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FARM AFRICA

ANNUAL REPORT

AND

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

FOOD AND AGRICULTURAL RESEARCH

MANAGEMENT LIMITED

REGISTERED CHARITY NO: 326901

REGISTERED COMPANY NO: 01926828

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REPORT FROM THE CHAIR

I am very pleased to present Farm Africa's Annual Report and Consolidated Financial Statements for the year ended 31 December 2012.

The international spotlight is now very much on Africa as the next emerging economic giant. Its abundant and still under-used land and water resources have been noticed by strategic investors and the rush is on to secure these for commercial enterprise. In some countries, including those in which Farm Africa operates, extensive tracts of land with access to water have been set aside for large scale corporate farming, often with substantial foreign interests involved. Some of these may assist with national food security, some (but probably not many) may make provision for incorporating smallholder farmers in their supply chains, and some may do neither.

In such circumstances, organisations such as ours are needed more than ever. Not only must we champion the cause of African smallholder farmers as deserving of a fair deal in the allocation of national agricultural resources, but – even more importantly – we must actively demonstrate that the best way of achieving pervasive food security and widely-shared economic prosperity in Africa is to strengthen the productive capacity and commercialise the activities of the small-scale farming sector. The importance of this cannot be over-stated. While we can perhaps perceive a time when the industry and service sectors in the majority of African economies provide gainful employment for the bulk of the labour force, that time is a very long way off for most countries. For many years yet, agriculture (in its broadest sense) will continue be the mainstay of most people's livelihoods. There is simply no realistic alternative.

In my report last year I referred to the ambitious goals Farm Africa had set itself in adopting its new strategy and business plan for the period 2012 - 2015. In view of the over-arching challenge I have just outlined, we can do no less. So we are aiming directly to improve the lives of many more rural Africans than we have done before and to help them grow their income from agriculture-based activities in ways that are both economically and environmentally sustainable. Sustainable productivity improvement on small farms and in small pastoral herds has long been a driver behind much of what Farm Africa does on the ground; what we need to focus on in the future is increasing the size of each of our footprints in rural Africa while at the same time anchoring all our farmers firmly in the market economy so that they can turn farming into a business.

The report of our Chief Executive, Nigel Harris, indicates what we have been doing in 2012 to strengthen our executive organisation and staffing to enable Farm Africa to deliver the strategy. I should like to say a few words about what we have also been doing to ensure Farm Africa is similarly well equipped at board level. After reviewing the combination of professional backgrounds, skills and experience of our trustees in the light of our requirements ahead in 2012 we undertook a formal trustee search and selection process. I am very pleased to report that this resulted in the recruitment onto the board of five new trustees since my last report, each outstanding in their field.

Judith Batchelar has been Director of Sainsbury's Brand for the last seven years, responsible for all aspects of Sainsbury's product offer, from policy formation on aspects such as animal welfare, ethical and sustainable sourcing, through to product technology, product development, product safety, and packaging.

Ephraim Chirwa is an Associate Professor of Economics at Chancellor College, University of Malawi. He holds an MPhil from Cambridge University and a PhD in from the University of East Anglia and has a particular interest in the performance of markets, in poverty and food security analysis and in technology adoption. He advises international organisations and governments and is widely published.

William Otim-Nape is widely recognized as one of Africa's top agricultural development professionals and a world expert on cassava. A former Director-General of Uganda's National Agricultural Research Organisation, he has been publicly honoured for his scientific work. Professor Otim-Nape is the Founder and current Chairman of the Africa Innovations Institute in Kampala.

Charles Reed runs William Reed Business Media that provides business information across the food, drink and hospitality markets. The company has a wide portfolio of magazines, including the food sector trade leader, “The Grocer”, which partnered Farm Africa for the Kilimanjaro trek (with Charles part of the team) and provided a multimedia platform to raise profile and funds.

I am also pleased to say that John Young, who is already serving Farm Africa as a director of Farm Africa Enterprises, has joined the board of trustees in 2013 and will be taking on the role of Board Secretary.

At the end of last year, one of our valued trustees, Victoria Rae, stepped down from the board in preparation for a move to the USA. Victoria’s contribution to Farm Africa was huge. Not only was she a diligent and efficient board Secretary, she devoted a great deal of time to helping Farm Africa on its communications and fundraising activities. Victoria will be much missed by all in Farm Africa and we wish her well in her new life abroad.

I am pleased to be able to say that in 2012, two Americans, who are very much committed to the cause of Farm Africa, became directors of Farm Africa (USA), Tom Godbold, Executive Vice President, Twin Eagle Resource Management, and Russell DaSilva, Partner, Hogan Lovells.

This will be my last such report because I shall be stepping down from the Chair after this AGM, having completed my two three year terms as trustee. I am delighted that my successor will be Richard Macdonald CBE. I can think of none better to lead the board in its oversight of Farm Africa as it takes on the challenges ahead.

Finally, it remains for me to thank Farm Africa’s trustees, directors, advisers and staff, and our patron and ambassadors, for all they do for Farm Africa. I have absolutely no doubt that with their service and support Farm Africa will continue to grow and prosper.

Dr Martin Evans, Chair
23 May 2013

REPORT FROM THE CHIEF EXECUTIVE

At the end of another exciting and successful year for Farm Africa, it's good to take the opportunity to reflect on the core purpose of our work and on the value that Farm Africa's interventions add. With an increasing focus on food security and on the sustainability of global food, it's sobering to remember that hunger kills more people annually than AIDS, TB and malaria combined. Farm Africa works in Sub Saharan Africa where one third of the population is undernourished.

Farm Africa creates permanent solutions to hunger. As one of our 2012 campaigns put it: Farm Aid not Food Aid. Smallholder farmers in Africa, typically farming less than two hectares, contribute up to 90% of Africa's agricultural production. Yet yields can be only a third of the global average. It's vital, not just for Africa but for the world, that we narrow these gaps. Farm Africa focuses on African farmers as the solution, providing skills, technology, access to quality inputs such as drought tolerant or disease resistant seeds, working increasingly on access to markets and market linkages and, crucially, helping to grow rural household incomes. Farm Africa works on sustainable solutions – that's sustainable economically, socially and environmentally – that can be scaled.

As the first full year of our new strategy reaches a close, 2012 has been a challenging, exciting and generally encouraging year for Farm Africa. We have made good progress against the strategy, but we are still in the process of significant change. In 2013 we will work with one million beneficiaries directly for the first time, building on the 2012 direct beneficiary numbers of around 900,000, and putting us well on the way to meeting our 2016 target of serving 1.5 million people directly. Yet it is the quality of our intervention that is most critical; one of our most important decisions in 2012 was to appoint a head of impact to help us better evidence and communicate our results on the ground, so that we can improve our own programme design and delivery and share our considerable learning with others across Africa.

At the heart of our new strategy are the twin issues of sustainability and scale. Our new social enterprise, Sidai Africa Ltd (Sidai), is a great example of both, now with thirty franchises serving 60,000 farmers at the end of 2012, and putting a sourcing, branding and distribution model in place that will allow it over time to become financially self-sufficient. We are increasingly engaging with private sector models, whether with multinational companies, with social enterprise models such as Sidai or in smaller-scale models such as our Aquashop model in western Kenya which is working with over seven thousand farmers.

At the same time we recognise the importance of governments in creating the enabling environment for smallholder farmers to flourish, and the role of Farm Africa in bringing expertise and experience to the policy debate. Perhaps the most outstanding example of this is our work with forest communities in Ethiopia and Tanzania. We were very pleased to see the Benishangul Gumuz regional state in Ethiopia ratify new forest legislation including participatory forest management, which underlines how, through our innovative work, Farm Africa can help to influence long-term government policy. Elsewhere in Ethiopia we hosted the EU Ambassador, the Irish Ambassador and the Norwegian Ambassador, together with a senior adviser from the Dutch embassy at our forestry project in Bale. All commented that we had that right combination of technical catalyst, community engagement, partnership with government, capacity building, policy links, and exit strategy to create lasting change.

In terms of Farm Africa itself we have successfully opened a new office in Dar es Salaam, giving us hub offices now in Dar es Salaam, Nairobi and Addis Ababa. Institutional funding successes include major grants from the EU and the Norwegian Embassy for our forestry work in Tanzania and Ethiopia, funding from the EU and Irish Aid for agricultural work in Ethiopia, and among others, the Big Lottery Fund and Rockefeller Foundation for innovative work in Kenya.

We continue to receive strategic funding from the Department for International Development under the PPA scheme, which has allowed us to invest in our programme delivery and impact measurement, test new approaches (including our Maendeleo Agricultural Enterprise Fund which make small grants to innovative enterprise-focused local organisations) and engage more creatively in policy work. We are enjoying a very successful partnership with our PPA consortium partner Self Help Africa, sharing expertise on impact, beginning some groundbreaking research on resilience across our mutual programmes and submitting joint comments to the International Development Select Committee inquiries on post MDG goals and food security.

On unrestricted income we have had an encouraging year despite the extremely challenging external environment. We have had very positive responses to our messaging and new branding – the “Farm Aid not Food Aid” headline has been received extremely well - and we hope that this provides a good foundation to expand our marketing into 2013. We are making excellent progress in our aim of engaging the food and hospitality industry and are planning a “Food for Good” campaign in the industry to pick up on the broader food security focus anticipated in 2013. We’re also delighted to be the charity partner of choice in 2013 for the World’s 50 Best Restaurants and to confirm that the legendary Ethiopian athlete Haile Gebrselassie has become a formal ambassador for Farm Africa. In terms of our growing media profile, BBC Horizons showcased our Cassava and Aqua Shops projects in Western Kenya. The footage from both projects impressively demonstrates the life-transforming impact of our work and was broadcast to a global TV audience of some 350 million.

Despite the success of our fundraising, we continue to need significant funding to deliver our ambitious strategy, and most importantly to deliver the permanent change on the ground that is at the heart of all our work. May I thank all of our partners, funders and supporters for your generosity and trust, whether private individuals supporting us with regular gifts, Friends of Farm, schools and churches raising money for our work in ever more inventive ways, or corporate sponsors and institutional funders underpinning our programmatic work.

And as ever I would like to take this opportunity to thank my staff and trustees who continue to display amazing commitment to our work, both our small London team and our more than two hundred African staff who work with communities with such dedication and often in very challenging conditions. In particular this year, and to conclude, I want to thank Farm Africa’s chair, Dr Martin Evans, who retires as chair in 2013. Martin has typified the selfless commitment, genuine expertise and huge contribution that our trustees, committee members and senior volunteers offer to Farm Africa; in his six years as trustee and four as chair, he has presided over significant growth and ever increasing influence for Farm Africa, and we thank him sincerely for all he has done for the communities that Farm Africa serves.

Nigel Harris, Chief Executive

24 May 2013

The board of trustees of Food and Agricultural Research Management Limited (Farm Africa), which is also its board of directors, hereby presents its report (incorporating a directors' report) together with the financial statements for the year ended 31 December 2012.

LEGAL OBJECTS, STRATEGIC VISION, OBJECTIVES AND METHOD OF WORKING

Farm Africa aims to end hunger and bring prosperity to rural Africa. We work with different types of farmers (pastoralists, agro-pastoralists, smallholders and forest dwellers) in a range of regions in eastern Africa. Their specific situations vary but most are facing increasing economic, health and environmental vulnerability. We work with these farmers, and other stakeholders, to develop, test and support the roll-out of successful solutions to achieve long-term improvements in both food security and farmer incomes. This work is enshrined in our charitable objects, which are set out in our memorandum and articles of association.

Our main charitable objects are as follows:

- to relieve the poverty of farmers, agricultural workers and herders enabling them to improve the effective management of their natural resources;
- to promote the improvement of agriculture, horticulture, food production, storage and distribution and conduct research in these subjects and to publish the results of such research and to disseminate knowledge for the benefit of the public and to encourage skill and industry in husbandry;
- to promote the improvement of livestock and poultry and the prevention and eradication of disease therein; and
- to promote the education of the public in, and the furthering of the interests of agriculture, horticulture, arboriculture, apiculture, animal husbandry and industries allied thereto.

We implement these objects through pursuing our organisational vision and mission, set out below.

OUR VISION: a prosperous rural Africa.

OUR MISSION: we reduce poverty permanently by unleashing African farmers' abilities to grow their incomes and manage their natural resources sustainably.

We have been working in eastern Africa for over 25 years and now have programmes in Ethiopia, Kenya, South Sudan, Tanzania and Uganda. We work at the intersection of building incomes and managing agricultural natural resources. We focus on crops, livestock and forestry and have a track record of world class technical expertise and delivery. We are recognised for the quality of our 200+ east African staff who work closely with local communities to ensure an approach that combines an understanding of local cultures with expert knowledge.

We are known for delivering projects which produce long-term sustainable solutions grounded in a robust evidence base. Combined with our innovative thinking, this approach has enabled us to grow our impact – helping Africa's farmers feed Africa's people.

OUR VALUES

We believe smallholder farmers can and will play a key role in achieving rural prosperity in Africa.

We deliver on our belief by:

- **Being expert in our field,** delivering insightful and impactful evidence-based solutions
- **Pushing boundaries,** being creative with new and old solutions and approaches
- **Acting for the long-term,** building relationships and delivering long lasting change for farmers
- **Working flexibly,** taking advantage of the most effective solutions, whether from communities, private sector, civil sector or government
- **Sharing knowledge with others,** reaching more farmers than we could alone, ensuring effective technologies are widely accessed.

STRATEGIC OBJECTIVES AND ACHIEVEMENTS IN 2012

Rising food prices, continued chronic hunger and the unpredictability of climate change is focusing the world's attention on the importance of agriculture for Africa.

Despite these challenges, Farm Africa believes that Africa, through its smallholder farmers, has the potential to be food secure in the future and develop rural prosperity.

We believe that there is a unique opportunity for us to help overcome chronic food insecurity and increase rural prosperity over the next four years. Our Strategic Plan 2012 – 2015 outlines our two goals

- By 2016, we will be directly helping 1.5 million people a year to:
  - Build long-term food security, significantly increase their household income and move out of poverty
  - Implement sustainable agricultural and forestry management practices that enable them to better withstand climate change challenges, protect natural resources and enhance productivity.
- By 2016, we will have rolled out a minimum of six development models that deliver sustainable change at scale across the region indirectly improving the lives of over 15 million people each year in eastern Africa.

We have identified six programme priorities and six enablers that are critical to ensuring that we are properly equipped to deliver our organisational goals. More detail on these and all our future plans is given in the Farm Africa Strategic Plan 2012 – 2015 which can be downloaded from our website www.farmafrica.org.

EXTERNAL ENVIRONMENT

Any review of performance for the year needs to be placed in the context of the external challenges that we faced during the period.

Kenya

There has been an increase in levels of crime and other security concerns, particularly in the North East and we have had to take this into consideration within our work. However, the recent presidential election in Kenya has so far been conducted peacefully. Several high level politicians including the newly elected president have been indicted by the International Criminal Court, which could prove to be a flare point for further unrest. We continue to monitor the situation closely.

EXTERNAL ENVIRONMENT (continued)

Ethiopia

After the untimely death of PM Meles Zenawi in August 2012, the handover of power to new PM Hailenariam Dessalegn has been peaceful. The UN agency OCHA praised Ethiopia for its innovative and effective efforts to build resilience and self-sufficiency in the midst of ever more challenging climatic conditions.

All NGOs are facing challenges in meeting the new Charities and Societies Agencies legislation. This is particularly in respect of an administrative spend cap which is defined within the legislation. We are working hard to comply with the legislation and Farm Africa was the first INGO to receive formal confirmation of the renewal of our registration which can be seen as a reflection of the positive working relationship we have with the Government of Ethiopia.

South Sudan

Although a peace agreement has been signed with the north, South Sudan continues to face considerable humanitarian challenges caused by the continued border closure between South Sudan and Sudan. This includes food and fuel shortages, and on-going conflict in some states near the border.

The Ministry of Finance and Economic Planning officially launched a new Aid Strategy in October 2012, which aims for development partners to increasingly support government institutional development and systems over the next five years, which would ultimately support the delivery of our work there. However, this has not yet fed through into our on the ground experience in a politically fragile environment with limited infrastructure in place.

Tanzania / Uganda

Both Tanzania and Uganda continue to be politically stable, although there are on-going debates with regard to land reforms which could impact our work in these countries.

BENEFICIARY DATA

Quality analysis of beneficiary data is vital for Farm Africa to communicate our impact to donors, supporters and other stakeholders. As part of our ongoing work in measuring and communicating our impact we applied the widely recognised categories of direct and indirect benefit. The definitions of direct and indirect given below are used to collate accurate and consistent beneficiary data across all Farm Africa projects.

Direct beneficiaries - individuals who have a direct interaction with Farm Africa staff and receive a specific identifiable benefit; this category also includes the household members of these individuals. Examples of benefits that individuals could receive include training, livestock, tools, seeds and credit to start a business. Direct beneficiaries are characterised by the project outputs having high impact on the individuals and a high attribution of that impact to the project – and are specifically measured by the project.

Indirect beneficiaries - individuals who gain a benefit from an intervention that Farm Africa has helped to establish. Impact and attribution here varies but typically impact is secondary and it can be more challenging to specifically attribute resultant impact. The project will typically estimate these and they will be moderated by Farm Africa's programme team. One example is the dryland farming project in Kenya where 16,300 people indirectly benefited from activities such as improved access to water points that had been primarily established for small scale irrigation by the project as well as open field days where direct beneficiaries demonstrated their agricultural improvements to the wider public. Another powerful example is that of forestry where the indirect impact of improvements to the watershed could affect the 12 million people who are dependent on the hydrology of that region. Both impact and attribution are not usually directly measured and are more based on reasoned theories of change. This type of beneficiary should be categorised as indirect and we have separated these numbers out in the figures given below.

BENEFICIARY DATA (continued)

For 2012, we estimate that we reached 895,000 (2011: 802,000) direct beneficiaries and around 6 million (2011: 6 million) indirect beneficiaries. We are continuing to standardise the methods used to count beneficiaries across our projects as well as measuring the value of that impact for the beneficiaries.

In addition to the above, as lead partner of the consortium with Self Help Africa in receipt of the UK Department for International Development's PPA (Partnership Programme Arrangement) funding totalling £3,078,000 in 2012 (2011: £2,308,000), Farm Africa's charitable expenditure includes £1,500,000 (2011: £1,115,000) that has been granted on to Self Help Africa. As PPA funding is designed to be strategic it is not possible to identify the specific beneficiaries associated with the funding channelled through to Self Help Africa and therefore no beneficiaries associated with this funding have been included in the above numbers.

VALUE FOR MONEY APPROACH

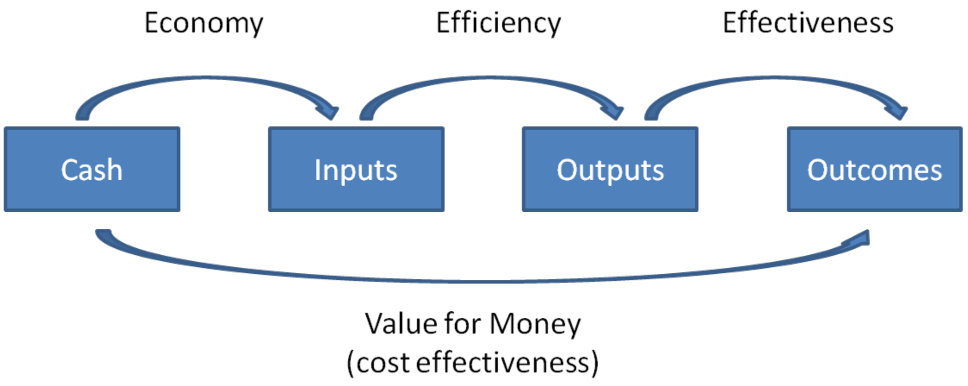
Farm Africa has always been committed to making the most effective use of the scarce resources entrusted to us to. This means not just seeking to improve the lives of the communities we work with, but designing projects to achieve the ***best possible results***, given those resources. That might mean reaching as many farmers as possible, increasing productivity as much as possible, targeting the most marginalised groups, or some combination of these. Such considerations are incorporated into the design of every new project.

In 2013, this process will be made explicit both internally and externally, by formalising our assessment of Value for Money (VfM) at every project stage, from design to delivery.

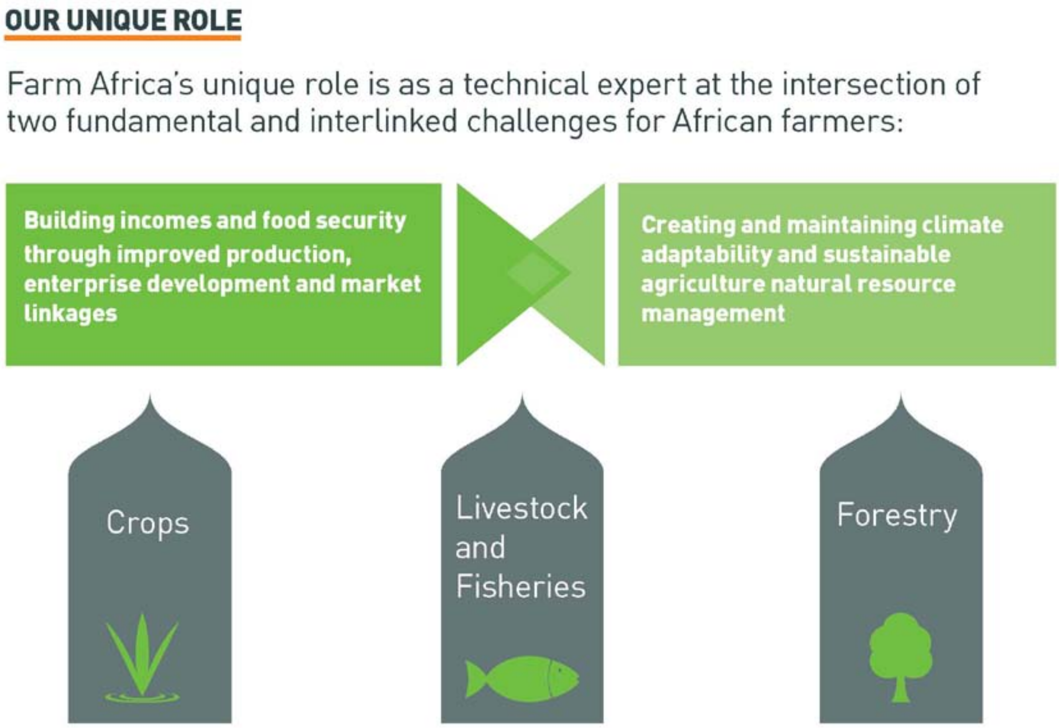
Given the complex and diverse nature of our programmes and the environments in which we work, it will not be appropriate to reduce any assessment of VfM to a single cost-based number. Instead, we will seek to embed systems and policies that encourage us to think more explicitly about how we are using resources; incorporating VfM considerations into our day-to-day work.

Many of these systems, such as the quarterly review process, or procurement policies, are already in place. However, drawing on the standard '3Es' framework (see below) we will develop a more holistic view of how VfM can and should be addressed across every stage of our work.

<u>The '3Es' framework</u>



HOW DID WE DO AGAINST OUR 2012 OBJECTIVES?



We further specialise in the three areas of crops, livestock and fisheries and forestry. Many of our programmes address both these areas.

In order to achieve impact, we work at three different levels:

HOW DID WE DO AGAINST OUR 2012 OBJECTIVES? (continued)

The following examples are illustrative of how we are helping farmers address these challenges at each level of impact.

CHALLENGE 1: BUILDING INCOMES AND FOOD SECURITY THROUGH IMPROVED PRODUCTION ENTERPRISE DEVELOPMENT AND MARKET LINKAGES

Crops

In central Uganda, Farm Africa has had continued success with smallholder farmers in the districts of Luwero, Nakasangola and Nakeseke. 18,000 farmers have been reached since the project began in 2011 through 480 farmer groups. The groups have received training in group dynamics, agronomic practices and the use of demonstration plots as centres of excellence and promotion of community seed farms.

Farm Africa has also supported selected seed breeders with seed stocks and tools, forming 38 seed farms. The seed farms are selling certified seeds to farmers who have improved their knowledge through participation in the demonstration plots. Average production increases of 33% have been recorded for participating farmers. In 2013 the next phase of the project will be to enable farmers to engage intensively in marketing and selling their produce. The number of beneficiaries reached will be expanded and this will represent an example of a meso level project.

In Tanzania, our sesame production and harvesting project is making great progress with smallholders through improved production of sesame, training in business skills and better market linkages. The project helped to form the Agricultural Marketing Cooperative Society (AMCOS), providing access to finance and enabling co-operative members to purchase sesame seeds from smallholders. Farm Africa provided training to the cooperative members on post harvest storage, negotiation skills and optimum timing for the sale of seeds, facilitating an incredible 54% increase in the price achieved per kilogram of sesame seeds.

In Ethiopia, Farm Africa has piloted an innovative new project to establish trading links between a major multi-national and smallholder farmers. Farm Africa partnered with Diageo to establish a smallholder supply chain for barley. This initiative sees Farm Africa acting as a bridge between the commercial sector and smallholder farmers, enabling them to work together effectively to mutual benefit.

Farm Africa’s South Sudan local cassava initiative project has resulted in farmers’ cassava yields being well above national figures and shortened the hunger gap by an astonishing three months. Farmers have been trained on new methods of making high quality cassava chips, fetching a premium price. Through the project, farmers also have access to clean disease-free planting material and have commercialised these planting materials to sell to other farmers.

Farm Africa's Maendeleo Agricultural Enterprise Fund (MAEF) gets women farmers in eastern Africa trying new ways of working, setting up businesses and finding profitable new markets. Running various projects since 2002, more than 150,000 households across Kenya, Uganda and Tanzania have already benefitted from crop yield increases of up to 400% and income increases of up to 500%.

Farm Africa’s youth empowerment through sustainable agriculture project has now been in place for two years. It is teaching schoolchildren the key agricultural skills they will need if they are to develop and thrive once they leave school, and the project is also giving young Kenyans the information they need about sexually transmitted disease, especially AIDS, so they can make more informed decisions about their sexual and reproductive health.

Livestock & fisheries

Farm Africa’s aqua shops social enterprise model was created in 2011 to address the effects of rapidly dwindling stocks of wild fish in Lake Victoria. Almost 60% of households in Western Kenya are dependent on these fish, either directly or indirectly, as a source of food and income.

The shops, situated in the Samia and Nyakach districts of western Kenya, are not only supplying existing commercial and small-scale fish farmers with essentials such as fish feed and manure; they are also vital hubs offering technical advice, training and market linkages.

HOW DID WE DO AGAINST OUR 2012 OBJECTIVES? (continued)

Livestock & fisheries (continued)

In 2012 this model has had continued success, expanding its operations from six to 12 shops. 16,890 people have been reached through the project with fish farmers gaining access to aquaculture stocks and materials via the shops, acquiring knowledge and skills through training and gaining approval of franchises. The project has developed two different marketing models for the fish farmers, which enabled them to sell their fish easily through the aqua shop and increase the market prices by up to 33%. There will be further aqua shop developments in 2013, having secured £230,000 of continued support from donors. This will include conducting a detailed market survey and exploring tangible ways the aqua shops model can flourish as a self-sustaining enterprise.

Sidai is a wholly owned subsidiary of Farm Africa which operates as a social enterprise in the livestock sector in Kenya. Its aim is to revolutionise the way that livestock and veterinary services are offered to pastoralists and farmers in Kenya creating a more sustainable model of livestock service delivery. This venture has been generously supported by the Bill & Melinda Gates Foundation in its early stages although we expect it to become fully self-sustainable in the medium term.

Since the company started in 2011, a network of 30 franchise outlets has been created which will be expanded to 150 by 2015. These provide quality animal husbandry and health goods and services to around 60,000 local farmers and pastoralists.

Sidai is a commercial company that charges farmers a fair price for all its products and services. In this way Sidai will generate revenues to support its delivery of services to underserved communities in more challenging locations in the long term. This is an example of what we classify as macro level work enabling us to achieve an impact at significant scale.

Forestry

In Benishangul Gumuz, Ethiopia, our strengthening sustainable livelihoods and forest management programme is helping communities to manage their precious forest resources themselves, and helping them sustainably earn a living from doing so.

As with other forest areas of Ethiopia, there are opportunities from honey and bamboo, but in Benishangul, the tree varieties yield particularly high levels of gums and resins. Farm Africa has educated forest communities how to tap tree trunks for incense in a way that doesn't damage the tree and a group can earn up to £1,888 a year from this, against 2012 average annual earnings per capita in Ethiopia of £240. As an example of what this means, one group member stated that with the £90 he earned from incense last year he managed to make significant improvements to his house.

The project has also helped to establish village savings and loan associations, formed mainly by women, in order to further the business ambitions of the forest communities.

Similarly, our participatory forest management project in Tanzania's Nou forest promotes livelihood activities to supplement the income of forest communities and has successfully worked with communities in Babati and Mbulu since 2009. The project promotes raffia weaving, mushroom farming, honey production and tree nursery enterprises, yielding lucrative gains for the smallholders and equating to an average increase in income of 98,000 Tanzanian shillings (£40), equivalent to 11% of the average annual earnings per capita in Tanzania in 2012 (£340).

HOW DID WE DO AGAINST OUR 2012 OBJECTIVES? (continued)

CHALLENGE 2: CREATING AND MAINTAINING CLIMATE ADAPTABILITY AND SUSTAINABLE AGRICULTURE NATURAL RESOURCE MANAGEMENT

Crops

Farm Africa conservation agriculture project continues to work with smallholder farmers to enhance their resilience in the semi-arid region of Kitui, Kenya. This project has reached a total of 327 farmers and their families, training them in climate appropriate agriculture techniques and practices. In collaboration with the Kenya Agricultural Research Institute (KARI) Farm Africa provided farmers with sorghum, millet, cowpea, green gram and pigeon pea seeds, varieties which perform well in drought-prone areas.

206 smallholder farmers were trained in appropriate seed production and then shared the resulting seeds with a further six farmers each, resulting in 1,357 farmers obtaining access to drought tolerant seeds. Training on soil water conservation techniques has also been given, equipping communities with the knowledge they need to better conserve and utilise the water they harvest.

We have already mentioned the sesame production and harvesting in terms of our work around enterprise and market linkages, but it is also worth noting the seed stock trialling element of this project, where Farm Africa has worked with communities to trial different varieties of sesame seed. Communities selected the highest performing variety for their specific needs, achieving an average increased yield of 200% per hectare, whilst also doubling the amount of land they have under cultivation.

Livestock & fisheries

Farm Africa’s enhancing food security, stability and resilience project in West Hararghe, Ethiopia has worked with communities to strengthen the livestock value chain. Activities included re-stocking livestock, supporting oxen fattening, delivering animal health worker training and piloting group livestock insurance. 60 women asset group members were formed, reaching a total of 1,800 women who were trained in livestock production, animal health and forage development. A resultant 11,500 households have increased their income and asset base as a result of the project.

Forestry

Forest covers around 38% of Tanzania’s mainland and the forestry sector’s contribution to the Tanzanian economy is increasing at a fast rate as a result of increasing demand for forest goods and services, macroeconomic changes and globalisation. Our participatory forest management project in the Nou forest, Tanzania has worked with 130,000 forest dwellers. These communities have worked to sustainably harvest and maintain around 40,000 hectares of forest in Babati and Mbulu through participatory forest management practices resulting in some remarkable changes to the forest:

- tree cutting has decreased by 70%;
- water sources have improved by 75%;
- soil erosion in the forest has decreased by 80% and
- flora and fauna biodiversity in the forests has increased by 80%.

Farm Africa has received further multi-year funding for our forestry work in the Nou forest in 2012 and we look forward to building on the lessons learnt and scaling up our work in the region. We will also continue to contribute to Tanzanian forestry policy including the government’s REDD+ (reducing emissions from deforestation and forest degradation) strategy.

There have been exciting new developments for Farm Africa in Ethiopia where our forestry work continues to go from strength to strength. Farm Africa has secured support for a second phase of work in the Bale Eco-Region, Ethiopia, where we will become the first to introduce a REDD+ project to Ethiopia.

HOW DID WE DO AGAINST OUR 2012 OBJECTIVES? (continued)

The Bale Eco-Region is rich in biodiversity, forming one of the 34 global biodiversity hotspots. The forest also protects the headwaters of many major rivers in the southeastern drainage basin, affecting the livelihoods of some 12 million pastoral and agro-pastoral people in Ethiopia, Somalia and Kenya. The development of the project plan involved collaboration with leading practitioners from Brazil and Ghana and will implement activities in three key areas: community mobilisation and sustaining community support for REDD+, enhancing the organisational and managerial capacity of community organizations and business development amongst forest communities. This is the largest REDD+ scheme in Africa at 500,000 hectares and is an example of how we use policy changes to achieve macro level change.

Another new project also secured funding in Ethiopia in 2012. Applying successful experience from Farm Africa's participatory rangeland management pilot in Bale and the Afar prosopis management programme, the participatory rangeland management in Afar project will be based in the Aledeghi natural reserve. The project aims to restore the Aledighi rangeland through participatory approaches for better livelihoods and more productive livestock. Specific aims are to increase the numbers of hectares of rangeland under management to 20,000 by 2016 and increase the income of 6,000 pastoralists by 2016 via livestock and alternative rangeland-based livelihoods.

PROGRESS AGAINST OUR ORGANISATIONAL ENABLERS

As part of our 2012-2015 strategy we identified six key enablers which are critical to ensuring we are properly equipped to deliver our organisational goals. We have achieved substantial progress in this area and key achievements in the year include:

- The opening of a new office in Dar Es Salaam, Tanzania which increases our on the ground presence and enables us to work more closely with partners & donors in country.
- The appointment of a head of impact to bring together our work measuring the impact of our programmes. We have also undertaken two in-depth post-hoc evaluations into our work on dryland farming in Kenya and prosopis in Ethiopia. The results of these evaluations have been used to enhance our programmes going forward.
- Our first ever all staff survey, with a response rate of 71% provided some valuable data to underpin improvements in our policies and procedures. We have also rolled out an improved performance appraisal system across the organisation.

PUBLIC BENEFIT

Charity trustees have a duty to report in the trustees' annual report on their charity's public benefit. They should demonstrate that:

1. **The benefits generated by the activities of the charity are clear.** This report sets out in some detail the activities which Farm Africa has carried out in the year to further each of our four strategic objectives.
2. **The benefits generated relate to the objects of the charity**. All activities undertaken are intended to further Farm Africa's charitable objects, summarised above.
3. **The people who receive support are entitled to do so according to criteria set out in the charity's objects.** All Farm Africa's projects are centred around rural African farmers (pastoralists, agro-pastoralists, smallholders and forest dwellers), the target beneficiary group specified in our first charitable object.

The trustees have therefore satisfied themselves that Farm Africa meets the public benefit requirements and they confirm that they have taken due regard of guidance contained in the Charity Commission's general guidance on public benefit and the specific guidance on the prevention or relief of poverty for the public benefit where applicable.

PLANS FOR THE FUTURE

OUR GOALS

Goal one: We will aim to reach up to one million people directly in 2013, building our programmes across our five countries with a particular focus on growing our work in Tanzania and Kenya as well as continuing our excellent momentum in Ethiopia. We want to ensure a medium-term balance across our work in crops, livestock and forestry, developing our expertise in climate-smart solutions for smallholder farmers and promoting income growth and sustainable natural resource management as core to our direct programme work. We will continue to grow the proportion of our work that helps farmers maximise post-harvest value, developing our understanding of demand for farmers' produce and building market linkages.

Goal two: We will develop further our successful development models of 2012, including our social enterprise Sidai which has made encouraging progress to date, our groundbreaking work on participatory management models and our work in linking smallholders and major buyers in a scaleable way. We will continue to test new and existing initiatives that have real opportunity to become deliverers of macro change; as examples these are likely to include our work on resilience, on aquaculture and on forest incomes.

On our cross-cutting priorities of gender and youth, we acknowledge the need to mainstream these more into our work. We will undertake to disseminate more specifically our considerable learning on working with women farmers and to develop at least two youth focused projects, including a specific MAEF round on youth.

DELIVERING THE STRATEGY

We will continue to focus on the core enablers we identified in the strategic review, with specific concentration on the following:

Programmes

1. Build up our programmes through new contracts, proposals and ideas, especially in Kenya and our newest office, Tanzania.
2. Develop our expertise to give more value to farmers, linking them to markets and finding new ways to engage with the private sector.

Outcomes and impact

1. Develop a more comprehensive system for measuring outcomes, impact and value for money.

Partnerships

1. Establish 2-3 formal and long-term partnerships (with NGOs, private sector or research institutions) which we believe could lead to new work.

Research and development

1. Focus on developing research and sharing learning on forestry and resilience.

Fundraising and communications

1. Increase our unrestricted fundraising with a donor recruitment campaign and support from major donors.
2. Implement a global communications plan to increase awareness and understanding of our work.

Corporate organisation and culture

1. Develop our best asset, our people, implementing policies and processes that support a high-quality, motivated workforce.
2. Ensure everyone has access to the same key information and communication tools.

FINANCES

OVERVIEW

2012 has been a successful year for Farm Africa financially. We successfully maintained an income of £11 million which itself represents a growth of 80% over the past five years. Our income includes £3 million of PPA funding (of which £1.5 million is on-granted to our consortium partner) which enables us to invest strategically in developing innovative and high quality programmes which can in turn over time create significant change.

Our 2012 financial statements also include the results of our subsidiary undertakings, principally Sidai.

For the first time this year we are reporting against the charitable activities as defined in the 2012 – 2015 strategic plan. These are:

- Building incomes and food security through improved production, enterprise development and market linkages (“Building incomes and food security”)
- Creating and maintaining climate adaptability and sustainable agriculture natural resource management (“Natural resource management”)

Our 2011 expenditure has been restated in line with these new categories.

INCOME

Our total income has remained steady at £11 million (2011: £11 million)..

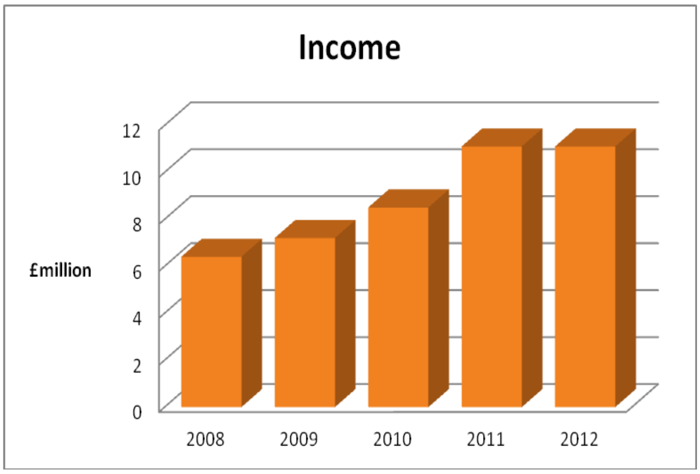
Unrestricted income grew by £1.2 million and includes £3 million of PPA funding, which is strategic rather than project focussed (an increase of £0.7 million on the prior year).

Other unrestricted income therefore grew by £0.5 million, mostly through the trading activity of Farm Africa’s social enterprise subsidiary Sidai Africa Limited.

These activities are expected to grow further over the next few years.

Our project income, which is principally income from our government, institutional and other major donors, dropped by just under £1 million in the year to £6 million (2011: £7 million). This is mostly due to the timing of projects with several projects drawing to a close at the end of 2012, whilst new projects starting in early 2013 are not reflected here.

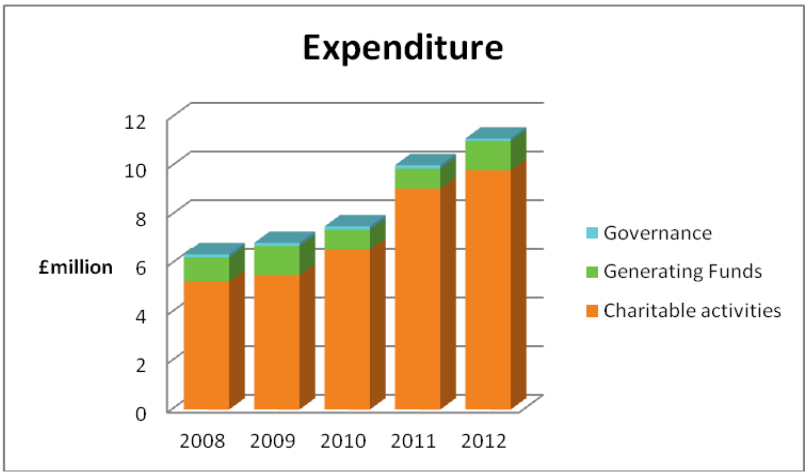
Maintaining an appropriate balance between income streams is vital for the long term stability of the charity and we will continue to invest in our unrestricted fundraising during 2013 to build a solid platform across income streams to support our ambitious strategy for growth and ultimately to replace the PPA funding stream.



EXPENDITURE

Our total expenditure has increased by £1 million to £11 million (2011: £10 million). Much of the increase in expenditure relates to spending on charitable activities which increased from £9 million in 2011 to just under £10 million in 2012. This includes £1.5 million of PPA funding that we have on-granted to our consortium charity partner, Self Help Africa (2011: £1.1million).

The remaining increase relates to expenditure we have made directly, in particular our investment in unrestricted fundraising in the year (an increase of £400,000 in year to a total spend of £1.2 million). This is a strategic investment to grow our unrestricted funds over the next few years to give us flexibility in our operations and allow us greater room for innovation. It will also help to ensure the sustainability of the organisation.



RESERVES

Overall we generated a deficit of £284,000, which can be further broken down into a restricted surplus of £19,000 and an unrestricted deficit of £303,000. This deficit represents the expected spending down of PPA funding received in 2011 as we invest in our strategic goals.

As at 31 December, £0.4 million (2011: £0.6 million) of our unrestricted funds are designated, representing amounts received from the PPA that we plan to invest in our programme priorities and organisational enablers during 2013.

In summary, we begin 2013 in a good financial position with reserves necessary to deliver our ambitious goals for growth in 2013, and plans in place to increase our income to deliver this growth in 2013 and beyond.

RESERVES POLICY

The board has determined that Farm Africa needs unrestricted reserves for the following purposes:

- to provide working capital for the effective running of the organisation,
- to protect against unrestricted income fluctuations,
- to protect against unforeseen project expenditure due to working in inherently risky situations,
- to manage the seasonality of income within the organisation, and
- to enable Farm Africa to invest in unforeseen funding opportunities should it choose to do so.

The board consider that unrestricted reserves should fall at or around the level specified by the aggregate of the following three measures:

- Income risk – an assessment of the percentage risk in each unrestricted income stream (including forecast admin recovery and co-funding) of between 5 and 40% dependent on source,
- Unrestricted expenditure risk – 3 months' of unrestricted salaries plus 1 month of other unrestricted spend, and
- Programmatic expenditure – 3% of projected restricted expenditure.

These measures imply an unrestricted reserves target at 31 December 2012 in the region of £1.2 million. This compares to an actual figure of unrestricted funds, including those designated, of £1.2 million. As we have noted elsewhere in this report, this is a time of significant challenge for Africa's farmers and it is critical that we continue to invest in our key programmatic priorities to grow our support. In the short to medium term, the board is comfortable in holding an ongoing level of reserves below that suggested above in order to support this growth.

GOING CONCERN

We have set out above a review of financial performance and the charity's reserves position. We consider that we have adequate financial reserves to continue to deliver against our plans and that we have a reasonable expectation that we have adequate resources to continue in operational existence for the foreseeable future. We believe that there are no material uncertainties that call into doubt the charity's ability to continue. The accounts have therefore been prepared on the basis that the charity is a going concern.

GOVERNANCE AND ORGANISATIONAL STRUCTURE

Farm Africa's officers and advisers are as shown on pages 3 and 4 of this report.

Mr Michael Palin CBE kindly agreed to continue as patron of Farm Africa during 2012. Sir Martin Wood OBE FRS DL continued as President.

Farm Africa is governed by a board of trustees based in the UK and authority is delegated by them to the Chief Executive to manage the organisation.

We were delighted to appoint five new trustees over the last twelve months year as part of our ongoing succession planning. Professor William Otim-Nape, Chair of the African Innovations Institute in Kampala, Professor Ephraim Chirwa, Professor of Economics at the University of Malawi, Judith Batchelar, Director of Sainsbury's Brand, Charles Reed, owner and MD of William Reed Business Media and, in early 2013 John Young, ex-co-chair at Hogan Lovells bring a wide range of experience to the our board. We are particularly delighted that we now have four members of our board who live and work in eastern Africa.

New trustees receive a personalised induction, including briefings from the chair, chief executive and other senior management team members. They are also encouraged to visit our project work when the opportunity arises. Trustees also receive ongoing training, either one to one or through briefings at board meetings and as and when specific training needs are identified.

The finance remuneration and audit committee (FRAC) meet regularly under the chairmanship of Richard Lackmann, Farm Africa's treasurer. FRAC normally includes at least three trustees, together with external members as required. FRAC agrees the external audit plan, reviews the external auditor's management letter and monitors implementation of actions required as a result. FRAC also undertakes a detailed review of the annual budget, quarterly management accounts, the risk register and the annual report and accounts before their submission to the board. It approves the annual internal audit plan and oversees the implementation of recommendations arising from internal audit reports. It also approves salary increments for the senior management team and the annual cost of living increase for UK staff, and makes a recommendation to the board on the salary of the chief executive.

The programme advisory committee (PAC) met throughout 2012, firstly under the chairmanship of Professor Peter Hazell before Professor Jonathan Kydd took over in his stead. PAC includes at least two trustee members, together with external members from a wide range of disciplines. It has two main objectives – to ensure, on behalf of the board, that systems are in place to monitor programme quality and strategic fit and to provide management with a sounding-board and advice on aspects of its programme work.

The nominations committee also continued its work during the year. The nominations committee is chaired by Martin Evans and consists of not less than three trustees appointed by the board, with the chief executive as a non-voting member of the committee. The committee takes responsibility for identifying and proposing new board members and for their induction, support and development.

We are supported by Farm Africa U.S.A Inc. which is a US non-profit 501(c)(3) organisation that promotes and improves agriculture, natural resource management and food production in an effort to alleviate hunger and poverty in Africa.

During 2012, Farm Africa had one active subsidiary, Farm Africa Enterprises Limited, which acted as an investment holding company for Sidai Africa Limited, our veterinary franchise operation in Kenya. Farm Africa Enterprises also acts as a sub-committee of the board in the area of market engagement which has led to a detailed piece of work being commissioned in 2013 to further our work in this area. Further detail of all is given in note 14 to the accounts.

GRANT-MAKING POLICY

The MAEF is a competitive grant-making fund open to any organisation in Kenya, Tanzania and Uganda. Calls for proposals are issued through advertisements in the press and notices sent to key institutions. Applicants are invited to submit a short concept note, which is screened by Farm Africa for eligibility before being reviewed by an advisory panel. Successful applicants are invited to submit a full proposal for consideration by the panel. Those applicants submitting proposals that are approved for funding receive a field visit to assess the capacity of the lead organisation and verify the need for the grant. Successful applicants receive funding over a period of two to three years. Farm Africa receives a final financial and narrative report when funding is complete.

In certain circumstances, Farm Africa also makes grants to partner organisations and individuals in order to build up their capacity to plan, manage and report on small development initiatives, or to paravets and animal health assistants in Kenya to help them establish their businesses.

Where Farm Africa is acting as lead partner in a consortium, Farm Africa may also on-grant monies to the other consortium members.

RISK MANAGEMENT

The board is responsible for ensuring that there is an appropriate procedure for the management of the risks faced by Farm Africa. Assisted by senior staff, the board regularly reviews and assesses the major risks to which Farm Africa is exposed, in particular those relating to the operations and finances of the organisation, and receives a report regarding the status of those risks and mitigating actions and controls in place at each meeting. The two most significant risks identified by the board are maintaining and increasing programmatic funding and security risks arising in each of the countries we operate.

The environment in which Farm Africa works is inherently risky. Farm Africa seeks to manage the resulting risks by spreading its work over a number of countries and contexts and by sourcing funding from as wide a variety of funders as possible. A regular programme of internal audit by independent organisations provides additional support for the trustees in considering the effectiveness of the controls.

Moreover, Farm Africa is committed to innovation in its operational programmes, and as a result will often engage in activities that are new or untested elsewhere. This strategy will inevitably increase the level of risk to Farm Africa. The board fully support this strategy, and are satisfied that the management systems in place provide reasonable, albeit not absolute, assurance that identifiable risks are managed appropriately.

LEGAL STRUCTURE

Farm Africa is a registered charity (registration number 326901) and is constituted as a company registered in England and Wales and limited by guarantee (registration number 01926828). Its objects and powers are set out in its Memorandum and Articles of Association. Details of Farm Africa's subsidiary entities is included in note 14 to the accounts

TAX STATUS

Farm Africa has charitable status and is exempt from corporation tax as all of its income is charitable and is applied for charitable purposes.

AUDITOR APPOINTMENT

A resolution concerning the reappointment of Crowe Clark Whitehill LLP as auditors will be proposed at the forthcoming Annual General Meeting.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

Statement of Trustees' responsibilities

The Trustees (who are also directors of Farm-Africa for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and the group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments 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 charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions, 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 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

So far as the trustees are aware, there is no relevant audit information of which the charitable company's auditor is unaware. The trustees have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

ON BEHALF OF THE BOARD:

Martin Evans, chair

23 May 2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOOD AND AGRICULTURAL RESEARCH MANAGEMENT LIMITED

We have audited the financial statements of Food and Agricultural Research Management Limited for the year ended 31 December 2012 which comprise the consolidated statement of financial activities, the group and company balance sheets, the consolidated cash flow statement and the related notes numbered 1 to 23.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable group's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the statement of trustees' responsibilities, the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and international standards on auditing (UK and Ireland). Those standards require us to comply with the auditing practices board's ethical standards for auditors.

Scope of the audit of the financial statements

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

We read all the information in the trustees' annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 December 2012 and of the group's 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the trustees Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

N. Hashemi

Naziar Hashemi

Senior Statutory Auditor

For and on behalf of

Crowe Clark Whitehill LLP

Statutory Auditor

London

28 May 2013

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2012

(INCORPORATING INCOME AND EXPENDITURE ACCOUNT)

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2012 £'000	Total Funds 2011 £'000 *(as restated)*
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income:					
Donations and legacies	2	**1,556**	**20**	**1,576**	1,579
Grants	2	**3,129**	**-**	**3,129**	2,388
Gifts in kind	2	**95**	**-**	**95**	36
Activities for generating funds	3	**157**	**-**	**157**	150
Investment income	4	**4**	**-**	**4**	2
Total incoming resources from generated funds		**4,941**	**20**	**4,961**	4,155
Incoming resources from charitable activities					
General charitable activities	5	**120**	**5,577**	**5,697**	6,989
Social enterprise trading income	3	**379**	**-**	**379**	-
Other incoming resources	6	**17**	**1**	**18**	30
Total incoming resources		**5,457**	**5,598**	**11,055**	11,174
RESOURCES EXPENDED					
Costs of generating funds					
Voluntary income:					
Donations and legacies	8	**(1,003)**	**-**	**(1,003)**	(659)
Grants	8	**(116)**	**-**	**(116)**	(98)
Activities for generating funds	8	**(92)**	**-**	**(92)**	(62)
Total costs of generating funds		**(1,211)**	**-**	**(1,211)**	(819)
Costs of charitable activities					
Building income and food security					
Social enterprises	8	**(379)**	**(798)**	**(1,177)**	(720)
Programme activities	8	**(2,075)**	**(3,136)**	**(5,211)**	(4,919)
		(2,454)	**(3,934)**	**(6,388)**	(5,639)
Natural resource management	8	**(1,990)**	**(1,645)**	**(3,635)**	(3,440)
Total costs of charitable activity		**(4,444)**	**(5,579)**	**(10,023)**	(9,079)
Governance costs	10	**(105)**	**-**	**(105)**	(137)
Total resources expended		**(5,760)**	**(5,579)**	**(11,339)**	(10,035)
Net (outgoing) /incoming resources for the year	7	**(303)**	**19**	**(284)**	1,139
Total funds brought forward		**1,479**	**2,530**	**4,009**	2,870
Total funds carried forward	17	**1,176**	**2,549**	**3,725**	4,009

All the above results derived from continuing activities. There are no recognised gains and losses other than those stated above. The notes on pages 30 to 41 from an integral part of these financial statements.

BALANCE SHEETS
BALANCE SHEETS AS AT 31 DECEMBER 2012

	Notes	2012 Group £'000	2012 Company £'000	2011 Group £'000	2011 Company £'000
FIXED ASSETS					
Tangible assets	13	**175**	**20**	157	30
Investments	14	**-**	**10**	-	10
Total fixed assets		**175**	**30**	157	40
CURRENT ASSETS					
Stock: goods for resale		**159**	**-**	32	-
Debtors	15	**987**	**849**	851	698
Cash at bank and in hand					
Held for restricted projects		**2,441**	**2,224**	2,072	2,072
Other		**1,082**	**1,082**	1,213	962
Short-term deposits		**2**	**2**	275	275
		4,671	**4,157**	4,443	4,007
Creditors					
Amounts falling due within one year	16	**(1,121)**	**(1,054)**	(591)	(504)
Net current assets		**3,550**	**3,103**	3,852	3,503
NET ASSETS		**3,725**	**3,133**	4,009	3,543
FUNDS					
Restricted funds	17	**2,549**	**2,129**	2,530	2,101
Unrestricted funds	17				
General funds		**798**	**626**	886	849
Designated funds		**378**	**378**	593	593
TOTAL FUNDS	18	**3,725**	**3,133**	4,009	3,543

Approved by the board and authorised for issue on 23 May 2013 and signed on their behalf by:

Martin Evans
Chair

Richard Lackmann
Treasurer

Registered Company No: 01926828

The notes on pages 30 to 41 form an integral part of these financial statements

CONSOLIDATED CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £'000	2011 £'000
Net cash inflow from operating activities	**A**	**44**	1,507
Returns on investments and servicing of finance			
Deposit interest received		**4**	2
Capital expenditure and financial investment			
Purchase of tangible fixed assets		**(83)**	(162)
Proceeds from the sale of fixed assets		**-**	30
(Decrease)/ increase in cash		**(35)**	1,377
Net cash resources at 1 January		**3,560**	2,183
Net cash resources at 31 December	**B**	**3,525**	3,560

Notes to the cash flow statement

A. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2012 £'000	2011 £'000
Net (outgoing)/ incoming resources	**(284)**	1,139
Depreciation	**57**	44
Loss/(profit) on the disposal of fixed assets	**8**	(30)
(Increase)/ decrease in debtors	**(136)**	555
Increase/ (decrease) in creditors	**530**	(167)
(Increase) in stocks	**(127)**	(32)
Investment income	**(4)**	(2)
Net cash outflow from operating activities	**44**	1,507

B. ANALYSIS OF CHANGES IN CASH DURING THE YEAR

	2012 £'000	2011 £'000	Change in Year £'000
Short term deposits held in UK	**2**	275	(273)
Cash at bank and in hand held for restricted projects	**2,441**	2,072	369
Cash at bank and in hand overseas held for other uses	**1,082**	1,213	(131)
	3,525	3,560	(35)

1. ACCOUNTING POLICIES

a) Basis of accounting

The consolidated financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2005) applicable accounting standards and the Companies Act 2006. The financial statements have been prepared on a going concern basis as discussed in the trustee's report on page 21.

The results and balance sheets of the charitable company's subsidiaries have been consolidated using the acquisition method of accounting. The results of subsidiary undertakings are included from the date of incorporation or acquisition. No statement of financial activities is presented for the charitable company alone as the results of the subsidiary companies are separately identified within the group accounts and the charitable company is exempt from presenting such a statement under S408 of the Companies Act 2006.

b) Change to basis of presentation of charitable expenditure

Our charitable expenditure is reported against the charitable activities as defined in the 2012 – 2015 strategic plan. Our 2011 expenditure has been restated in line with these new catagories.

c) Fund accounting

Funds held by the charitable company are:

- Restricted funds – these are funds which are subject to specific conditions imposed by the donors or when funds are raised for particular restricted purposes.
- Unrestricted funds: general – these are funds which can be used in accordance with the charitable objects at the discretion of the trustees.
- Unrestricted funds: designated – these are funds which the trustees have designated for a particular use.

d) Incoming resources

Voluntary income, including donations, gifts and legacies, gifts in kind and grants are recognised where there is entitlement. Tax recovered from voluntary income received under gift aid is recognised when the related income is receivable and is allocated to the income category to which the income relates.

Gifts in kind for use by the charity and donated services are included in the accounts at their approximate value to the charity at the date of receipt.

When donors specify that donations and grants given to the charitable company must be used in future accounting periods, the income is deferred until those periods.

Income from activities from generating funds (merchandise income and income derived from events and community fundraising) is recognised as it is earned, that is as the related goods or services are provided.

Investment and rental income are recognised on a receivable basis.

e) Resources expended

Expenditure is recognised when a liability is incurred. Irrecoverable VAT is included within the expense item to which it relates.

1. ACCOUNTING POLICIES (CONTINUED)

e) Resources expended (continued)

Charitable expenditure is reported as a functional analysis of the work undertaken by Farm Africa, against our twin objectives of building incomes and food security through improved production, enterprise development and market linkages ("Building incomes and food security") and creating and maintaining climate adaptability and sustainable agriculture natural resource management ("Natural resource management"). Our 2011 expenditure has been restated in line with these new categories.

Grants payable to other institutions for development projects are included in the statement of financial activities when funds are transferred to these institutions on the basis that future funds are only payable upon receipt of satisfactory expenditure reports for all amounts previously advanced.

The cost of generating funds comprises salaries, direct expenditure and overhead costs of UK based staff who promote fundraising from all sources including institutional donors, trusts, companies and individuals

Governance costs include those incurred in the governance of the charitable company's assets, and comprise the costs of constitutional and statutory requirements and restructuring costs.

Support costs include central functions, and have been allocated to activity cost categories on a basis consistent with the use of resources, e.g. allocating office property costs by floor area, and management and human resources costs by the time spent on each area.

f) Pension costs

The charitable company operates a defined contribution group personal pension plan for the benefit of its employees, and also makes payments to other defined contribution schemes for employees who are not members of the group scheme. Pension costs are recognised in the month in which the related payroll payments are made.

g) Foreign currencies

Transactions in foreign currencies are recognised at the rate of exchange at the date of the transaction or at an average exchange rate for the month. All non-sterling current assets and liabilities are translated into sterling at the exchange rate on the balance sheet date. All exchange differences are recognised through the statement of financial activities.

h) Operating leases

Rental payments under operating leases are charged as expenditure incurred evenly over the term of the lease. The benefit of any reverse premium received is also spread evenly over the term of the lease.

i) Fixed assets

Fixed assets used within specific projects and purchased from funds donated for those projects are not capitalised but are written off on acquisition as direct project expenditure. The initial cost of fixed assets purchased within the last four years and presently employed in current projects is referred to in note 13.

All other assets costing more than £500 are included in the financial statements as fixed assets at cost less depreciation. Depreciation has been calculated to write off the cost of tangible fixed assets by equal instalments over their expected useful lives as follows:

Leasehold improvements	over the life of the lease
Vehicles	25% per annum
Computer equipment	33% per annum
Plant & machinery	25% per annum

1. ACCOUNTING POLICIES (CONTINUED)

i) Fixed assets (continued)

Where the recoverable amount of a tangible asset is found to be below its net book value, the asset is written down to its recoverable amount and the loss on impairment is charged to the relevant expenditure category in the statement of financial assets. Where an asset is not primarily used to generate income its impairment is assessed by reference to its service potential on its initial acquisition. The charitable company currently has no tangible fixed assets to which impairment provisions apply.

j) Stock: goods for resale

Stock comprises goods held for resale and are valued at the lower of cost and net resale value.

2. INCOMING RESOURCES FROM GENERATING FUNDS: VOLUNTARY INCOME

	Unrestricted 2012 £'000	**Restricted 2012 £'000**	**Total 2012 £'000**	Total 2011 £'000
Donations and legacies				
Committed giving	**503**	**-**	**503**	539
Appeals and donations	**842**	**20**	**862**	672
Legacies (note 23)	**183**	**-**	**183**	71
Corporate donations	**28**	**-**	**28**	297
	1,556	**20**	**1,576**	1,579
Grants				
Institutional donors: Department for International Development Programme Partnership Arrangement	**3,078**	**-**	**3,078**	2,308
Trusts and foundations	**51**	**-**	**51**	80
	3,129	**-**	**3,129**	2,388
Gifts in kind				
Donated services	**95**	**-**	**95**	36
	95	**-**	**95**	36

3. INCOMING RESOURCES FROM GENERATING FUNDS: ACTIVITIES FOR GENERATING FUNDS

	Total 2012 £'000	Total 2011 £'000
Community fundraising	**64**	96
Rent receivable	**84**	49
Merchandise sales	**9**	5
	157	150
Social enterprise trading income	**379**	-
	536	150

4. INCOMING RESOURCES FROM GENERATING FUNDS: INVESTMENT INCOME

	Total 2012 £'000	Total 2011 £'000
Deposit interest	**4**	2

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES: GRANTS AND SIMILAR INCOME

Grants from government, institutional & other similar donors	**Unrestricted 2012 £'000**	**Restricted 2012 £'000**	**Total 2012 £'000**	Total 2011 £'000
Africa Enterprise Challenge Fund in partnership with SABMiller	**-**	**151**	**151**	176
Alliance for Green Revolution in Africa	**-**	**-**	**-**	255
Bill & Melinda Gates Foundation	**-**	**920**	**920**	835
Big Lottery Fund	**-**	**1**	**1**	95
British Society of Plant Breeders	**-**	**49**	**49**	-
CARE Ethiopia	**-**	**324**	**324**	382
Comic Relief	**-**	**-**	**-**	44
Cordaid	**-**	**131**	**131**	415
Department for International Development	**-**	**94**	**94**	446
European Commission for Humanitarian Office	**-**	**43**	**43**	274
European Union	**-**	**1,198**	**1,198**	1,160
Embassy of Ireland to Ethiopia	**-**	**512**	**512**	288
GALVmed	**104**	**-**	**104**	356
Georg und Emily von Opel Foundation	**-**	**-**	**-**	150
Jersey Overseas Aid Commission	**-**	**155**	**155**	179
Kilimo Trust	**-**	**9**	**9**	86
Medicor Foundation	**-**	**82**	**82**	110
Melbreak Trust	**-**	**80**	**80**	-
Norwegian Embassy & Irish Aid	**-**	**420**	**420**	449
The Rockefeller Foundation	**-**	**312**	**312**	-
Royal Norwegian Embassy	**-**	**408**	**408**	-
Small Foundation	**-**	**168**	**168**	133
Stavros Niarchos Foundation	**-**	**-**	**-**	43
The Big Give	**-**	**13**	**13**	63
The Innocent Foundation	**-**	**21**	**21**	40
The National Development Fund of Norway	**-**	**230**	**230**	228
United Nations Office for the Coordination of Humanitarian Affairs	**-**	**-**	**-**	259
Other international agencies and other donors	**16**	**256**	**272**	523
	120	**5,577**	**5,697**	6,989

Included in the figures above are the following amounts relating to projects funded by DFID:

	Incoming Resources £'000	**Outgoing Resources £'000**
Livestock Surveillance	-	(8)
Aquashops – Kenya	94	(98)
	94	(106)

6. OTHER INCOMING RESOURCES

	Total 2012 £'000	Total 2011 £'000
Profit on sale of fixed assets and other miscellaneous income	**18**	30

7. NET INCOMING RESOURCES FOR THE YEAR

This is stated after charging	**Total 2012 £'000**	Total 2011 £'000
Depreciation	**57**	44
Payments under operating leases	**128**	196
Auditor's remuneration		
Audit fees	**29**	24
Other	**5**	-

8. COSTS OF GENERATING FUNDS AND CHARITABLE ACTIVITIES

	Operational programmes £'000	**Grants payable £'000**	**Support costs* £'000 (note 11)**	**Total 2012 £'000**	Total 2011 £'000 *(as restated)*
Costs of generating voluntary income					
Donations and legacies	**863**	**-**	**140**	**1,003**	659
Grants	**108**	**-**	**8**	**116**	98
	971	**-**	**148**	**1,119**	757
Costs of activities for generating funds					
Community fundraising	**89**	**-**	**3**	**92**	62
Costs of charitable activities					
Building income and food security					
- Social enterprise	**1,104**	**-**	**73**	**1,177**	720
- Programme activities	**3,388**	**1,217**	**606**	**5,211**	4,919
	4,492	**1,217**	**679**	**6,388**	5,639
Natural resource management	**2,003**	**1,194**	**438**	**3,635**	3,440
	6,495	**2,411**	**1,117**	**10,023**	9,079

* It is not appropriate to split support costs between activities undertaken directly and grant making activities due to the method of operation of the programme support team.

9. GRANTS PAYABLE TO INSTITUTIONS

	2012 £000	2011 £000
UK		
Self Help Africa	**1,500**	1,115
Overseas		
Ethiopia – SOS Sahel	**504**	410
Kenya Community Rehabilitation and Environmental Protection	**43**	49
South Sudan - SNV	**150**	-
Uganda – Namulonge Agricultural Research Institute	**-**	11
GRAND TOTAL GRANTS PAYABLE TO INSTITUTIONS	**2,197**	1,585

The above represents the total aggregate payments made to each institution during the year. In addition to the above, payments totalling £214,000 (2011: £nil) were made to other organisations.

10. GOVERNANCE COSTS

	Total 2012 £'000	Total 2011 £'000
Auditor's remuneration		
Statutory audit	**29**	24
Overseas audit	**14**	9
Internal audit	**3**	-
Board costs	**12**	2
AGM costs	**-**	2
Strategic planning costs	**33**	60
Support costs allocated (note 11)	**14**	40
	105	137

Four trustees were reimbursed £3,000 (2011: £1,000) in travel expenses incurred on behalf of the organisation and eleven trustees' travel costs were paid directly at a cost of £9,000 (2011: £1,000).

These costs were higher than in the previous year due to a board meeting being held in Ethiopia in September 2012. This location gave the trustees the opportunity to visit both the hub office in Addis Ababa and to undertake a project visit.

The cost incurred by the charity for the trustee indemnity insurance was £1,000 in 2012 (2011: £1,000).

11. ANALYSIS OF SUPPORT COSTS

	Mgt Costs £'000	Office Costs £'000	Finance & IT £'000	HR Costs £'000	Total 2012 £'000	Total 2011 £'000 *(as restated)*
Basis of apportionment:	time	area	time	time		
Charitable activities						
Building income and food security						
Social enterprise	12	27	26	8	73	71
Programme activities	97	221	218	70	606	485
Natural resource management	70	160	158	50	438	339
	179	408	402	128	1,117	895
Income generation						
Voluntary income:						
Donations & legacies	22	51	51	16	140	188
Grants	1	3	3	1	8	36
	23	54	54	17	148	224
Activities for generating funds	1	1	1	-	3	35
	1	1	1	-	3	35
Governance costs	2	5	5	2	14	40
	205	468	462	147	1,282	1,194

12. EMPLOYEES

	2012 £'000	2011 £'000
Staff costs		
Wages and salaries (including life insurance)		
Overseas contracted staff	2,148	2,322
UK contracted staff	1,171	900
	3,319	3,222
Social security costs	120	91
Pension costs	74	59
	3,513	3,372

	2012 No.	2011 No.
Employees with salaries in the range of £60,000 to £70,000	3	3
Employees with salaries in the range of £70,000 to £80,000	2	1

Farm Africa paid contributions of £23,000 (2011: £19,000) into a defined contribution pension scheme for the 5 (2011: 4) higher paid employees in the year.

12. EMPLOYEES (CONTINUED)

The average number of employees of the charitable company during the year analysed by function were:

	2012 No.	2011 No.
Overseas contracted staff	**230**	223
UK contracted staff:		
Fundraising and communications	**16**	11
Programmes support	**17**	11
Management and administration of charity	**2**	2
	265	247

Neither the trustees nor any persons connected with them have received any remuneration during the current or preceding year.

13. TANGIBLE FIXED ASSETS

Group

	Leasehold Improvements £'000	Vehicles £'000	Machinery and Equipment £'000	Computer Equipment £'000	Total £'000
Cost					
At 1 January 2012	114	163	56	136	469
Additions	-	52	10	21	83
Disposals	-	(71)	(5)	(24)	(100)
At 31 December 2012	**114**	**144**	**61**	**133**	**452**
Depreciation					
At 1 January 2012	(109)	(85)	(15)	(103)	(312)
Charge for the year	(4)	(27)	(7)	(19)	(57)
Disposals	-	70	-	22	92
At 31 December 2012	**(113)**	**(42)**	**(22)**	**(100)**	**(277)**
Net book value					
At 31 December 2012	**1**	**102**	**39**	**33**	**175**
At 31 December 2011	5	78	41	33	157

13. TANGIBLE FIXED ASSETS (CONTINUED)

Company

	Leasehold Improvements £'000	Vehicles £'000	Machinery and Equipment £'000	Computer Equipment £'000	Total £'000
Cost					
At 1 January 2012	114	71	16	121	322
Additions	-	-	4	12	16
Disposals	-	(71)	(5)	(24)	(100)
At 31 December 2012	**114**	**-**	**15**	**109**	**238**
Depreciation					
At 1 January 2012	(109)	(70)	(12)	(101)	(292)
Charge for the year	(4)	-	(1)	(13)	(18)
Disposals	-	70	-	22	92
At 31 December 2012	**(113)**	**-**	**(13)**	**(92)**	**(218)**
Net book value					
At 31 December 2012	**1**	**-**	**2**	**17**	**20**
At 31 December 2011	5	1	4	20	30

The tangible fixed assets purchased within the last four years, presently employed in current projects but not capitalised in these financial statements, have a total initial cost of approximately £2,540,000 (2011: £2,566,000). The accounting policy relating to fixed assets is referred to in note 1(h).

14. INVESTMENTS

	Investment in subsidiary undertakings £
Cost and net book value	
At 1 January 2012 & 31 December 2012	10

Company	Country of incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
Farm Africa Trading Limited, formerly FARM-Africa Trading Limited	UK	100% owned by Farm Africa	Trading activities
Farm Africa Enterprises Limited, formerly FARM-Africa Enterprises Limited	UK	100% owned by Farm Africa	Holding company
Farm Africa Intellectual Property Limited, formerly FARM-Africa Intellectual Property Limited	UK	100% owned by Farm Africa	IP and registered trade marks
Sidai Africa Limited	Kenya	99% owned by Farm Africa Enterprises Ltd & 1% owned by Farm Africa	Provision of veterinary services

14. INVESTMENTS (CONTINUED)

Farm Africa Trading Limited and Farm Africa Intellectual Property Limited were dormant for all of the year.

The results for the year of Sidai Africa Limited & Farm Africa Enterprises Limited are shown below.

	Sidai Africa Limited		Farm Africa Enterprises Limited (formerly FARM-Africa Enterprises Limited)	
	2012	2011	**2012**	15 Months ended 31 December 2011
	£'000	£'000		£'000
Total incoming resources	**1,056**	883	**-**	750
Total resources expended	**(836)**	(418)	**-**	(750)
Net incoming resources	**220**	465	**-**	-
Revaluation on translation	**50**	28	**-**	-
Retained surplus for the year	**270**	493	**-**	-
Total assets	**833**	592	**10**	10
Total liabilities	**(81)**	(80)	**-**	-
Total funds	**752**	512	**10**	10

15. DEBTORS

	2012 Group £'000	**2012 Company £'000**	2011 Group £'000	2011 Company £'000
Trade debtors	**74**	**-**	348	-
Amounts owed by subsidiary undertakings	**-**	**-**	-	7
Other debtors	**311**	**247**	93	281
Prepayments	**121**	**121**	141	141
Accrued income – other	**59**	**59**	64	64
Accrued income – project grants	**422**	**422**	205	205
	987	**849**	851	698

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 Group £'000	**2012 Company £'000**	2011 Group £'000	2011 Company £'000
Trade creditors	**155**	**142**	70	65
Amounts owed to subsidiary undertakings	**-**	**28**	-	10
Deferred income	**81**	**81**	-	-
Other tax and social security costs	**41**	**41**	33	33
Other creditors and accruals	**844**	**762**	488	396
	1,121	**1,054**	591	504

17. MOVEMENTS ON FUNDS

	Balance at 1 January 2012 £'000	Incoming resources £'000	Outgoing resources £'000	**Balance at 31 December 2012 £'000**
Ethiopian programmes	1,089	2,584	(2,532)	**1,141**
Kenyan programmes	613	965	(1,000)	**578**
Tanzanian programmes	158	663	(479)	**342**
South Sudan programmes	133	466	(704)	**(105)**
Sidai programme	533	920	(864)	**589**
Other miscellaneous restricted funds	4	-	-	**4**
Movement on restricted reserves	2,530	5,598	(5,579)	**2,549**
General funds	886	2,379	(2,467)	**798**
Designated funds	593	3,078	(3,293)	**378**
Movement on unrestricted reserves	1,479	5,457	(5,760)	**1,176**
Total movement on reserves	4,009	11,055	(11,339)	**3,725**

The movement on restricted reserves represents the net of monies received and expended on projects which are funded by grants from specific donors. The overall increase in the year is due to funds being received in advance of being expended. The movement on restricted funds above has been aggregated by country. A more detailed analysis by individual fund is available on request.

As at 31 December, we have chosen to designate £378,000 of our unrestricted funds representing amounts received from the PPA that we plan to invest in our programme priorities and organisational enablers in 2013.

18. NET ASSETS ANALYSIS

Group

Fund balances at 31 December 2012 are represented by:	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds £'000
Tangible fixed assets	20	155	175
Current assets	1,827	2,844	4,671
Current liabilities	(671)	(450)	(1,121)
	1,176	**2,549**	**3,725**

19. CONSTITUTION

The charitable company, which is limited by guarantee, does not have a share capital and is constituted as a charity. Every member undertakes to contribute an amount not exceeding £2 in the event of winding-up. The income and property of the charitable company cannot be transferred to the members by way of dividend.

20. COMMITMENTS: OPERATING LEASES

At 31 December 2012, Farm Africa has the following annual commitments under non-cancellable operating leases:

	Equipment	**Property**	**2012 Total**	2011 Total
	£'000	**£'000**	**£'000**	£'000
Operating leases which expire:				
In less than 1 year	**-**	**26**	**26**	16
Between one and two years	**2**	**26**	**28**	109
Between two and five years	**19**	**19**	**38**	67
	21	**71**	**92**	192

21. RELATED PARTY TRANSACTIONS

There were no related party transactions requiring disclosure (2011: None).

22. PARENT COMPANY RESULT

The parent company generated a deficit of £410,000 (2011: a surplus of £673,000).

23. LEGACIES

There was approximately £18,000 (2011: nil) worth of legacies notified to the charity that did not meet the recognition criteria. All other legacies notified have been accounted for within these financial statements.

We were sad to hear of the deaths of the following people during the year but we are very grateful to have been remembered in their wills:

CGJ Evans	Rene Gillett
Catriona MacBean McKeane	Jane Evans
Diane Sellers	John Bryson
David Candler	Betty Holmes
Violet Underwald	Stanley Moss
Iris Gerrard	Yvonne Vallint
Eileen Bell	Margaret Gordon
Elizabeth Fowler	Joyce Hughes
Pamela Spencer	Muriel Geraghty