

**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 2017

**THE WOOD FOUNDATION AFRICA**  
**DIRECTORS' ANNUAL REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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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 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 2017.

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 45,000 smallholder tea farmers in Tanzania and Rwanda.

## **CHAIRMAN'S REVIEW**

### **Strategic Report**

The Directors present their strategic report for the year ended 31 March 2017.

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

The principal risks and uncertainties faced by The Wood Foundation ('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 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 support to help them become small businesses and thus 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 3 years will impact a further 15,000. We continue to operate two smallholder part-owned tea processing factories in Rwanda, which are on track to eventually hand over to smallholder ownership. During the year we commenced our third greenfield tea development project, based in Rwanda, with Luxmi, an Indian tea producer. 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).

The Wood Foundation's charitable spend and commitment to date is £77 million, £15 million of which was spent through TWFA. Current funds in the parent charity are close to £121 million.

### **Charitable Activities During the 2016/17 Year**

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

We continue to operate two significant projects in Tanzania 'Chai' and in Rwanda 'Imbarutso'. 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 late 2012, Mulindi and Shagasha, are performing well. At a recent event to celebrate the very significant improvement in the farmers earnings over the period, we had 4,500 farmers attend to sing and dance and say thank you. It was a very exhilarating and encouraging occasion. We are working towards eventually transferring ownership of the factories to the smallholder farmers upon recovery of our principal investment at nil return, and when they achieve certain KPI's.

**CHAIRMAN'S REVIEW (continued)**

**Charitable Activities During the 2016/17 Year (continued)**

In Tanzania, we are undertaking a major greenfield development that will assist 3,500 farmers to plant about one hectare each of new tea in Njombe in Southern Tanzania, while providing them with ongoing professional farmer services to maximize yields and quality. These farmers will be exclusive suppliers to the new Unilever factory being built. The project is already making good progress, and will seek to transform smallholder tea farming through innovation in block management, smallholder irrigation, and mechanized harvesting.

In Northern Rwanda, we have commenced two projects. The first is a factory to be built by Unilever which will have about 6,000 farmers developing 4,000 hectares of new tea. This is an important project in a part of Rwanda very badly hit by the Genocide that will have transformational impact on the regional economy.

We have more recently commenced the second project working with Luxmi, a pre-eminent Indian Tea Company who are establishing a majority smallholder-supplied factory and core estate. Again, we will be working with about 6,000 farmers aiming to plant 4,000 hectares of new tea with us providing the full range of smallholder support.

DFID has supported the Njombe development in Tanzania and is now a partner in both the Unilever and Luxmi developments in Rwanda. These three greenfield developments 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 £4.9 million.

The larger grants made by the charity during the year were £3 million to East African Tea Investments. See note 19.

**Plans for Future Year**

In addition to continuing the charitable activities committed to up to 31 March 2017, we will continue to explore potential new projects as well as countries in East Africa.

**FINANCIAL REVIEW**

The net incoming resources for the year, amounting to £3,636,000 (2016 - £231,000) 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 2017 was £8.5 million (2016 - £5 million) which includes £4.3 million (2016 - £0.9 million) of donations received from The Wood Foundation.

Charitable expenditure for the year was £4.9 million (2016 - £4.8 million), as detailed in Note 6.

At the year end The Wood Foundation Africa held £4.2m in cash at bank. In addition the debtors balance of £0.9 million due within one year and creditors balance of £0.3 million due within one year largely comprised of funding due from donors for contribution towards our charitable activities.

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

**CHAIRMAN'S REVIEW (continued)**

**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 2017 were £4.8m (2016 - £1.16m) , of which £194,000 (2016 - £281,000) were held in restricted reserves.

All restricted funds held at 31 March 2017 were expected to be utilised within the next 12 months.

The Directors are satisfied that the level of reserves held at 31 March 2017 is in line with the Reserves Policy, and will be used for ongoing project expenditure.

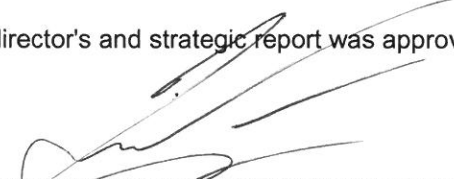
**PROVISION OF INFORMATION TO AUDITORS**

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.

**AUDITORS**

Anderson, Anderson & Brown 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

.....  
21 DECEMBER 2017  
Date

**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 TRUSTEES OF THE WOOD FOUNDATION AFRICA**

We have audited the financial statements of The Wood Foundation Africa for the year ended 31 March 2017 set out on pages 9 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

#### **Respective responsibilities of trustees and auditors**

As explained more fully in the Statement of Directors' Responsibilities, the Directors (who are also Trustees of the charitable company for the purposes of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under the Companies Act 2006 and section 44(1c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the regulations made under those Acts.

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

#### **Scope of the audit of financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider implications for our report.

#### **Opinion on financial statements**

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 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

**THE WOOD FOUNDATION AFRICA**

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE WOOD FOUNDATION AFRICA  
(continued)

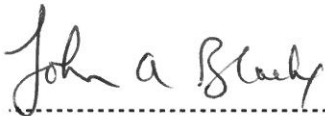
**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

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

- the charitable company has not kept proper and adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



John Black (Senior statutory auditor)  
For and on behalf of  
Anderson, Anderson & Brown LLP  
Statutory Auditors  
Kingshill View  
Prime Four Business Park  
Kingswells  
ABERDEEN  
Scotland  
AB15 8PU

21 December 2017  
Date

Anderson, Anderson & Brown LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

**THE WOOD FOUNDATION AFRICA**STATEMENT OF FINANCIAL ACTIVITIES (incorporating income and expenditure account)  
FOR THE YEAR ENDED 31 MARCH 2017

	Note	Unrestricted Funds £	Restricted Funds £	2017 £	2016 £
<b>INCOME AND ENDOWMENTS FROM:</b>					
Donations and legacies	3	3,745,917	4,739,972	8,485,889	4,903,952
Investments	4	1,000	-	1,000	1,997
Other trading activities	5	8,034	-	8,034	81,660
<b>TOTAL</b>		<u>3,754,951</u>	<u>4,739,972</u>	<u>8,494,923</u>	<u>4,987,609</u>
<b>EXPENDITURE ON:</b>					
Charitable activities	6	<u>31,283</u>	<u>4,827,934</u>	<u>4,859,217</u>	<u>4,756,735</u>
<b>TOTAL</b>		<u>31,283</u>	<u>4,827,934</u>	<u>4,859,217</u>	<u>4,756,735</u>
<b>NET MOVEMENT IN FUNDS</b>	10	3,723,668	(87,962)	3,635,706	230,874
<b>RECONCILIATION OF FUNDS</b>					
Total funds brought forward		880,250	281,484	1,161,734	930,860
Total funds carried forward	17	<u>4,603,918</u>	<u>193,522</u>	<u>4,797,440</u>	<u>1,161,734</u>

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

The notes on pages 12 to 22 form part of these financial statements.

THE WOOD FOUNDATION AFRICA  
 COMPANY NUMBER: SC361033  
 BALANCE SHEET - 31 MARCH 2017

	Note	2017 £	2016 £
<b>FIXED ASSETS</b>			
Tangible fixed assets	13	20,691	29,687
		<u>20,691</u>	<u>29,687</u>
<b>CURRENT ASSETS</b>			
Debtors	14	892,811	2,520,219
Cash at bank and in hand		4,202,014	729,399
		<u>5,094,825</u>	<u>3,249,618</u>
CREDITORS: <i>amounts falling due within one year</i>	15	(318,076)	(2,117,571)
<b>NET CURRENT ASSETS</b>		<u>4,776,749</u>	<u>1,132,047</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		4,797,440	1,161,734
<b>NET ASSETS</b>		<u>4,797,440</u>	<u>1,161,734</u>
<b>FUNDS</b>			
Unrestricted funds	17	4,603,918	880,250
Restricted funds	17	193,522	281,484
		<u>4,797,440</u>	<u>1,161,734</u>

Signed on behalf of the Board of Trustees

.....  
 Trustee - Sir Ian Wood

.....  
 21 DECEMBER 2017  
 Date

The notes on pages 12 to 22 form part of these financial statements.

**THE WOOD FOUNDATION AFRICA**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2017**

	Note	2017 £	2016 £
<b>Net cash flow from operating activities</b>			
Net income for the year		3,635,706	230,874
Interest receivable & income on fixed asset investments		(1,000)	(1,997)
Taxation charge		27,712	-
Depreciation of tangible fixed assets		17,796	21,729
Decrease/(Increase)/decrease in debtors		1,627,408	(2,177,147)
(Decrease)/increase in creditors		(1,819,041)	1,893,655
Taxation paid		(8,166)	-
Net cash provided by/(used in) operating activities		<u>3,480,415</u>	<u>(32,886)</u>
<b>Cash flow from investing activities</b>			
Interest receivable & income on fixed asset investments		1,000	1,997
Purchase of fixed assets		(8,800)	(1,898)
Net cash (used in)/provided by investing activities		<u>(7,800)</u>	<u>99</u>
<b>Increase/(decrease) in cash and cash equivalents</b>	18	<u><u>3,472,615</u></u>	<u><u>(32,787)</u></u>

The notes on pages 12 to 22 form part of these financial statements.

## THE WOOD FOUNDATION AFRICA

### NOTES ON THE FINANCIAL STATEMENTS - 31 MARCH 2017

#### 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 and 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, such grants being recognised as expenditure when the conditions attached are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as contingent liabilities, but not accrued as expenditure.

Governance costs are included within support costs and include those costs incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

**THE WOOD FOUNDATION AFRICA**  
NOTES ON THE FINANCIAL STATEMENTS - 31 MARCH 2017

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 2017

#### (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 2017

## 3 DONATIONS AND LEGACIES

	2017	2016
	£	£
<b>Donations - Restricted Funds</b>		
Department for International Development ('DFID')	3,786,221	3,804,650
The Sustainable Trade Initiative ('IDH')	361,727	174,671
First State Stewart	-	7,100
The Wood Foundation	592,024	396,695
	<u>4,739,972</u>	<u>4,383,116</u>
<b>Donations - Unrestricted Funds</b>		
The Wood Foundation	3,745,917	520,836
	<u>3,745,917</u>	<u>520,836</u>
	<u>8,485,889</u>	<u>4,903,952</u>

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

## 4 INCOME FROM INVESTMENTS

	2017	2016
	£	£
Bank interest receivable	<u>1,000</u>	<u>1,997</u>

In 2016, all interest receivable was to unrestricted funds.

## 5 OTHER TRADING ACTIVITIES

	2017	2016
	£'000	£'000
Commercial trading operations	<u>8,034</u>	<u>81,660</u>

In 2016, all commercial trading operations were to restricted funds.

**THE WOOD FOUNDATION AFRICA**  
**NOTES ON THE FINANCIAL STATEMENTS - 31 MARCH 2017**

6 EXPENDITURE ON CHARITABLE ACTIVITIES

	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>

**THE WOOD FOUNDATION AFRICA**

NOTES ON THE FINANCIAL STATEMENTS - 31 MARCH 2017

6 CHARITABLE ACTIVITIES (continued)

The comparative figures for 2016 were:

	Making markets work for the poor £	Chai Project £	Imbarutso Win Win for Rwanda Tea Project £	2016 Total £
Grants payable (note 8)	-	3,209,252	130,248	3,339,500
Direct costs:				
Staff	90,867	487,699	269,774	848,340
Consultancy	-	106,543	66,382	172,925
Travel	-	57,600	14,674	72,274
	<u>90,867</u>	<u>651,842</u>	<u>350,830</u>	<u>1,093,539</u>
Support costs:				
Staff	118,441	-	-	118,441
Training & development	255	2,681	-	2,936
Insurance	3,801	6,183	1,435	11,419
Travel	58,553	-	-	58,553
Press & publicity	311	-	-	311
Database	8,474	-	-	8,474
Miscellaneous expenses	21,419	41,372	28,984	91,775
Depreciation	753	14,490	3,243	18,486
Exchange gains	(29,968)	-	-	(29,968)
Governance costs	12,216	25,225	5,828	43,269
	<u>194,255</u>	<u>89,951</u>	<u>39,490</u>	<u>323,696</u>
	<u>285,122</u>	<u>3,951,045</u>	<u>520,568</u>	<u>4,756,735</u>

In 2016, of the total charitable expenditure, £285,122 was from unrestricted funds and £4,471,613 was from restricted funds. The gain on disposal of fixed assets was attributable in full to restricted funds.

7 TAXATION

	2017 £	2016 £
UK corporation tax for the current year	9,773	-
UK corporation tax relating to prior year	8,166	-
	<u>17,939</u>	<u>-</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 (20%). A reconciliation of this obligation is as follows:

	2017 £	2016 £
Net incoming resources not subject to taxation reliefs	<u>97,728</u>	<u>81,660</u>
Taxation charges at 20%	19,546	16,332
Share of agreed cost with Gatsby Charitable Foundation (note 14)	(9,773)	(8,166)
Prior year taxation under provided	8,166	(8,166)
Total tax charge recognised in the year	<u>17,939</u>	<u>-</u>

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**NOTES ON THE FINANCIAL STATEMENTS - 31 MARCH 2017**

8 GRANTS

Group	Grants Awarded No.	2017 £	Grants Awarded No.	2016 £
Grants to institutions:	<u>4</u>	<u>3,337,429</u>	<u>4</u>	<u>3,339,500</u>

9 GOVERNANCE COSTS

	2017 £	2016 £
Auditors' remuneration - UK	4,600	4,600
Auditors' remuneration - Overseas	1,462	1,662
Legal	11,906	19,963
Overseas Compliance Services	<u>17,659</u>	<u>17,044</u>
	<u>35,627</u>	<u>43,269</u>

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

	2017 £	2016 £
Auditors' remuneration - audit fees	<u>4,600</u>	<u>4,600</u>

11 STAFF COSTS AND NUMBERS

	2017 £	2016 £
Staff costs		
Wages and salaries	1,776,564	1,428,357
Other pension costs	60,600	47,045
Gatsby share of costs	(73,395)	(159,891)
Staff cost recharge (note 19)	<u>(628,590)</u>	<u>(348,731)</u>
	<u>1,135,179</u>	<u>966,780</u>

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

	2017 No.	2016 No.
Directors	4	4
Management & administration	<u>15</u>	<u>14</u>
	<u>19</u>	<u>18</u>

During the year 8 employees within the group received emoluments of over £60,000 (2016: 8). Pension contributions totalling £47,000 were paid into defined contribution pension schemes in respect of 6 of these individuals (2016: £47,000, 7 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 2017**

13 TANGIBLE FIXED ASSETS

	Plant & equipment £	Motor vehicles £	Total £
<b>COST</b>			
At 1 April 2016	19,531	88,333	107,864
Additions	8,800	-	8,800
Disposals	-	-	-
At 31 March 2017	<u>28,331</u>	<u>88,333</u>	<u>116,664</u>
<b>DEPRECIATION</b>			
At 1 April 2016	9,411	68,766	78,177
Charge for year	4,752	13,044	17,796
At 31 March 2017	<u>14,163</u>	<u>81,810</u>	<u>95,973</u>
<b>NET BOOK VALUES</b>			
At 31 March 2017	<u>14,168</u>	<u>6,523</u>	<u>20,691</u>
At 1 April 2016	<u>10,120</u>	<u>19,567</u>	<u>29,687</u>

14 DEBTORS

	2017 £	2016 £
Amounts due from related undertakings	689,810	430,391
Other debtors	138,502	243,820
Prepayments and accrued income	64,499	1,846,008
	<u>892,811</u>	<u>2,520,219</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 £26,057 (2016: £197,634), of expenditure incurred in excess of amounts received from Gatsby.

	2017 £	2016 £
<b>Imbarutso Project</b>		
Debtor brought forward	197,634	242,663
Received from the Gatsby Charitable Foundation	(282,557)	(274,590)
Share of agreed costs of Imbarutso project	182,735	229,561
Share of management fee receivable	(89,694)	-
Share of taxation obligation (note 7)	17,939	-
Debtor carried forward	<u>26,057</u>	<u>197,634</u>

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**NOTES ON THE FINANCIAL STATEMENTS - 31 MARCH 2017**

15 CREDITORS: *amounts falling due within one year*

	2017	2016
	£	£
Amounts due to related undertakings	63	1,894,742
Grants payable	166,320	144,546
Trade creditors	22,900	7,794
Accruals and deferred income	81,521	18,052
Other creditors	27,726	52,437
Corporation tax	19,546	-
	<u>318,076</u>	<u>2,117,571</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 £27,726 (2016: £52,437), received from Gatsby in advance of expenditure being incurred, as follows:

	2017	2016
	£	£
<b>Chai Project</b>		
Creditor brought forward	52,437	53,156
Received from the Gatsby Charitable Foundation	-	-
Share of agreed costs of Chai project	<u>(24,711)</u>	<u>(719)</u>
Creditor carried forward	<u>27,726</u>	<u>52,437</u>

16 FINANCIAL INSTRUMENTS

	2017	2016
	£	£
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	4,202,014	729,399
Financial assets measured at amortised cost	<u>828,312</u>	<u>674,211</u>
	<u>5,030,326</u>	<u>1,403,610</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>298,530</u>	<u>2,117,571</u>

**THE WOOD FOUNDATION AFRICA**

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17 MOVEMENT IN FUNDS

	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £
At 1 April 2016	880,250	281,484	1,161,734
Income	3,754,951	4,739,972	8,494,923
Expenditure	(31,283)	(4,827,934)	(4,859,217)
At 31 March 2017	<u>4,603,918</u>	<u>193,522</u>	<u>4,797,440</u>

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	<u>4,603,918</u>	<u>193,522</u>	<u>4,797,440</u>

Restricted funds comprise funds donated for the Chai and Imbarutso Win Win for Rwanda Tea projects; projects where the value chain of the tea sector is analysed in Tanzania and Rwanda respectively.

The comparative figures for 2016 were:

	Unrestricted Funds £	Restricted Funds £	Total Funds 2016 £
At 1 April 2015	560,879	369,981	930,860
Income	604,493	4,383,116	4,987,609
Expenditure	(285,122)	(4,471,613)	(4,756,735)
At 31 March 2016	<u>880,250</u>	<u>281,484</u>	<u>1,161,734</u>

Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	2016 £
Tangible fixed assets	1,829	27,858	29,687
Current assets	878,421	2,371,197	3,249,618
Current liabilities	-	(2,117,571)	(2,117,571)
At 31 March 2016	<u>880,250</u>	<u>281,484</u>	<u>1,161,734</u>

**THE WOOD FOUNDATION AFRICA**  
**NOTES ON THE FINANCIAL STATEMENTS - 31 MARCH 2017**

18 ANALYSIS OF CHANGES IN CASH IN YEAR

	2017	2016
	£	£
Cash at bank and in hand at 1 April 2016	729,399	762,186
Increase/(decrease) in cash and cash equivalents	<u>3,472,615</u>	<u>(32,787)</u>
At 31 March 2017	<u><u>4,202,014</u></u>	<u><u>729,399</u></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 £3,028,188 (2016 - £3,206,286) to East African Tea Investments, a joint venture of parent charity The Wood Foundation. A balance of £NIL (2016 - £1,894,742) remains outstanding in relation to these grants at the year end.

At the year end the charity had amounts due totalling £405,286 (2016 - £265,282) from Mulindi Factory Company Limited and £284,524 (2016 - £165,109) 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 £97,728 (2016 - £81,660) being charged to the companies. In addition, grants of £177,561 (2016 - £65,124) to Mulindi Factory Company Limited and £163,094 (2016 - £65,124) to Shagasha Tea Company Limited were paid in the year. The total of £340,655 relating to the grants was paid in full prior to the year end.