

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 2023

THE WOOD FOUNDATION AFRICA
DIRECTORS' ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2023

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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
Graham Good

NON EXECUTIVE DIRECTOR

David Knopp Director of Africa

SECRETARY

Alistair Buchan

REGISTERED OFFICE AND PRINCIPAL ADDRESS

Blenheim House
Fountainhall Road
ABERDEEN
Scotland
AB15 4DT

AUDITOR

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

BANKERS

Virgin Money
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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 2023.

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 2023.

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.

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 – which applies our global business and philanthropic experience to improve the income and livelihoods of large numbers of smallholder farmers.

TWFA's activities are focused on three main areas of (i) continued ownership and/or management of factories originally acquired by The Wood Foundation and partners from Government of Rwanda; (ii) implementation of a series of large-scale and long-term smallholder tea development projects in Rwanda and Tanzania each supporting large numbers of smallholder farmers to plant between 2,500 and 4,000 hectares of tea on their own land; and (iii) direct investments in smallholder-supplied businesses in rural Africa where it can add value to those farmers. Future returns from those investments will be used to fund The Wood Foundation's ongoing charitable activities.

TWFA's activities are financed by a combination of funding from The Wood Foundation, other philanthropic investors and donors such as Lord David Sainsbury's Gatsby Africa charity, the UK Foreign, Commonwealth & Development Office's ('FCDO') UKAid programme, the Government of Rwanda and tea factory owners to provide support and long-term interest-free finance to benefit large numbers of smallholder farmers.

During the year TWFA ended its smallholder sugar cane action research project in Kenya and acquired a co-majority stake in a smallholder vanilla development company in Uganda, trading as Enimiro.

Since the year end TWFA acquired a co-majority stake in Nshili Kivu Tea Factory, another smallholder-supplied tea factory in Rwanda.

The Wood Foundation's charitable spend and commitment to date is £163 million, £38 million of which was spent through TWFA. Current funds in the parent charity are close to £88 million.

THE WOOD FOUNDATION AFRICA

DIRECTORS' ANNUAL REPORT

Charitable Activities During the 2022/23 Year

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

TWFA's smallholder tea projects are implemented directly or via co-investment companies East African Tea Investments (EATI) and Silverback Tea Company Limited (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. Mulindi has continued to be managed by TWFA since it was handed over to farmer ownership and EATI continue to work towards a similar transfer of ownership of Shagasha Tea Company Limited over the next few years.

Silverback continues to own and operate three smallholder-supplied tea factories in Rwanda.

TWFA is also involved in four service companies each delivering large-scale and long-term new tea development projects – three in Rwanda and one in Tanzania. Three are owned by EATI and one by TWFA. These companies provide a range of services, including interest-free finance and agronomic training and support, to large numbers of smallholder farmers to plant and cultivate tea on their own land.

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

TWFA ended its smallholder sugar cane action research project in Kenya in September 2022.

During the year TWFA acquired a co-majority stake in a smallholder vanilla project in Uganda from its founder. The investment is held along with its founder through a newly established joint-venture company called Enimiro Holdings Uganda Ltd. TWFA is taking an active role in the development of the early-stage company.

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 £3.3 million.

Plans for Future Year

TWFA plan to continue to implement the smallholder tea and vanilla projects which were underway at the year end.

In addition, since the year end TWFA has acquired a co-majority stake in another well-established tea factory in Rwanda, Nshili Kivu Tea Factory Ltd and plans to support the farmers to plant out an additional 1,000 hectares of tea on their own land over the next five years.

FINANCIAL REVIEW

The net incoming/(outgoing) resources for the year amounting to £1m (2022 - £0.3m) have been dealt with as shown in the Statement of Financial Activities.

The income of the Charity for the year ending 31 March 2023 was £4.3 million (2022 - £2.9 million) which includes £1.6 million (2022 - £0.2 million) of donations received from The Wood Foundation.

Charitable expenditure for the year was £3.3 million (2022 - £3.2 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 £1.8 million to East African Tea Investments. See note 20.

At the year end The Wood Foundation Africa held £1.2m in cash at bank.

Reserves

It is the Reserves Policy of The Wood Foundation Africa to only retain a minimal level of cash 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 2023 were £8.4m (2022 - £7.4m), of which £Nil (2022 - £(2,673)) were held in restricted reserves.

The Directors are satisfied that the level of reserves held at 31 March 2023 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

19 DECEMBER 2023
.....
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 2023 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 2023 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: *16 December 2023*

THE WOOD FOUNDATION AFRICA
**STATEMENT OF FINANCIAL ACTIVITIES (incorporating income and expenditure account)
FOR THE YEAR ENDED 31 MARCH 2023**

	Note	Unrestricted Funds £	Restricted Funds £	2023 £	2022 £
INCOME AND ENDOWMENTS FROM:					
Donations and legacies	3	911,877	3,151,831	4,063,708	2,672,992
Investments	4	213,859	-	213,859	168,134
Other trading activities	5	-	-	-	42,201
TOTAL		<u>1,125,736</u>	<u>3,151,831</u>	<u>4,277,567</u>	<u>2,883,327</u>
EXPENDITURE ON:					
Charitable activities	6	<u>99,952</u>	<u>3,168,444</u>	<u>3,268,396</u>	<u>3,155,785</u>
TOTAL		<u>99,952</u>	<u>3,168,444</u>	<u>3,268,396</u>	<u>3,155,785</u>
NET MOVEMENT IN FUNDS	10	1,025,784	(16,613)	1,009,171	(272,458)
Gain on disposal of assets		<u>-</u>	<u>19,286</u>	<u>19,286</u>	<u>1,841</u>
		1,025,784	2,673	1,028,457	(270,617)
RECONCILIATION OF FUNDS					
Total funds brought forward		<u>7,366,263</u>	<u>(2,673)</u>	<u>7,363,590</u>	<u>7,634,207</u>
Total funds carried forward	18	<u>8,392,047</u>	<u>-</u>	<u>8,392,047</u>	<u>7,363,590</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 2023

	Note	2023 £	2022 £
FIXED ASSETS			
Investments	13	1,689,008	850,812
Tangible fixed assets	14	11,910	27,444
		<u>1,700,918</u>	<u>878,256</u>
CURRENT ASSETS			
Debtors	15	5,723,717	5,635,542
Cash at bank and in hand		<u>1,182,843</u>	<u>1,494,845</u>
		6,906,560	7,130,387
CREDITORS: amounts falling due within one year	16	<u>(215,431)</u>	<u>(645,053)</u>
NET CURRENT ASSETS		<u>6,691,129</u>	<u>6,485,334</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8,392,047</u>	<u>7,363,590</u>
NET ASSETS		<u>8,392,047</u>	<u>7,363,590</u>
FUNDS			
Unrestricted funds	18	8,392,047	7,366,263
Restricted funds	18	-	(2,673)
		<u>8,392,047</u>	<u>7,363,590</u>

Signed on behalf of the Board of Trustees


.....
Trustee - Sir Ian Wood

19 DECEMBER 2023
.....
Date

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

THE WOOD FOUNDATION AFRICA
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £	2022 £
Net cash flow from operating activities			
Net expenditure for the year		1,028,457	(270,617)
Interest receivable & income on fixed asset investments		(213,859)	(168,134)
Taxation charge		-	(6,772)
Gain on disposal of assets		(19,286)	(1,841)
Depreciation of tangible fixed assets		9,755	10,953
Decrease in debtors		(88,175)	(681,540)
Increase/(decrease) in creditors		(429,622)	599,326
Taxation paid		-	-
Net cash used in operating activities		<u>287,270</u>	<u>(518,625)</u>
Cash flow from investing activities			
Interest receivable & income on fixed asset investments		213,859	168,134
Purchase of fixed assets		(5,595)	-
Disposal proceeds of fixed assets		30,660	1,841
Purchase of social investments		<u>(838,196)</u>	<u>-</u>
Net cash provided by investing activities		<u>(599,272)</u>	<u>169,975</u>
Decrease in cash and cash equivalents	19	<u><u>(312,002)</u></u>	<u><u>(348,650)</u></u>

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

1. ACCOUNTING POLICIES

(a) *Basis of accounts preparation*

The financial statements are prepared under the historical cost convention, in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) - (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 2023

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 2023

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

	2023 £	2022 £
Donations - Restricted Funds		
Foreign, Commonwealth & Development Office ('FCDO') - Rwanda projects	1,910,702	2,127,956
The Wood Foundation	719,648	241,219
East African Tea Investments	521,481	303,817
	<u>3,151,831</u>	<u>2,672,992</u>
Donations - Unrestricted Funds		
The Wood Foundation	911,877	-
	<u>4,063,708</u>	<u>2,672,992</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 2023

4 INCOME FROM INVESTMENTS

	2023 £	2022 £
Loan interest receivable	203,592	164,685
Bank interest receivable	10,267	3,449
	<u>213,859</u>	<u>168,134</u>

In 2023 and 2022, all interest receivable was to unrestricted funds.

5 OTHER TRADING ACTIVITIES

	2023 £	2022 £
Commercial trading operations	<u>-</u>	<u>42,201</u>

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

6 EXPENDITURE ON CHARITABLE ACTIVITIES

	Venture Philanthropy in Transforming Livelihoods in Africa	
	2023 £	2022 £
Grants payable (note 8)	<u>1,787,455</u>	<u>2,293,441</u>
Direct costs:		
Staff	1,070,527	930,684
Recharge of costs	-	(375,283)
Consultancy	325,537	151,198
Travel	91,752	57,691
Miscellaneous	21,223	17,082
	<u>1,509,039</u>	<u>781,372</u>
Support costs:		
Staff	230,237	224,208
Training & development	4,716	3,850
Insurance	8,993	10,735
Travel	51,472	25,400
Press & publicity	-	34
Miscellaneous expenses	107,777	91,432
Depreciation	9,755	10,953
Exchange gains	(500,379)	(313,057)
Governance costs (note 9)	59,331	34,189
Taxation (note 7)	-	(6,772)
	<u>(28,098)</u>	<u>80,972</u>
	<u>3,268,396</u>	<u>3,155,785</u>

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

In 2022, of the total charitable expenditure, £478,279 was from unrestricted funds and £2,677,506 was from restricted funds.

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NOTES ON THE FINANCIAL STATEMENTS - 31 MARCH 2023

7 TAXATION

	2023 £	2022 £
UK corporation tax for the current year	-	-
UK corporation tax relating to prior year	-	(6,772)
	<u>-</u>	<u>(6,772)</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:

	2023 £	2022 £
Net incoming resources not subject to taxation reliefs	<u>-</u>	<u>-</u>
Taxation charges at 19% (2022 - 19%)	-	-
Adjustments relating to prior period	-	(6,772)
Total tax charge recognised in the year	<u>-</u>	<u>(6,772)</u>

8 GRANTS

Group	Grants Awarded No.	2023 £	Grants Awarded No.	2022 £
Grants to institutions:	<u>2</u>	<u>1,787,455</u>	<u>2</u>	<u>2,293,441</u>

9 GOVERNANCE COSTS

	2023 £	2022 £
Auditor's remuneration - UK	6,475	6,475
Auditor's remuneration - Overseas	4,487	3,065
Legal	30,310	3,232
Overseas Compliance Services	18,059	21,417
	<u>59,331</u>	<u>34,189</u>

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

	2023 £	2022 £
Auditor's remuneration - audit fees	<u>6,475</u>	<u>6,475</u>

THE WOOD FOUNDATION AFRICA
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11 STAFF COSTS AND NUMBERS

	2023 £	2022 £
Staff costs		
Wages and salaries	2,263,151	2,239,602
Other pension costs	30,905	44,964
Staff cost recharge (note 20)	(993,292)	(1,129,674)
	<u>1,300,764</u>	<u>1,154,892</u>

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

	2023 No.	2022 No.
Directors	3	4
Management & administration	18	20
	<u>21</u>	<u>24</u>

During the year 11 employees received emoluments of over £60,000 (2022: 12). Pension contributions totalling £31,000 were paid into defined contribution pension schemes in respect of 3 of these individuals (2022: £38,000, 5 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

	Silverback Tea Company Limited £	Enimiro Products Uganda Limited £	Total £
Social investment - mixed motive			
COST			
At 1 April 2022	850,812	-	850,812
Additions	-	838,196	838,196
	<u>850,812</u>	<u>838,196</u>	<u>1,689,008</u>
At 31 March 2023			

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 relatively 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. The Wood Foundation Africa purchased 40.12% equity stake in Enimiro Products Uganda Limited, a smallholder-supplied vanilla processor playing a key role in the development of Uganda as a premium origin of organic vanilla. All future income realised from these investments will be used to further our charitable objectives.

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 3,000 hectares of tea on their own land, and train and support them with operational and logistical services.

THE WOOD FOUNDATION AFRICA
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14 TANGIBLE FIXED ASSETS

	Plant & equipment £	Motor vehicles £	Total £
COST			
At 1 April 2022	55,659	64,143	119,802
Additions	5,595	-	5,595
Disposals	-	(64,143)	(64,143)
At 31 March 2023	<u>61,254</u>	<u>-</u>	<u>61,254</u>
DEPRECIATION			
At 1 April 2022	44,838	47,520	92,358
Charge for year	4,506	5,249	9,755
Appropriated on disposal	-	(52,769)	(52,769)
At 31 March 2023	<u>49,344</u>	<u>-</u>	<u>49,344</u>
NET BOOK VALUES			
At 31 March 2023	<u>11,910</u>	<u>-</u>	<u>11,910</u>
At 1 April 2022	<u>10,821</u>	<u>16,623</u>	<u>27,444</u>

15 DEBTORS

	2023 £	2022 £
Amounts due from related undertakings	5,546,712	4,600,729
Other debtors	110,976	868,075
Prepayments and accrued income	66,029	166,738
	<u>5,723,717</u>	<u>5,635,542</u>

16 CREDITORS: amounts falling due within one year

	2023 £	2022 £
Amounts due to related undertakings	171,636	605,485
Trade creditors	25,948	11,387
Accruals and deferred income	17,847	28,181
Corporation tax	-	-
	<u>215,431</u>	<u>645,053</u>

17 FINANCIAL INSTRUMENTS

	2023 £	2022 £
Financial assets		
Financial assets measured at fair value through profit or loss	1,182,843	1,494,845
Financial assets measured at amortised cost	<u>5,657,688</u>	<u>5,468,804</u>
	<u>6,840,531</u>	<u>6,963,649</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>215,431</u>	<u>645,053</u>

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NOTES ON THE FINANCIAL STATEMENTS - 31 MARCH 2023

18	MOVEMENT IN FUNDS	Brought forward £	Income £	Expenditure £	Other gains/ losses £	2023 Carried forward £
	General fund - unrestricted	<u>7,366,263</u>	<u>1,125,736</u>	<u>(99,952)</u>	<u>-</u>	<u>8,392,047</u>
	Restricted funds					
	Chai - Others	-	439,600	(458,886)	19,286	-
	Rwanda - Others	-	801,529	(801,529)	-	-
	Rwanda - FCDO	<u>(2,673)</u>	<u>1,910,702</u>	<u>(1,908,029)</u>	<u>-</u>	<u>-</u>
		<u>(2,673)</u>	<u>3,151,831</u>	<u>(3,168,444)</u>	<u>19,286</u>	<u>-</u>
	Total funds	<u>7,363,590</u>	<u>4,277,567</u>	<u>(3,268,396)</u>	<u>19,286</u>	<u>8,392,047</u>

Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	2023 £
Investments	1,689,008	-	1,689,008
Tangible fixed assets	3,309	8,601	11,910
Current assets	6,737,117	169,443	6,906,560
Current liabilities	<u>(37,387)</u>	<u>(178,044)</u>	<u>(215,431)</u>
At 31 March 2023	<u>8,392,047</u>	<u>-</u>	<u>8,392,047</u>

The comparative figures for 2022 were:

	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	<u>-</u>	<u>2,127,956</u>	<u>(2,130,629)</u>	<u>-</u>	<u>(2,673)</u>
	<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>

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	<u>(16,410)</u>	<u>(628,643)</u>	<u>(645,053)</u>
At 31 March 2022	<u>7,366,263</u>	<u>(2,673)</u>	<u>7,363,590</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 during the financial year.

THE WOOD FOUNDATION AFRICA
NOTES ON THE FINANCIAL STATEMENTS - 31 MARCH 2023

19 ANALYSIS OF CHANGES IN NET DEBT

	2023 £	2022 £
Cash at bank and in hand at 1 April 2022	1,494,845	1,843,495
(Decrease)/increase in cash and cash equivalents	<u>(312,002)</u>	<u>(348,650)</u>
At 31 March 2023	<u><u>1,182,843</u></u>	<u><u>1,494,845</u></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

20 RELATED PARTY TRANSACTIONS (continued)

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	(1,787,000) 521,000	(172,000) 521,000
Mulindi Factory Company Limited	An entity with common directors	Recharge of costs	323,000	97,000
Shagasha Tea Factory Limited	Subsidiary of East African Tea Investments	Recharge of costs	237,000	79,000
Services Company Outgrowers Nyaruguru North Limited	Subsidiary of East African Tea Investments	Recharge of costs	144,000	22,000
Rugabano Outgrowers Services Limited	Subsidiary of East African Tea Investments	Recharge of costs	154,000	34,000
Kids Operating Room	A charity in which Graham Good is also a Trustee	Recharge of costs	274,000	76,000
Silverback Tea Company Limited	Associate company - 25% equity stake	Loan Accrued loan interest Recharge of costs	291,000 205,000 -	2,385,000 771,000 57,000

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	69,000	14,000
Pfunda Tea Company Ltd	Subsidiary of Silverback Tea Company Limited	Recharge of costs	82,000	15,000
Rugabano Tea Company Ltd	Subsidiary of Silverback Tea Company Limited	Recharge of costs	15,000	4,000
Services Company Outgrowers Nyaruguru South Limited	Subsidiary	Loan advanced Recharge of costs	257,000 142,000	493,000 21,000
Enimiro Products Uganda Limited	Associate company - 40.12% equity stake	Loan Loan interest	1,011,000 16,000	1,011,000 16,000

The loan is available for as long as The Wood Foundation Africa is a shareholder. The loan is repayable on demand of the lender, is unsecured and interest is charged at 6%.

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. Since the year end the lease obligations have been fulfilled and the guarantee has now been discharged.