

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 2022

THE WOOD FOUNDATION AFRICA
DIRECTORS' ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2022

CONTENTS	PAGE
LEGAL AND ADMINISTRATIVE INFORMATION	1
DIRECTORS' ANNUAL REPORT	2
STATEMENT OF DIRECTORS' RESPONSIBILITIES	6
REPORT OF THE AUDITORS	7
STATEMENT OF FINANCIAL ACTIVITIES	11
BALANCE SHEET	12
CASH FLOW STATEMENT	13
NOTES ON THE FINANCIAL STATEMENTS	14

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

Blenheim House
Fountainhall Road
ABERDEEN
Scotland
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AUDITOR

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Kingshill View
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AB15 8PU

BANKERS

Virgin Money
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 2022.

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, Scottish charity number SC037957, 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.

TRUST OBJECTIVES AND ACTIVITIES

The objects of TWFA are to promote and advance for the public benefit the charitable activities of The Wood Foundation both in the United Kingdom and overseas as the Directors shall think fit. Principally, the activities of TWFA are under The Wood Foundation's 'Venture Philanthropy in Transforming Livelihoods in Africa' programmes and mainly comprises of large-scale and long-term individual projects to help improve the incomes and livelihoods of approximately 75,000 smallholder farmers.

CHAIRMAN'S REVIEW

Strategic Report

The Directors present their strategic report for the year ended 31 March 2022.

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 governance systems are also in place to manage exposure to major risks, including ensuring that adequate levels of committed funding are agreed or reserves are maintained to withstand any downturn.

Agriculture is recognised as a critical industry in the regions we operate in and TWFA operations were therefore minimally impacted during the COVID-19 pandemic. More recent global supply chain issues have caused some minor delays in delivery of goods sold but are having no material impact on the performance of the projects.

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 smallholder tea development projects in Rwanda and Tanzania. These are implemented through factory ownership and management and ownership of four service companies each supporting large numbers of smallholder farmers to plant between 2,500 and 4,000 hectares of tea on their own land.

We have successfully leveraged our own funds by attracting other philanthropic investors and donors such as the UK Foreign, Commonwealth & Development Office's ('FCDO') UKAid programme, the Government of Rwanda and factory owners to provide long-term interest-free finance to benefit large numbers of smallholder farmers.

We are pleased to report that East African Tea Investments ('EATI'), a joint-venture company between The Wood Foundation and Lord David Sainsbury's Gatsby Africa charity handed over its shares in Mulindi Factory Company Limited in March 2022 making it the first tea factory in Rwanda to be wholly owned by smallholder farmers. TWFA continues as managing agent of the factory and with board presence to ensure the business continues to operate for the benefit of the smallholder farmers.

In partnership with Luxmi Tea Company Private Limited, an eminent Indian family tea business, TWFA continues its involvement in three other smallholder-supplied tea factories in Rwanda with a 25% stake in Silverback Tea Company Limited ('Silverback Tea').

Since the year end TWFA ended its smallholder sugar cane action research project in Kenya and invested in a smallholder vanilla development project in Uganda.

The Wood Foundation's charitable spend and commitment to date is £156 million, £34 million of which was spent through TWFA. Current funds in the parent charity are close to £98 million.

THE WOOD FOUNDATION AFRICA

DIRECTORS' ANNUAL REPORT

Charitable Activities During the 2021/22 Year

TWFA continued to implement and further develop The Wood Foundation's 'Venture Philanthropy Transforming Livelihoods in Africa' programmes.

TWFA's smallholder tea projects are implemented directly or via co-investment companies EATI and Silverback which are held in partnership with Lord David Sainsbury's Gatsby Africa charity and Luxmi Tea Company Private Limited respectively.

EATI acquired two tea factories in Rwanda and have since worked towards the objective of passing full ownership of these factories to the smallholder farmer suppliers. Having recovered its original investment, EATI transferred its entire stake in Mulindi Factory Company Limited at no profit in March 2022. The handover was very well received by the smallholder farmers and wider stakeholders. EATI continue to work towards a similar transfer of ownership of Shagasha Tea Company Limited.

Silverback Tea continues to own and operate three smallholder tea factories in Rwanda, two of which are long-established businesses and the third, which opened in 2019, expanded during the year to increase its operating capacity from the new tea development taking place through one of EATI's service companies. Some of these factories are producing amongst the finest teas in Africa.

TWFA are involved in four new tea development service companies – three in Rwanda and one in Tanzania. In addition to Gatsby and Silverback Tea, ekaterra, Unilever's recently sold tea business is also a key partner, providing the factory and guaranteed market for smallholder green leaf from three of these four new tea developments.

FCDO's UKAid programme continued to fund two of the service companies in Rwanda during the year.

TWFA continued its smallholder sugar cane action research project in Kenya during the year. This ended in September 2022.

TWFA continued to seek new smallholder farmer development opportunities in other crops and/or other countries in East Africa during the year.

Charitable activity spend by TWFA in the year was £3.2 million.

Plans for Future Year

The future year will continue to implement the smallholder tea projects in progress during the 2021/22. In addition, since the year end TWFA have taken acquired a stake in a relatively early-stage company in Uganda which mainly focusses on smallholder vanilla production. TWFA are taking an active role in the development of this quickly-growing company.

FINANCIAL REVIEW

The net outgoing resources for the year amounting to £272,000 (2021 - £809,000) have been dealt with as shown in the Statement of Financial Activities.

The income of the Charity for the year ending 31 March 2022 was £2.9 million (2021 - £2.7 million) which includes £0.2 million (2021 - £0.6 million) of donations received from The Wood Foundation.

Charitable expenditure for the year was £3.2 million (2021 - £3.5 million), as detailed in Note 6.

THE WOOD FOUNDATION AFRICA
DIRECTORS' ANNUAL REPORT

FINANCIAL REVIEW (continued)

The larger grants made by the charity during the year were £2.3 million to East African Tea Investments. See note 20.

At the year end The Wood Foundation Africa held £1.5m 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') and Government of Rwanda.

Total reserves held at 31 March 2022 were £7.4m (2021 - £7.6m), of which £(2,673) (2021 - £Nil) were held in restricted reserves.

The Directors are satisfied that the level of reserves held at 31 March 2022 is in line with the Reserves Policy, and will be used for ongoing project expenditure.

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

21 DECEMBER 2022
.....
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 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 2022 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 2022 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

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

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

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

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 obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and The Charities and Trustee Investment (Scotland) Act 2005, together with the Charities SORP (FRS102) 2019. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company for fraud. The laws and regulations we considered in this context for the UK operations were Anti-fraud, bribery and corruption legislation, Taxation legislation, Health and safety legislation and Charity regulations.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities including fraud to be:

- Management override of controls to manipulate the charity's key performance indicators to meet targets;
- Timing and completeness of revenue recognition; and
- Compliance with relevant laws and regulations which directly impact the financial statements and those that the charity needs to comply with for the purpose of trading

Our audit procedures to respond to these risks included:

- Testing of journal entries and other adjustments for appropriateness
- Evaluating the business rationale of significant transactions outside the normal course of business
- Reviewing judgements made by management in their calculation of accounting estimates for potential management bias
- Enquiries of management about litigation and claims and inspection of relevant correspondence
- Reviewing legal and professional fees to identify indications of actual or potential litigation, claims and any non-compliance with laws and regulations.
- Testing a sample of income transactions to source documentation.

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

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)

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.

Anderson Anderson and Brown Audit LLP

Graeme Penman (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 2022*

THE WOOD FOUNDATION AFRICA
**STATEMENT OF FINANCIAL ACTIVITIES (incorporating income and expenditure account)
FOR THE YEAR ENDED 31 MARCH 2022**

	Note	Unrestricted Funds £	Restricted Funds £	2022 £	2021 £
INCOME AND ENDOWMENTS FROM:					
Donations and legacies	3	-	2,672,992	2,672,992	2,461,962
Investments	4	168,134	-	168,134	185,132
Other trading activities	5	42,201	-	42,201	35,641
TOTAL		<u>210,335</u>	<u>2,672,992</u>	<u>2,883,327</u>	<u>2,682,735</u>
EXPENDITURE ON:					
Charitable activities	6	<u>478,279</u>	<u>2,677,506</u>	<u>3,155,785</u>	<u>3,491,896</u>
TOTAL		<u>478,279</u>	<u>2,677,506</u>	<u>3,155,785</u>	<u>3,491,896</u>
NET MOVEMENT IN FUNDS	10	(267,944)	(4,514)	(272,458)	(809,161)
Gain on disposal of assets		-	1,841	1,841	33,938
		(267,944)	(2,673)	(270,617)	(775,223)
RECONCILIATION OF FUNDS					
Total funds brought forward		7,634,207	-	7,634,207	8,409,430
Total funds carried forward	18	<u>7,366,263</u>	<u>(2,673)</u>	<u>7,363,590</u>	<u>7,634,207</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 2022

	Note	2022 £	2021 £
FIXED ASSETS			
Investments	13	850,812	850,812
Tangible fixed assets	14	<u>27,444</u>	<u>38,397</u>
		<u>878,256</u>	<u>889,209</u>
CURRENT ASSETS			
Debtors	15	5,635,542	4,954,002
Cash at bank and in hand		<u>1,494,845</u>	<u>1,843,495</u>
		<u>7,130,387</u>	<u>6,797,497</u>
CREDITORS: amounts falling due within one year	16	<u>(645,053)</u>	<u>(52,499)</u>
NET CURRENT ASSETS		<u>6,485,334</u>	<u>6,744,998</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,363,590</u>	<u>7,634,207</u>
NET ASSETS		<u><u>7,363,590</u></u>	<u><u>7,634,207</u></u>
FUNDS			
Unrestricted funds	18	7,366,263	7,634,207
Restricted funds	18	<u>(2,673)</u>	<u>-</u>
		<u><u>7,363,590</u></u>	<u><u>7,634,207</u></u>

Signed on behalf of the Board of Trustees

.....
Trustee - Sir Ian Wood

.....
Date

21 DECEMBER 2022

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 2022

	Note	2022 £	2021 £
Net cash flow from operating activities			
Net expenditure for the year		(270,617)	(775,223)
Interest receivable & income on fixed asset investments		(168,134)	(185,132)
Taxation charge		(6,772)	6,772
Gain on disposal of assets		(1,841)	(33,938)
Depreciation of tangible fixed assets		10,953	10,017
Decrease in debtors		(681,540)	53,692
Increase/(decrease) in creditors		599,326	(521,668)
Taxation paid		-	(21,905)
Net cash used in operating activities		<u>(518,625)</u>	<u>(1,467,385)</u>
Cash flow from investing activities			
Interest receivable & income on fixed asset investments		168,134	185,132
Purchase of fixed assets		-	(28,952)
Disposal proceeds of fixed assets		1,841	33,938
Purchase of social investments		-	-
Net cash provided by investing activities		<u>169,975</u>	<u>190,118</u>
Decrease in cash and cash equivalents	19	<u><u>(348,650)</u></u>	<u><u>(1,277,267)</u></u>

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

THE WOOD FOUNDATION AFRICA
NOTES ON THE FINANCIAL STATEMENTS - 31 MARCH 2022

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.

The Charitable Company is a parent that is also a subsidiary included in the consolidated financial statements of a larger group by a parent undertaking established under the law of any part of the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements.

(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 2022

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 2022

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

	2022 £	2021 £
Donations - Restricted Funds		
Foreign, Commonwealth & Development Office ('FCDO') - Rwanda projects	2,127,956	1,107,518
The Wood Foundation	241,219	598,090
East African Tea Investments	303,817	756,354
	<u>2,672,992</u>	<u>2,461,962</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 2022

4 INCOME FROM INVESTMENTS

	2022 £	2021 £
Loan interest receivable	164,685	181,530
Bank interest receivable	3,449	3,602
	<u>168,134</u>	<u>185,132</u>

In 2022 and 2021, all interest receivable was to unrestricted funds.

5 OTHER TRADING ACTIVITIES

	2022 £	2021 £
Commercial trading operations	<u>42,201</u>	<u>35,641</u>

In 2022 and 2021, all commercial trading operations were to unrestricted funds.

6 EXPENDITURE ON CHARITABLE ACTIVITIES

	Venture Philanthropy in Transforming Livelihoods in Africa	
	2022 £	2021 £
Grants payable (note 8)	<u>2,293,441</u>	<u>887,345</u>
Direct costs:		
Staff	930,684	1,464,299
Recharge of costs	(375,283)	-
Consultancy	151,198	170,081
Travel	57,691	34,911
Miscellaneous	17,082	3,141
	<u>781,372</u>	<u>1,672,432</u>
Support costs:		
Staff	224,208	207,213
Training & development	3,850	5,623
Insurance	10,735	12,743
Travel	25,400	8,730
Press & publicity	34	720
Miscellaneous expenses	91,432	178,131
Depreciation	10,953	10,016
Exchange gains	(313,057)	462,107
Governance costs (note 9)	34,189	40,064
Taxation (note 7)	(6,772)	6,772
	<u>80,972</u>	<u>932,119</u>
	<u>3,155,785</u>	<u>3,491,896</u>

The recharge of costs relates to the recharge of historical costs to related undertakings.

To better align with the charitable objectives the Trustees have redefined the categories of charitable activities from those reported in the accounts to 31 March 2021.

In 2021, of the total charitable expenditure, £963,434 was from unrestricted funds and £2,528,462 was from restricted funds.

THE WOOD FOUNDATION AFRICA
NOTES ON THE FINANCIAL STATEMENTS - 31 MARCH 2022

7 TAXATION

	2022 £	2021 £
UK corporation tax for the current year	-	6,772
UK corporation tax relating to prior year	<u>(6,772)</u>	<u>-</u>
	<u><u>(6,772)</u></u>	<u><u>6,772</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 (19%). A reconciliation of this obligation is as follows:

	2022 £	2021 £
Net incoming resources not subject to taxation reliefs	<u>-</u>	<u>35,641</u>
Taxation charges at 19% (2021 - 19%)	-	6,772
Adjustments relating to prior period	<u>(6,772)</u>	<u>-</u>
Total tax charge recognised in the year	<u><u>(6,772)</u></u>	<u><u>6,772</u></u>

8 GRANTS

Group	Grants Awarded No.	2022 £	Grants Awarded No.	2021 £
Grants to institutions:	<u>2</u>	<u>2,293,441</u>	<u>3</u>	<u>887,345</u>

9 GOVERNANCE COSTS

	2022 £	2021 £
Auditor's remuneration - UK	6,475	6,225
Auditor's remuneration - Overseas	3,065	2,859
Legal	3,232	2,760
Overseas Compliance Services	21,417	28,220
	<u><u>34,189</u></u>	<u><u>40,064</u></u>

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

	2022 £	2021 £
Auditor's remuneration - audit fees	<u>6,475</u>	<u>6,225</u>

THE WOOD FOUNDATION AFRICA
NOTES ON THE FINANCIAL STATEMENTS - 31 MARCH 2022

11 STAFF COSTS AND NUMBERS

	2022 £	2021 £
Staff costs		
Wages and salaries	2,239,602	2,317,722
Other pension costs	44,964	43,239
Staff cost recharge (note 20)	(1,129,674)	(689,452)
	<u>1,154,892</u>	<u>1,671,509</u>

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

	2022 No.	2021 No.
Directors	4	4
Management & administration	20	23
	<u>24</u>	<u>27</u>

During the year 12 employees received emoluments of over £60,000 (2021: 13). Pension contributions totalling £38,000 were paid into defined contribution pension schemes in respect of 5 of these individuals (2021: £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.

13 INVESTMENTS

Social investment - mixed motive £

COST

At 1 April 2021 and 31 March 2022 850,812

The Wood Foundation Africa purchased 25% equity in Silverback Tea Company Limited ("STCL") 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 Services Company Outgrowers Nyaruguru South Limited, a company limited by guarantee registered in Rwanda. The company was set up to provide long-term patient funding for smallholder farmers to plant tea, and train and support them with operational and logistical services.

THE WOOD FOUNDATION AFRICA
NOTES ON THE FINANCIAL STATEMENTS - 31 MARCH 2022

14 TANGIBLE FIXED ASSETS

	Plant & equipment £	Motor vehicles £	Total £
COST			
At 1 April 2021	55,659	64,143	119,802
Additions	-	-	-
Disposals	-	-	-
At 31 March 2022	<u>55,659</u>	<u>64,143</u>	<u>119,802</u>
DEPRECIATION			
At 1 April 2021	40,884	40,521	81,405
Charge for year	3,954	6,999	10,953
Appropriated on disposal	-	-	-
At 31 March 2022	<u>44,838</u>	<u>47,520</u>	<u>92,358</u>
NET BOOK VALUES			
At 31 March 2022	<u>10,821</u>	<u>16,623</u>	<u>27,444</u>
At 1 April 2021	<u>14,775</u>	<u>23,622</u>	<u>38,397</u>

15 DEBTORS

	2022 £	2021 £
Amounts due from related undertakings	4,600,729	4,099,972
Other debtors	868,075	791,636
Prepayments and accrued income	166,738	62,394
	<u>5,635,542</u>	<u>4,954,002</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 balance outstanding at the year end was £799,455 (2021 - £762,705). Interest received during the year amounted to £17,508 (2021 - £13,539). Interest receivable at the year end was £5,920 (2021 - £Nil).

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 (2021: £Nil), of expenditure incurred in excess of amounts received from Gatsby, in respect of the Imbarutso project.

	2022 £	2021 £
Imbarutso Project		
Debtor brought forward	-	201,960
Received from the Gatsby Charitable Foundation	-	-
Funds received from Gatsby	-	(201,960)
Debtor carried forward	<u>-</u>	<u>-</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.

THE WOOD FOUNDATION AFRICA
NOTES ON THE FINANCIAL STATEMENTS - 31 MARCH 2022

15 DEBTORS (continued)

Other debtors at the year end includes £Nil (2021: £Nil), of expenditure incurred in excess of amounts received from Gatsby, in respect of the Chai project.

	2022 £	2021 £
Chai Project		
Debtor/(creditor) brought forward	-	108,745
Funds received from Gatsby	-	(108,745)
Debtor carried forward	<u>-</u>	<u>-</u>

16 CREDITORS: amounts falling due within one year

	2022 £	2021 £
Amounts due to related undertakings	605,485	63
Trade creditors	11,387	14,866
Accruals and deferred income	28,181	30,798
Corporation tax	-	6,772
	<u>645,053</u>	<u>52,499</u>

17 FINANCIAL INSTRUMENTS

	2022 £	2021 £
Financial assets		
Financial assets measured at fair value through profit or loss	1,494,845	1,843,495
Financial assets measured at amortised cost	5,468,804	4,891,608
	<u>6,963,649</u>	<u>6,735,103</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>645,053</u>	<u>45,727</u>

18	MOVEMENT IN FUNDS	Brought forward £	Income £	Expenditure £	Other gains/ losses £	2022 Carried forward £
	General fund - unrestricted	<u>7,634,207</u>	<u>210,335</u>	<u>(478,279)</u>	<u>-</u>	<u>7,366,263</u>
	Restricted funds					
	Chai - Others	-	238,579	(240,420)	1,841	-
	Chai - FCDO	-	-	-	-	-
	Rwanda - Others	-	306,457	(306,457)	-	-
	Rwanda - FCDO	-	2,127,956	(2,130,629)	-	(2,673)
		<u>-</u>	<u>2,672,992</u>	<u>(2,677,506)</u>	<u>1,841</u>	<u>(2,673)</u>
	Total funds	<u>7,634,207</u>	<u>2,883,327</u>	<u>(3,155,785)</u>	<u>1,841</u>	<u>7,363,590</u>

THE WOOD FOUNDATION AFRICA
NOTES ON THE FINANCIAL STATEMENTS - 31 MARCH 2022

18 MOVEMENT IN FUNDS (continued)

Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	2022 £
Investments	850,812	-	850,812
Tangible fixed assets	19,427	8,017	27,444
Current assets	6,512,434	617,953	7,130,387
Current liabilities	(16,410)	(628,643)	(645,053)
At 31 March 2022	<u>7,366,263</u>	<u>(2,673)</u>	<u>7,363,590</u>

The comparative figures for 2021 were:

	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 - FCDO	26,474	-	(26,474)	-	-
Rwanda - Others	9,704	896,362	(906,066)	-	-
Rwanda - FCDO	(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>

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.

19 ANALYSIS OF CHANGES IN NET DEBT

	2022 £	2021 £
Cash at bank and in hand at 1 April 2021	1,843,495	3,120,762
(Decrease)/increase in cash and cash equivalents	<u>(348,650)</u>	<u>(1,277,267)</u>
At 31 March 2022	<u>1,494,845</u>	<u>1,843,495</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 under the registration number SC037957. The smallest and largest group for which consolidated financial statements are prepared which include The Wood Foundation Africa is that of The Wood Foundation. The Group financial statements can be obtained from the registered office at Blenheim House, Fountainhall Road, Aberdeen AB15 4DT.

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 payable Grants receivable	2,293,441 303,817	(605,485) 303,817
Mulindi Factory Company Limited	Subsidiary of East African Tea Investments	Recharge of costs	352,640	283,981
Shagasha Tea Factory Limited	Subsidiary of East African Tea Investments	Recharge of costs Management fees	250,083 42,201	219,322 42,201
Services Company Outgrowers Nyaruguru North (SCONN) Limited	Subsidiary of East African Tea Investments	Recharge of costs	172,850	172,850
Rugabano Outgrowers Services Limited	Subsidiary of East African Tea Investments	Recharge of costs	518,751	518,751
Kids Operating Room	A charity in which Garreth Wood and Graham Good are also Trustees	Recharge of costs	147,085	43,228
Silverback Tea Company Limited	Associate company - 25% equity stake	Loan Accrued loan interest Recharge of costs	- 141,257 5,337	2,093,850 566,045 56,800

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	79,767	21,292
Pfunda Tea Company Ltd	Subsidiary of Silverback Tea Company Limited	Recharge of costs	79,343	37,116
Rugabano Tea Company Ltd	Subsidiary of Silverback Tea Company Limited	Recharge of costs	9,482	5,247
Services Company Outgrowers Nyaruguru South (SCONS) Limited	Subsidiary	Loan advanced Recharge of costs	83,490 172,541	236,034 43,423

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 2022 was £17,500 (2021 - £37,500).