHARITABLE ACTIVITIES (continued)

The comparative figures for 2017 were:

	Making markets work for the poor £	Chai Project £	Imbarutso Win Win for Rwanda Tea Project £	2017 Total £
Grants payable (note 8)	-	2,590,376	747,053	3,337,429
Direct costs:				
Staff	109,275	539,572	341,941	990,788
Consultancy	-	93,283	185,829	279,112
Travel	-	63,796	6,562	70,358
	<u>109,275</u>	<u>696,651</u>	<u>534,332</u>	<u>1,340,258</u>
Support costs:				
Staff	-	72,196	72,196	144,392
Training & development	877	2,373	-	3,250
Insurance	2,196	4,844	4,921	11,961
Travel	64,013	-	-	64,013
Press & publicity	219	-	-	219
Database	8,456	-	-	8,456
Miscellaneous expenses	27,835	46,767	16,765	91,367
Depreciation	530	14,504	1,381	16,415
Exchange gains	(212,109)	-	-	(212,109)
Governance costs	12,052	18,446	5,129	35,627
Taxation (note 7)	-	-	17,939	17,939
	<u>(95,931)</u>	<u>159,130</u>	<u>118,331</u>	<u>181,530</u>
	<u>13,344</u>	<u>3,446,157</u>	<u>1,399,716</u>	<u>4,859,217</u>

In 2017, of the total charitable expenditure, £31,283 was from unrestricted funds and £4,827,934 was from restricted funds.

7 TAXATION

	2018 £	2017 £
UK corporation tax for the current year	10,140	9,773
UK corporation tax relating to prior year	13	8,166
	<u>10,153</u>	<u>17,939</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:

	2018 £	2017 £
Net incoming resources not subject to taxation reliefs	<u>106,730</u>	<u>97,728</u>
Taxation charges at 19% (2017 - 20%)	20,279	19,546
Share of agreed cost with Gatsby Charitable Foundation (note 14)	(10,140)	(9,773)
Prior year taxation under provided	13	8,166
Total tax charge recognised in the year	<u>10,153</u>	<u>17,939</u>

**THE WOOD FOUNDATION AFRICA**  
**NOTES ON THE FINANCIAL STATEMENTS - 31 MARCH 2018**

8 GRANTS

Group	Grants Awarded No.	2018 £	Grants Awarded No.	2017 £
Grants to institutions:	<u>6</u>	<u>2,368,482</u>	<u>4</u>	<u>3,337,429</u>

9 GOVERNANCE COSTS

	2018 £	2017 £
Auditors' remuneration - UK	6,225	4,600
Auditors' remuneration - Overseas	1,849	1,462
Legal	5,247	11,906
Overseas Compliance Services	<u>17,588</u>	<u>17,659</u>
	<u>30,909</u>	<u>35,627</u>

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

	2018 £	2017 £
Auditors' remuneration - audit fees	<u>6,225</u>	<u>4,600</u>

11 STAFF COSTS AND NUMBERS

	2018 £	2017 £
Staff costs		
Wages and salaries	2,037,107	1,776,564
Other pension costs	72,354	60,600
Gatsby share of costs	(76,521)	(73,395)
Staff cost recharge (note 19)	<u>(554,997)</u>	<u>(628,590)</u>
	<u>1,477,943</u>	<u>1,135,179</u>

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

	2018 No.	2017 No.
Directors	4	4
Management & administration	<u>17</u>	<u>15</u>
	<u>21</u>	<u>19</u>

During the year 11 employees received emoluments of over £60,000 (2017: 8). Pension contributions totalling £60,000 were paid into defined contribution pension schemes in respect of 7 of these individuals (2017: £47,000, 6 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 2018**

13 TANGIBLE FIXED ASSETS

	Plant & equipment £	Motor vehicles £	Total £
<b>COST</b>			
At 1 April 2017	28,331	88,333	116,664
Additions	11,179	-	11,179
Disposals	-	-	-
At 31 March 2018	<u>39,510</u>	<u>88,333</u>	<u>127,843</u>
<b>DEPRECIATION</b>			
At 1 April 2017	14,163	81,810	95,973
Charge for year	6,794	6,523	13,317
At 31 March 2018	<u>20,957</u>	<u>88,333</u>	<u>109,290</u>
<b>NET BOOK VALUES</b>			
At 31 March 2018	<u>18,553</u>	<u>-</u>	<u>18,553</u>
At 1 April 2017	<u>14,168</u>	<u>6,523</u>	<u>20,691</u>

14 DEBTORS

	2018 £	2017 £
Amounts due from related undertakings	694,102	689,810
Other debtors	432,505	138,502
Prepayments and accrued income	60,699	64,499
	<u>1,187,306</u>	<u>892,811</u>

The Wood Foundation Africa and the Gatsby Charitable Foundation have entered into a partnership to develop the Tea Sector in Rwanda. The parties are to contribute an agreed share of the costs of the project.

Other debtors at the year end includes £256,290 (2017: £26,057), of expenditure incurred in excess of amounts received from Gatsby.

	2018 £	2017 £
<b>Imbarutso Project</b>		
Debtor brought forward	26,057	197,634
Received from the Gatsby Charitable Foundation	-	(282,557)
Share of agreed costs of Imbarutso project	273,458	182,735
Share of management fee receivable	(53,365)	(89,694)
Share of taxation obligation (note 7)	10,140	17,939
Debtor carried forward	<u>256,290</u>	<u>26,057</u>

**THE WOOD FOUNDATION AFRICA**  
**NOTES ON THE FINANCIAL STATEMENTS - 31 MARCH 2018**

15 CREDITORS: *amounts falling due within one year*

	2018	2017
	£	£
Amounts due to related undertakings	505,100	63
Grants payable	147,984	166,320
Trade creditors	11,691	22,900
Accruals and deferred income	40,076	81,521
Other creditors	13,116	27,726
Corporation tax	20,279	19,546
	<u>738,246</u>	<u>318,076</u>

The Wood Foundation Africa and the Gatsby Charitable Foundation have entered into a partnership to develop the Tea Sector in Tanzania. The parties are to contribute an agreed share of the costs of the project.

Other creditors at the year end includes £13,116 (2017: £27,726), received from Gatsby in advance of expenditure being incurred, as follows:

	2018	2017
	£	£
<b>Chai Project</b>		
Creditor brought forward	27,726	52,437
Share of agreed costs of Chai project	<u>(14,610)</u>	<u>(24,711)</u>
Creditor carried forward	<u>13,116</u>	<u>27,726</u>

16 FINANCIAL INSTRUMENTS

	2018	2017
	£	£
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	4,708,658	4,202,014
Financial assets measured at amortised cost	<u>1,126,607</u>	<u>828,312</u>
	<u>5,835,265</u>	<u>5,030,326</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>717,967</u>	<u>298,530</u>



**THE WOOD FOUNDATION AFRICA**  
**NOTES ON THE FINANCIAL STATEMENTS - 31 MARCH 2018**

17 MOVEMENT IN FUNDS

	Brought forward £	Income £	Expenditure £	2018 Carried forward £
General fund - unrestricted	4,603,918	1,163,849	(603,750)	5,164,017
Restricted funds				
Chai - Others	-	165,805	(165,805)	-
Chai - DFID	194,729	2,333,523	(2,550,247)	(21,995)
Rwanda - Others	-	662,207	(662,207)	-
Rwanda - DFID	(1,207)	1,221,124	(1,185,668)	34,249
	193,522	4,382,659	(4,563,927)	12,254
Total funds	4,797,440	5,546,508	(5,167,677)	5,176,271

Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	2018 £
Tangible fixed assets	2,386	16,167	18,553
Current assets	5,209,614	686,350	5,895,964
Current liabilities	(47,983)	(690,263)	(738,246)
At 31 March 2018	5,164,017	12,254	5,176,271

The comparative figures for 2017 were:

	Brought forward £	Income £	Expenditure £	2017 Carried forward £
General fund - unrestricted	880,250	3,754,951	(31,283)	4,603,918
Restricted funds				
Chai - Others	-	180,218	(180,218)	-
Chai - DFID	281,484	3,179,184	(3,265,939)	194,729
Rwanda - Others	-	773,533	(773,533)	-
Rwanda - DFID	-	607,037	(608,244)	(1,207)
	281,484	4,739,972	(4,827,934)	193,522
Total funds	1,161,734	8,494,923	(4,859,217)	4,797,440

Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	2017 £
Tangible fixed assets	1,299	19,392	20,691
Current assets	4,631,834	462,991	5,094,825
Current liabilities	(29,215)	(288,861)	(318,076)
At 31 March 2017	4,603,918	193,522	4,797,440

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 2018**

18 ANALYSIS OF CHANGES IN CASH IN YEAR

	2018 £	2017 £
Cash at bank and in hand at 1 April 2017	4,202,014	729,399
Increase/(decrease) in cash and cash equivalents	<u>506,644</u>	<u>3,472,615</u>
At 31 March 2018	<u>4,708,658</u>	<u>4,202,014</u>

19 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.

During the year, the charity made grants totalling £2,172,240 (2017 - £3,028,188) to East African Tea Investments, a joint venture of parent charity The Wood Foundation. A balance of £196,509 (2017 - £NIL) remains outstanding in relation to these grants at the year end.

At the year end the charity had amounts due totalling £417,939 (2017 - £405,286) from Mulindi Factory Company Limited and £276,163 (2017 - £284,524) from Shagasha Tea Company Limited, subsidiaries of East African Tea Investments, a joint venture of parent charity The Wood Foundation. The balances arose as a result of certain cost recharges, and management fees totalling £106,730 (2017 - £97,728) being charged to the companies. In addition, grants of £89,522 (2017 - £177,561) to Mulindi Factory Company Limited and £88,300 (2017 - £163,094) to Shagasha Tea Company Limited were paid in the year. The total of £177,822 relating to the grants was paid in full prior to the year end.

At the year end the charity owed amounts totalling £150,104 (2017 - £NIL) to Mulindi Factory Company Limited and £158,424 (2017 - £NIL) to Shagasha Tea Company Limited, subsidiaries of East African Tea Investments, a joint venture of parent charity The Wood Foundation. The balances arose as a result of certain cost recharges totalling £308,528 (2017 - £NIL) being charged by the companies.

20 CONTINGENT LIABILITIES

During the year 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 2018 was £80,000.