

Company number: 06959165
Charity number: 1133218

Producers Direct

Report and financial statements
For the year ended 31 December 2020

Producers Direct

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For the year ended 31 December 2020

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Producers Direct

Reference and administrative information

For the year ended 31 December 2020

Company number 06959165

Charity number 1133218

Registered office and operational address 21 Whiston Road, London, E2 8EX, UK

Country of registration England & Wales

Country of incorporation United Kingdom

Previous Names Producers Direct legally changed its name from Cafédirect Producers' Foundation in December 2017.

Trustees Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

Lebi Gabriel Hudson	Chair
Christele Delbe	Vice Chair
Pauline Boit	
Lenin Tocto Minga	
Penny Newman	
Anthony Wainaina	

Key management personnel Claire Rhodes Chief Executive Officer

Bankers Triodos Bank
Deanery Road
Bristol
BS1 5AS

Barclays Bank
Leicester
LE87 2BB

Solicitors Bates Wells
2-6 Cannon Street
London
EC4M 6YH

Producers Direct

Reference and administrative information

For the year ended 31 December 2020

Weil Gotshal & Manges
110 Getter Lane
London
EC4M 6YH

Auditor

Sayer Vincent LLP
Chartered Accountants and Statutory Auditor
Invicta House
108-114 Golden Lane
LONDON
EC1Y 0TL

The Trustees present their report and the audited financial statements for the year ended 31 December 2020.

Reference and administrative information set out on pages 1 & 2 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice – Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Objectives and activities

Purposes and aims

Producers Direct is a UK-registered charity, established in 2009, that works with smallholder farmer organisations in Africa and Latin America. Producers Direct's objects, as outlined in its Articles of Association are to:

- Prevent and relieve poverty particularly in disadvantaged communities in developing countries;
- Advance or assist in advancing education; and
- Promote sustainable development by:
 - The preservation, conservation and the protection of the environment and the prudent use of natural resources;
 - The promotion of sustainable means of achieving economic growth and regeneration.

Throughout 2020, Producers Direct has operated in accordance with its vision, mission and strategic objectives. These are stated as follows:

Producers Direct's vision is of thriving smallholder communities, where each smallholder can realise their own vision. Producers Direct's mission is to work with smallholders in Latin America and Africa to develop innovative solutions to the challenges they face (within the context of their farming and business practices).

Producers Direct's Strategic Objectives are to:

1. Pioneer innovative, effective programmes that strengthen producers' capacity, education and resilience.
2. Ensure Producers Direct is truly producer-led in governance and in its overall model.
3. Mobilise diverse resources to achieve sustainability for producer partners and for Producers Direct.

Approach and Model

Producers Direct delivers support services to smallholder farmers across Africa and Latin America. Producers Direct's peer-to-peer model places producer leadership at the centre of our programme delivery, governance and strategy. We aim to maximise our impacts on smallholder livelihoods by supporting farmers to access the range of services delivered across the following four pillars:

1. Farmer-led Training: In partnership with smallholder producer organisations, Producers Direct runs a peer-to-peer training model that offers farmers: 1) Access to a network of trained Farmer Promoters and 2) Relevant and affordable in-person training on demonstration sites/farms, where farmers can learn and trial innovative farming practices. In-person training is supported by multimedia digital tools to support the digitisation of training and information services to process, including through SMS, WhatsApp and radio. Farmer-led training services focus on the following areas:

- Good Agricultural Practices;
- Crop Diversification and Agri-enterprise development to support income diversification and enhance resilience against climate change and economic shocks;
- Crop Quality and Productivity Improvement;
- Environmental Sustainability, including Climate Change Adaptation and Climate Smart Practices;
- Digital and Financial Literacy.

2. Farmer-led Data Services: Smallholder farmers typically have extremely limited access to data to enhance their farm's performance or respond to the impacts of changing climatic conditions on their farm's performance. The livelihood impacts that Producers Direct is targeting to achieve through smallholders having improved data access include: Optimised profitability across multiple on-farm enterprises to support household income improvement; Insights into optimal harvest times maximising yields; Managing a range of profitable enterprises that collectively reduce vulnerability to climatic shocks; Yield prediction data that helps to de-risk on-farm investment; and enhanced access to financial services as a result of having improved on-farm performance records.

To support smallholder farmers to more effectively access data, Producers Direct is pioneering a farmer-led data system, FarmDirect, to support farmers manage their farms as sustainable and profitable small-scale businesses. FarmDirect provides producers with holistic farm views of all on-farm enterprises, enabling farmers to analyse productivity and profit/loss across multiple enterprises and to manage climate change risks.

Through FarmDirect, farmers have access to the following data, empowering them to make smarter, more informed decisions:

- Profit & Loss: Gain insights into profit and loss across multiple farm enterprises.
- Yield Predictions: Access yield predictions for current and future seasons under varying climate change scenarios.
- Mobile Marketplace: Digitally bundle crops, sell products and track payments through a mobile marketplace managed by local youth.
- Loan Payments: Track loan repayments, create a digital record and access increased financing from external lenders.

3. Access to Finance: A key barrier to farmers trialling techniques that they have learnt about during in-person and digital training is their lack of access to the finance that may be required to trial the techniques. For example, funds to trial new fertilising techniques, including to support organic farming, or to develop a new micro-enterprise that increases household incomes, such as fish farming or beekeeping. To support smallholder farmers to overcome this barrier, Producers Direct is partnering with smallholder producer organisations to offer micro-loans to farmers, supporting them with access to the funds they need to make on-farm investments. This is particularly vital for women and youth within smallholder communities, who face disproportionately high barriers accessing finance. To address this, we are increasingly targeting loans to support young people and women who typically cannot access financial services or credit. We also support farmers accessing loans to track their profits, loss, repayments, and product volumes, building a credit history so they can access increased credit in the future.

4. Market Access: Smallholder farmers also face the challenge of accessing markets for their products. To support market access, Producers Direct has been undertaking the following activities:

- Supporting the development of digital tools that enable farmers to work cooperatively to: Increase market visibility and accessibility; Trace products and payments; Improve access and links to buyers. We are developing the functionality of our digital tool, FarmDirect, so smallholders can form 'digital cooperatives' to bundle their crops and increase their negotiating power with upstream buyers, capturing a higher value for their crops.
- Supporting youth leaders within farming communities to take leadership on managing post-harvest logistics and supporting the structuring of currently unstructured value chains. Youth are supporting farmers to aggregate and negotiate better prices for a range of diversification crops they might be growing on their farm, such as honey, avocado, pineapple and banana, and therefore increasing farmers' access to untapped markets and buyers.
- Trialling the sale of branded Producers Direct products into urban markets in countries where Producers Direct is located, starting with the trial of honey sales in Nairobi. The long-term goal for Producers Direct's product sales is to enable farmers to take leadership within food value chains, capture a higher percentage of the final market value for their product

and have access to more reliable market opportunities for their range of products within food value chains.

The Trustees review the aims, objectives and activities of the charity each year. This report looks at what the charity has achieved and the outcomes of its work in the reporting period. The Trustees report the success of each key activity and the benefits the charity has brought to those groups of people that it is set up to help. The review also helps the Trustees ensure the charity's aims, objectives and activities remained focused on its stated purposes.

The Trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives that have been set.

In order to enhance the public benefits realised, Producers Direct seeks to:

1. Engage and work with a broad range of individuals and community groups within smallholder farming communities in which activities are undertaken. This includes:
 - a. Through a farmer-led training model, smallholder farmers are trained as trainers, who then share and replicate their knowledge with a broad range of smallholder farmers within their community and neighbouring communities.
 - b. By engaging with groups within farming communities who may typically be marginalised from traditional farming cooperative structures. For example, our investment in strong networks of women and youth leaders within farming communities.
2. Ensure that information and educational materials produced through Producers Direct's activities are widely distributed through existing networks of smallholder producers, as well as Producers Direct's development partners who work at national and international levels.
3. Developing programmes that will engage and support a broad range of smallholder farmers and producers beyond those producer organisations who supply to Cafédirect plc. Producers Direct's digital training and information services have a wide reach across digital channels, including SMS and WhatsApp. During the global pandemic Covid-19 Health and Safety materials were disseminated to over 1.1 million smallholder farmers across East Africa and Latin America.

Activities and services delivered during 2020

Producers Direct's main strategies for achieving its aims and objectives are as follows:

- Investment in producer leadership – in the governance of Producers Direct and in the delivering of farmer-led services. This includes supporting and training a diverse network of lead farmers across the smallholder communities where Producers Direct works, including women and youth leaders.
- Delivery of peer-to-peer support services through a blend of in-person and digital tools and approaches that increase rates of adoption and maximise impact.
- Offering a bundle of support services to help farmers tackle the range of livelihood challenges that they face – from learning about a new farming technique to ultimately improving their income. This bundle of support services includes Farmer-led Training; Access to Finance; Access to Markets and Farmer-led Data for Decision Making.

The charity's main activities are described below. All Producers Direct's charitable activities focus on improving the livelihoods of smallholder producers, including their capacity and resilience, and are undertaken to further Producers Direct's charitable purposes for the public benefit.

During 2020, East Africa programme activities were delivered by Producers Direct's East Africa Programme team, based in Nairobi, in partnership with East Africa-based producer organisations in Kenya, Tanzania and Uganda. Total 2020 East Africa programme expenditure totalled £286,919. 2020 donors for Africa programme activities included MercyCorps AgriFin, GHR Foundation / OpenIDEO and Innovate UK. In Latin America, the total programme expenditure totalled £248,911 – principally funded by Pret a Manger and the World Food Programme.

2020 Covid-19 Impacts and Producers Direct's Response

In early 2020, Producers Direct rapidly re-planned 2020 activities and budgets in response to the challenges and risks presented by Covid-19. Key Covid-19 impacts on the smallholder communities where Producer Direct works across East Africa and Latin America have included (1) Health concerns for rural communities worldwide, particularly with the aging farmer demographic across Producer Direct's smallholder network placing them within the high risk Covid-19 category; (2) Travel restrictions have limited smallholders' in-person access to markets, seasonal labour, training and inputs (3) Volatility in national and international markets, and supply chain uncertainty. In response, programme activities were managed through an adaptive approach – prioritising two-way communication and feedback with all smallholder producer organisations we work with to better understand immediate Covid-19 risks that smallholders are facing and priorities to respond. For this we used a range of digital communication channels, including SMS, WhatsApp and virtual meetings. Informed by this farmer feedback, we developed our Producers Direct Covid-19 Response plan. The Response plan outlined key 2020 action priorities that jointly addressed immediate Covid-19 challenges that farmers were, and continue to face – as well as

aligning with Producers Direct's overall 2017–2020 strategic priorities and goals to enhance smallholder productivity and incomes, particularly for women and youth.

2020 programme areas were revised to focus on:

Enhanced Focus on Digitising Farmer-led Training and Information services: All in-person farmer trainings were paused in early 2020, with programme investment re-directed into enhancing the digitisation of our farmer-led support services. We have invested significantly in the farmer-led design of digital tools, enabling us to build upon this capacity during this time of restricted movement. This has included the rapid design, development, testing and dissemination of digitised information and training services for smallholders to support priority Covid-19 challenges they face – including on Health and Safety information and Food security crop training materials to support farmers with immediate food needs while their physical access to food markets are restricted. This included working in partnership with Mercy Corps AgriFin, Wefarm and Ideo.org to design, develop, test and disseminate digitised information and training services for smallholders to address priority Covid-19 challenges they face. Youth leaders and promoter farmers across our producer networks in East Africa and Latin America led content dissemination, with Producers Direct's campaign activities reaching over 1,112,210 smallholder farmers across East Africa and Latin America, who received information materials on Covid-19 Health and Safety and Food Security crops through a range of analogue and digital channels – including SMS, WhatsApp, Radio and Posters. An independent evaluation undertaken by the Busara Centre for Behavioural Economics in September 2020 found 87% of farmers stated that their knowledge of Covid-19 risks and how to manage them had increased, with statistically significant increases in farmer knowledge, attitude and behaviours – in health and farming content. Other farmer-led training modules have also been made available digitally, including digitising training on agri-enterprises such as beekeeping and horticulture, and disseminating materials to smallholders through both FarmDirect and WhatsApp groups established to support farmers and youth leaders with advice and peer-to-peer learning opportunities.

Enhancing Market Access Opportunities: Responding to Covid restrictions on farmers being able to physically access markets to sell their products and connect with buyers in-person, early 2020 activities were re-planned with enhanced focus on supporting smallholders to use FarmDirect – our digital platform, to support farmers, mainly women, to digitally aggregate and connect with buyers for their surplus food crops. In Peru, we piloted this “digital cooperative” concept in partnership with the World Food Programme (WFP) Innovation Accelerator and WFP Peru. This included virtual and in-person meetings with women involved in the project, who showed interest in FarmDirect. We have also identified opportunities of improvement based on their feedback. Women need more training on the use of digital technology to feel confident about using FarmDirect. Moreover, women feel the need to better organise themselves to work collectively, negotiate better prices and access different markets.

During mid-2020, in-person activities to support farmers with market access were also re-initiated in East Africa. Plans to trial the sale of honey from smallholders under the Producers Direct brand in Nairobi were disrupted during the pandemic's early stages, as movement restrictions prevented raw material transportation. However, under adapted plans, the first batch

of branded Producers Direct honey was produced in August 2020, with sales trials initiated from September 2020. Market research evidences increased consumer demand for honey during Covid-19 due to its health benefits, driving further opportunity for us to deliver a successful product sales pilot during the second half of 2020 / early 2021.

Investment in Youth Leaders Networks: Our international network of youth leaders remains engaged and operational. In-person activities run by youth leaders to support smallholders to access markets for their products were significantly reduced during the first half of 2020. However, focus on digitising training modules to support youth leadership development has been strengthened, including the trialling of content delivery and learning experiences across a range of multimedia formats (video, podcasts, SMS), depending on the participating youth leaders' access to technology and connectivity.

Wefarm

Wefarm is an SMS-based farmer-to-farmer digital network, developed by Producers Direct from 2010 to 2015 in collaboration with smallholder farmer representatives. Wefarm can be accessed by smallholder farmers in remote regions using the simplest of mobile phone handsets, as well as from a smartphone, with the aim of reaching and benefiting the remotest of smallholder farmers. As outlined in Producers Direct's previous Annual Reports, Wefarm has been operating as an independent for-profit company since January 2015, with the aim of Wefarm accepting further investment to enable Wefarm to significantly scale its user numbers and impact on farmers' livelihoods. To-date, Wefarm has been very successful in doing this – something which could not have been achieved had it remained an internal project of Producers Direct.

Producers Direct continued to hold a seat on the Wefarm Board until October 2020, supporting Wefarm's strategic business development and strategy to raise funds through the sale of its equity to organisational and individual investors with a range of social and/or financial investment interests. In October 2020, Wefarm completed a Series A+ investment round which provided Producers Direct with the opportunity to sell some of its Wefarm shares. Producers Direct sold 610,825 of its 800,000 Wefarm shares at a price of £1.908 per share. This enabled Producers Direct to realise £1,165,465 unrestricted funding from its investment in Wefarm. As a result, Producers Direct is now only a minority shareholder in Wefarm, with Producer Direct's shareholding in Wefarm less than 1%.

Achievements and performance during 2020

By the end of 2020, the following cumulative impacts of Producers Direct work since establishment in 2009 have been achieved:

- During 2020, Producers Direct's activities reached **1,112,210** smallholder farmers and their families. Since 2009, cumulatively, 1.3 million smallholder farmers and their families have benefited from Producers Direct's activities

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- 87% of farmers have diversified their on-farm enterprises as a result of participating in an in-person training.
- 90% of farmers with a new enterprise have reported that it has improved their incomes.
- 50% increase in income for farmers who have adopted additional on-farm enterprises.
- 79% of farmers who reported improved market access also reported increased incomes.

We track our impact metrics internally through data collections, surveys, evaluations, and focus groups. We have also had our work externally evaluated three times (2017, 2018 and 2020) by Picture Impact and Busara, verifying our impact on smallholder farmers in East Africa.

The most recent independent evaluation of Producer Direct's overall impact was conducted by Busara Centre for Behavioural Economics on behalf of Mercy Corps AgriFin, which funded our Covid-19 campaign, delivered in partnership with Wefarm and Ideo.org. Busara conducted a quantitative survey, a set of qualitative interviews, and an administrative data analysis. Their analysis concluded that 87% of participating farmers reported that their knowledge of Covid-19 risks and how to manage them had increased as a result of our digital Covid campaign. Improving incomes for smallholder farmers is a critical impact metric we are tracking. To date, our initiatives have led to a 50% increase in incomes for smallholder farmers in our network. By 2025, we are targeting up to a 120% increase in incomes for smallholder farmers. Supporting on-farm diversification and market access is critical to improved incomes. Evidence of increased incomes has been verified by our internal data collections and confirmed by the two external evaluations conducted by Picture Impact. Diversification is another key impact metric for Producers Direct. On average, 87% of smallholders in our network have diversified into a new on-farm enterprise (i.e. tissue culture banana, honey, avocados, poultry, local produce etc.). 90% of farmers who have diversified have also reported diversification improved their incomes. The average income increase, to date, is 50%. Further evidence and examples about how diversification has improved incomes include: Farmers producing bananas have added an additional \$24/month; Farmers managing beehives can earn an additional \$29/month.

Additionally, other notable achievements during 2020 included Producers Direct being a 2020 winner of the CGIAR INSPIRE Big Data Challenge for our work on farmer-led data services, and a new concept – Croppie, to support farmers to access and take action on the basis of yield predictions generated through AI (Artificial Intelligence) models.

External factors affecting achievement

Producers Direct works principally with smallholder producer organisations located in East Africa and Latin America. Working with these vulnerable producer organisations can affect capacity to deliver on partnership agreements according to defined timelines and targets. During 2020, Covid-19 was the dominant external factor affecting achievement – with the detrimental impacts of Covid-19 spanning both on the livelihoods of smallholder communities where Producers Direct works, as well as the socio-economic consequences of Covid-19 in the UK and internationally where Producers Direct's team members, donors and other strategic partners are located. For

smallholder producers, the detrimental consequences of Covid-19 exacerbated other challenges that they were already facing, including vulnerability to natural disasters, prolonged droughts and severe livelihood shocks. Smallholder producers across East Africa and Latin America also continued to experience and report the detrimental impacts of changing climatic conditions on their crop production during 2020. Furthermore, smallholder producers in Kenya and Uganda continued to be severely impacted by an extreme outbreak of desert locusts, posing heightened threats to food security and livelihoods in the region.

Beneficiaries of our services

Primary beneficiaries of Producers Direct's work are smallholder farmers located across East Africa and Latin America. To deliver our activities and impact, we work with a network of 38 smallholder-owned producer organisations across Latin America and East Africa. Smallholder farmers across Producers Direct network are diverse in geography, crops and resources. On average, the smallholder farmers we work with earn less than \$2 per day and sustain their families on 1.6 hectares (4 acres). Farmers are managing diverse farming systems, including cash, non-cash and subsistence crops. Principal crops include grains, fruits, vegetables, honey, tea, coffee, and cocoa. The average age of our farmers is 60, on average they have 5 dependents and 94% are affected by climate change. We particularly focus our resources on reaching women and youth. For over a decade, we have made significant investments in promoting female farmer leadership across our network. Furthermore, we deliver youth leadership training to empower young people to take up leadership roles within smallholder communities, as well as to launch and scale their own agri-enterprises.

Organisations we work with

In addition to our work with smallholder-owned producer organisations, Producers Direct also continues to work with a number of other organisations at international, regional and national levels to support programme implementation. During 2020, strategic partners supporting programme delivery included the World Food Programme, MercyCorps AgriFin, Busara Centre for Behavioural Economics, Ideo.org, Wefarm, Champion Agency, Climate Edge, Cranfield University and the International Centre for Tropical Agriculture (CIAT).

Financial review

As shown in Producers Direct's Financial Statements, 2020 income totalled £314,974 with funds brought forward from 2019 totalling £1,578,141. 2020 expenditure totalled £578,381. During 2020, Producers Direct's principal funding sources included grants and donations from private foundations, inter-governmental organisations, public limited companies, and individual donations. Additionally, in 2020, Producers Direct benefited from the opportunity to raise unrestricted funds through the sale of some of its shares in Wefarm. Producers Direct sold 610,825 of its 800,000 shares in Wefarm at a price of £1.908 per share, enabling Producers Direct to realise £1,165,465 unrestricted funding from its investment in Wefarm. Producers Direct ended the year with a total fund balance of £1,314,734, of which £16,810 was restricted funds and £1,297,925 was unrestricted funds.

Policies for making social or programme-related investments

Overall, Producers Direct does not make social or programme related investments and therefore does not have a policy on this. To-date, Producers Direct's establishment of Wefarm in 2015 represents a one-off investment that was undertaken because Producers Direct's Trustees felt this was the best option for enabling Wefarm to continue delivering the mission of Producers Direct and where the greatest social impact could be achieved by Wefarm.

Investment policy and performance

Beyond interest received on current accounts and fixed term deposit savings accounts, Producers Direct's shareholding in Wefarm represents Producers Direct's only current investment. From 2015 through until the end of 2018, Producers Direct has maintained the fixed asset value of its shareholding in Wefarm at £800. The valuation of £800 was maintained because there has been no market mechanism or liquidity in Producer Direct's Wefarm shares. At the end of 2019, Producers Direct's Wefarm shares were re-valued in anticipation of Producers Direct being able to share a percentage of its shareholding during a 2020 Wefarm investment round, with the share value changing from £0.10 per share at the end of 2018, to £1.994 per share at the end of 2019. During 2020, Producers Direct sold 610,825 of its 800,000 shares, at a price of £1.908 per share on 29th October 2020, realising £1,165,465 of unrestricted income. The share price for this 2020 investment round was £1.94 per share, with a 1.65% deduction applied to this share price for transaction costs.

Grant making policies

Producers Direct does not openly invite applications for grants and therefore does not have a grant making policy.

Loans

During 2020, Producers Direct secured two loans to support cash flow management and to invest in testing branded honey sales in East Africa. These were:

- CAF Venturesome: £50,000 debt finance (6% interest, 5-year repayment terms) secured to support the development and testing of Producers Direct branded honey sales in East Africa.
- UK Government Bounce Back Loan: A £50,000 loan (2.5% interest after the first 12 months, 5-year repayment terms) was secured in June 2020 to support cash flow management.

Voluntary help and gifts in kind

Throughout 2020, Producers Direct benefited from *pro bono* support from legal firm, Weil, Gotshal & Manges, who have acted on behalf of Producers Direct during Wefarm investment rounds. The value of these *pro bono* legal services included within the 2020 Accounts is £4,674.

Producers Direct was also grateful for the in-kind contributions of smallholder farmers and key staff at the smallholder producer organisations who work with Producers Direct, who invested

significant time without financial compensation in order to support the delivery of Producers Direct programme activities during 2020.

Principal risks and uncertainties

Producers Direct manages a risk register, which identifies major risks and ranks them in terms of their potential impact and likelihood. Trustees review major risks and their rankings quarterly, in order to satisfy themselves that adequate systems and procedures are in place to manage the risks identified. Where appropriate, risks are covered by insurance. From Producers Direct's perspective, major risks are those which may have a significant impact on its:

- Operational performance;
- Financial sustainability, including income stability and security;
- Achievement of the charity's aims and objectives;
- Meeting the expectation of beneficiaries, partners and donors.

Key risk management procedures in place include:

- Ongoing review and management of the Risk Register by the Trustees and Senior Team, detailing and ranking major organisational risks and mitigating actions where possible;
- Quarterly tracking and reviewing of major risks identified;
- Clear articulation of organisational policies and processes for delegating authority and control;
- Income targets for fundraising activities;
- Ongoing management of the organisation's unrestricted funds, including its reserve fund.

Additionally, to address and manage Covid-19-related risks during 2020, the Management Team developed a specific Covid-19 risk analysis and associated response plan, outlining key 2020 risks and mitigation strategies across programme- and financing-related risks. Key risks identified included:

- Producers Direct Team and Operations: Risks of operational disruptions and team productivity as a result of all team members working from home, and experiencing high levels of uncertainty.
- Smallholder communities: Health concerns for rural communities worldwide, particularly as the aging farmer demographic across our network places them within the high risk Covid-19 category; Anticipated disruption of operations and business performance of our producer partners; Mid-term food and income security challenges as a consequence of food production and local market sales being detrimentally impacted if farmers do fall ill; Increased challenges sourcing farm labour from non-local labourers, whose movement might now be restricted.
- Donor Funding: Potential risks that donors pause funding commitments and/or delay payments, with consequential impacts on Producers Direct's cash flow.

Reserves policy and going concern

During 2020 the Board of Trustees took the decision to extend Producers Direct's Reserve Policy from covering at least three months of minimum operating costs during a period of unforeseen difficulty, to covering at least six months of essential operational costs. Trustees agreed that, in a worst-case scenario, holding cash funds to cover six months' of essentially operational costs should provide enough time for the organisation to adapt and restructure as necessary. In this context, Trustees consider essential operational costs to include: Core team members across the UK, East Africa and Latin America; IT costs to support effective remote working; and any outstanding contractual commitments to donors and/or service providers.

Under current 3-year cash flow projections, 6 months of essential operational costs are budgeted at £347,000–£413,000. At the end of 2020, the balance of Producers Direct's unrestricted cash and assets totalled £1,297,925. During 2021, Producers Direct will continue work to enhance its unrestricted cash reserves through the following strategies:

- Careful management and investment of the unrestricted funds raised through Producers Direct's sale of Wefarm shares during 2020.
- Targeting opportunities to secure funding from Impact Investors, whose funding tends to be less restricted than other grant-based donor funds.
- Continued testing of opportunities to generate earned income through Producers Direct's activities, including the sale of Producers Direct branded products into local and national markets where smallholder partner organisations are located.
- Targeting earned income through service provision contracts with organisations working with smallholders.

At the end of 2020, Trustees assessed Producers Direct as a Going Concern on the following basis:

- A review of internal management information, including a budget and cash flow forecast through until at least July 2023 – with planned scenarios in the event that fundraising income is significantly lower than plan.
- An analysis of external factors and risks, as outlined and managed through Producers Direct's Risk Register and Covid-19 response plan.
- Producers Direct holds sufficient unrestricted cash reserves to cover at least six months of essential operational costs to enable operations to continue during a period of unforeseen difficulty.

Fundraising

During 2020, Producer Direct's fundraising activities principally consisted of applications to national and international donors for grants to support programme and organisational development. Fundraising activities are principally undertaken internally by grant writers who are employed by Producers Direct. During 2020, Producers Direct also contracted a third-party consultant to provide additional grant writing support.

As part of our commitment to best practice, Producers Direct adheres to the standards set by the Fundraising Regulator and the Institute of Fundraising. During 2020, there were no instances of non-compliance with the requirements of the fundraising code of practice and no complaints have been received by the charity regarding fundraising activities.

The aim of Producers Direct's fundraising expenditure on grant writers is to enhance Producers Direct's annual restricted and unrestricted income for 2020/2021 and future periods in order to sustain and grow programme activities in East Africa and Latin America and support organisational growth. As a result of this annual expenditure on fundraising, Producers Direct received and benefited from funding from the following key donors and social lenders during 2020:

East Africa

- Innovate UK Agri-tech 9: £55,117 secured for Producers Direct, sub-granted from Climate Edge, over 24 months from August 2020 to support the expansion of the initial soil kit testing work undertaken in 2019, and trial low-cost advisory services to support soil quality management. (Note: Original funds of £73,000 secured during 2020 were reduced to £55,117 during 2021 due to UK Government spending cuts).
- Innovate UK Global Challenges Research Fund (GCRF): £17,910 secured for Producers Direct, sub-granted from Climate Edge, over 6 months from March 2020 to support the testing of software that enables producer organisations to more effectively provide digital advisory services to smallholders.
- Mercy Corps AgriFin: ~£14,350 (\$US 20,000) secured over 5 months from June 2020 to support Covid-19 support for smallholder farmers, including through the development and dissemination of Covid-19 Health and Safety Information materials to smallholder farmers across East Africa.

Latin America

- Pret a Manger Coffee Fund: £150,000 secured for expenditure from October 2019 to December 2020 to strengthen youth leadership within coffee value chains, in partnership with the producer coffee cooperative Cenfrocafe in Peru.
- World Food Programme (WFP) Innovation Accelerator and WFP Peru: \$US 79,180 secured for expenditure during 2020 to test Producers Direct's 'Digital Cooperative' concept and its potential to support women smallholders in Las Lomas, Peru, to aggregate and collectively sell their surplus food crops to enhance their incomes.

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- Peruvian Producer Partner Organisations: £1,546 was contributed by Peruvian cooperatives who partner with Producers Direct in Peru to support a market analysis on the opportunities to sell branded Producers Direct products domestically within Peru.

Unrestricted Income

- Cafédirect plc: During 2020, Producers Direct received an annual donation of £100,000 from Cafédirect plc, in accordance with Producer Direct's multi-year Donation Agreement with Cafédirect plc.
- Wefarm Share sale: In October 2020, Producers Direct sold 610,825 of its 800,000 shares in Wefarm at a price of £1.908 per share, raising £1,165,465.46 of unrestricted cash income from the sale of this fixed asset.

Repayments on micro-loans distributed:

- £3,240 in repayments of micro-loans distributed to producer partners, as detailed above on page 5.

Plans for the future

Future Programme Focus Areas

The focus of Producers Direct's 2021 – 2025 Strategy is to deliver public benefits to smallholder farming communities across Africa and Latin America, with the overarching impacts of:

- Enhancing farmer livelihoods and incomes;
- Enhancing resilience, including resilience to changing climatic conditions and economic shocks;
- Investing in building farmer leadership.

Key aspects of Producers Direct's 2021–2025 Strategy and model include:

- Farmer leadership and expertise central to design and delivery of all interventions.
- Blending of peer-to-peer in-person and digital services to enhance adoption rates and maximize impact on the livelihoods of smallholder farmers.
- Co-financing model leveraging Producers Direct's investment in farmer-led programming through co-financing and payments from smallholder farmers.

Producers Direct's 5-year strategy aims to strengthen farmer resilience and food security by increasing the incomes of 1.5m smallholders by 100% and promoting leadership and inclusion of all farmers, including reaching 50% women and 40% youth. We will continue to blend in-person and digital services, designed and delivered by farmers for farmers. The key focus areas of our strategy are as follows:

Training and Digital Information Services: We are aiming to provide access to farmer-led training and digital services for 1.7 million smallholder farmers by 2025. All training is farmer-friendly, ensuring farmers can access, utilise and readily adopt what they've learned. In-person training will be led by a network of Farmer Promoters who will lead training on demonstration sites. Training will focus on the crops we will be selling into local and national markets, ensuring a cohort of 295,000 farmers has access to knowledge needed to improve productivity and quality, catalysing improved incomes. In parallel, we will accelerate our move to digital, ensuring 1.7M farmers have access to cutting-edge, farmer friendly training materials online and offline. FarmDirect will provide farmer-friendly digital training so farmers can learn new skills remotely. Digital training will provide information on micro-enterprise diversification, food security, Covid-19 health and safety, and climate resilience.

Farmer-led Data Services: We will increasingly expand the data services that FarmDirect offers to smallholder farmers, enabling farmers to analyse productivity and profit/loss across multiple enterprises and to manage climate change risks. Through FarmDirect, we will aim for farmers to have access to the following data, empowering them to make smarter, more informed decisions:

- Profit & Loss: Gain insights into profit and loss across multiple farm enterprises.
- Yield Predictions: Access yield predictions for current and future seasons.
- Mobile Marketplace: Digitally bundle crops, sell products and track payments through a mobile marketplace managed by local youth.
- Loan Payments: Track loan repayments, create a digital record and access increased financing from external lenders.

Access to Finance: We will provide smallholders who qualify with access to loans, incentivising co-investment from farmers and partner farming cooperatives. We will focus our loans on farmers who plan to sell value-added products into national markets, ensuring farmers have access to initial start-up costs needed to invest in their farms and sell their crops and products. The majority of our loans will be earmarked for young people and women who typically cannot access financial services or credit. We will support farmers accessing loans to track their profits, loss, repayments, and product volumes, building a credit history so they can access increased credit in the future.

Access to Markets: We will drive market access for smallholders. Aggregated volumes of crops and value-added products will empower smallholders to increase their bargaining power in, and ownership of, food systems. 295,000 smallholders will sell their products into local and national markets, increasing incomes by up to 120%. Smallholders will bundle crops using our pioneering digital tool, FarmDirect. In parallel, we will test and scale the sale of Producers Direct branded products into domestic markets across East Africa and Latin America, supporting farmers to capture a higher value for their crops. Transport logistics will be managed by networks of youth. We aim for smallholder farmers to play stronger leadership roles within food systems in order to drive sustainable, resilient food value chains.

Producers Direct

Trustees' annual report

For the year ended 31 December 2020

Future funding

Funds secured to support 2021 programme activities and operations to-date include:

Restricted Income: East Africa

- UKAid: £99,607 secured from UKAid to design and implement a youth-led campaign in Kenya from January to July 2021, focused on enhancing youth engagement in Kenya's agribusiness sector, with the long-term goal of enabling youth to find a sustainable means of enhancing incomes from agriculture and establishing thriving agri-enterprises.
- Mercy Corps AgriFin / Starbucks Foundation: ~£71,133 (10,762,403 Kenyan Shillings) secured to support the next phase of the Covid-19 information campaign that was undertaken during 2020, with focus on targeting updated Covid-19 health and safety materials to 500,000 smallholder farmers across Kenya.
- Innovate UK: Continuation of Agri-tech 9 programme activities, with funding secured in 2020 through a sub-grant from Climate Edge to support the testing of low-cost digital advisory services to farmers.

Restricted Income: Latin America

- 2020 INSPIRE Challenge: In October 2020, Producers Direct was one of the 2020 Inspire Challenge winners – hosted by the CGIAR's Platform for Big Data in Agriculture. The \$US 100,000 prize will support activities from January – October 2021 to support smallholders access yield prediction data for their crops – starting with coffee, and provide field-level data to enable continual improvement of the yield predictions generated by AI (Artificial Intelligence) and machine learning models. Activities will primarily focus on Peru, but also involve testing with smallholders in Uganda.
- Pret a Manger Coffee Fund: £100,000 confirmed for expenditure from June 2021 through to May 2022 to strengthen youth leadership within coffee value chains, in partnership with the producer coffee cooperative Cenfrocafe in Peru.
- World Food Programme Innovation Accelerator: ~£45,650 (\$US 62,777) approved for Producers Direct to continue working with the World Food Programme in Peru on the testing of Producers Direct's 'Digital Cooperative' concept, supporting women smallholders in Peru to aggregate and collectively sell their surplus food crops to enhance their incomes.

Unrestricted Income

- Cafédirect plc: As per the 3-Year Donation Agreement in place between Cafédirect and Producers Direct, an annual unrestricted donation of £100,000 from Cafédirect plc.

Additional 2021 priorities include:

- Producers Direct's branded Product Sales trial: Producers Direct will invest unrestricted funds to support the continued testing and growth of branded product sales in domestic markets where producer partners are located. In 2021, this will include trialling sales of branded honey into supermarkets and via e-commerce channels, initially in Nairobi and then more broadly in Kenya. In parallel, Producers Direct will work with producer partners in Peru to develop a business case and initial plans to trial branded product sales, initially in Lima – with honey also anticipated to be one of these initial products to be trialled in Peru.
- Governance and Legal Structure: During 2021, Trustees and Management will undertake a review of Producers Direct's legal structure, including what changes might need to be implemented in order to scale a successful product sales strategy in both East Africa and Latin America. Points to be considered will include the business case for establishing a trading subsidiary of the charity, and associated governance structures that would need to be in place to support this. Legal advice to support Trustees discussions will be sought throughout this process.

Structure, governance and management

Constitution

Producers Direct is an international non-governmental, non-political, non-religious organisation. It was established as a private limited company limited by guarantee on 10th July 2009 (Company Number: 06959165) and was registered as a charity in December 2009 (Registered charity number: 1133218). The company was established under a Memorandum of Association (10th July 2009) that established its objectives and powers and is governed under its Articles of Association (10th July 2009).

Trustees

Producers Direct's Trustees are responsible for setting Producers Direct's strategy and are responsible in law for the running of Producers Direct. The Charity's sole Member, Cafédirect Producers Limited (CPL), is responsible for officially appointing Producers Direct Trustees. Prior to appointment by CPL, existing members of the Producers Direct Board of Trustees are responsible for confirming that new Trustees have the necessary skills and capacity to contribute to Producers Direct's governance, and organisational development.

Producers Direct's Articles of Association allows for a minimum of three Trustees to be appointed. As the charity's sole Member, CPL (as outlined in Producers Direct's Articles of Association) reviews the appointment of Producers Direct Trustees each year. A minimum of two Trustees will offer to retire by rotation each year. A retiring Trustee may be re-appointed by the Member. Trustees typically serve a maximum of two three-year terms.

All Trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 6 to the accounts. Producers Direct's Trustees are not paid and are not remunerated for their role. Travel expenses associated with Producers Direct

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For the year ended 31 December 2020

Trustees attending Board meetings are reimbursed, including the international flights of Producers Direct Trustees travelling from Kenya, Uganda, Tanzania and Peru.

The Producers Direct Board of Trustees is responsible for approving Producers Direct's annual work plan, budget and long-term strategy development. The day-to-day management of Producers Direct is delegated to Producers Direct's CEO – Claire Rhodes, based on a strategy, annual work plan and budget approved by the Trustees. Claire Rhodes has served in this role since the establishment of Producers Direct (previously Cafédirect Producers' Foundation) in 2009.

Typically, the Board of Trustees would meet at least quarterly, with the CEO reporting to the Trustees on activities undertaken in managing Producers Direct and providing updated financial reports that explain Producers Direct's financial position. However, during 2020 while it was not possible to convene quarterly in-person meetings, the Board met by teleconference at least monthly. During 2020, a total of 14 Board teleconferences were convened and update reports provided.

Typically, Producers Direct also has a Board sub-committee established to oversee Producers Direct Procurement processes, composed of two staff and one trustee representative. However, during 2020, Trustees recognised the need for extremely careful cash management, with all procurement matters being reviewed by the Board overall as part of monthly cash flow and expenditure reporting presented by the Management team. In previous years, a Board sub-committee has also been in-place for oversight of matters concerning Producers Direct's shareholding in Wefarm. However, during 2020, all matters pertaining to Wefarm investment were managed during the main Board meetings. Throughout 2020, Lebi Hudson served as the Producers Direct Chair and Christele Delbe served as Vice Chair. No further specific responsibilities have been appointed to each trustee.

Financial controls are determined by Producers Direct's financial procedures and procurement policies, which outline the level of authority of Producers Direct Trustees and the Producers Direct CEO over Producers Direct's financial procedures. Conflicts of Interest are managed in accordance with the Producers Direct's Articles of Association and Producers Direct's Conflict of Interest Policy. A Register of Trustees' and Senior Team member's Interests has been established and is updated annually.

Employees

For the duration of 2020 Producers Direct employed 3 full-time and 1 part-time UK-based staff members as follows:

- The CEO, responsible for managing the day-to-day operations of Producers Direct, and Producers Direct's longer-term strategic development.
- A Head of Investments, responsible for leading Producers Direct's fundraising and partnership development activities.

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For the year ended 31 December 2020

- An Information Manager, responsible for managing Producers Direct's communications with the general public, and Producers Direct's work to design a farmer-led data management system.
- A part-time Grant Writer (0.6FTE from mid-March 2020), responsible for providing ongoing grant writing support.

Throughout 2020, Producers Direct maintained its local branch status in Kenya. For the majority of 2020, Producers Direct maintained 5 full-time employees based in Nairobi:

- A Head of Programmes, responsible for managing Producers Direct's activities with the smallholder producer organisations that Producers Direct works with across both East Africa and Latin America. (Resigned: November 2020).
- A Finance and Operations Manager, responsible for the day-to-day financial management for Producers Direct's finances overall (not solely Kenya), and the operational management of Producers Direct's local branch in Kenya.
- An Africa Coordinator, responsible for coordinating programme activities across Producers Direct smallholder producer network in East Africa and managing annual work plans for each of the four East African Centres of Excellence.
- A User Centred Developer, responsible for the design and development of Producers Direct's farmer-led data activities, including FarmDirect.
- A Software Developer, responsible for supporting the development of FarmDirect.

Additionally, in October 2020, Producers Direct hired a full-time Head of Commercial role to support the trialling of branded Product Sales in Nairobi.

During 2020, Producers Direct contracted a range of support services, including financial management and fundraising services, and support for the coordination of programme activities with smallholder producer organisations in Latin America. This included the services of three project coordinators throughout 2020, one in Haiti and two in Peru, to support the delivery of Producers Direct programmes in Latin America, and additional fundraising and administrative services to support the growth of Producers Direct's operations and programme activities in Peru.

Employee Remuneration

Producers Direct staff salaries are reviewed annually for all employees. Salary reviews take into account the following aspects: Employee's annual performance; level of responsibility, skill and knowledge required to carry out the role; comparable salary ranges in the geography and market in which the team member is working. For the CEO, the Chair of Producers Direct is responsible for proposing the salary adjustment to the Producers Direct Board for consideration and approval, based on their review of the CEO's performance and salary benchmarking with non-profit

organisations of similar size, scope and resources to Producers Direct. For all other Producers Direct staff, the CEO is responsible for proposing the salary adjustments to the Producers Direct Board for consideration and approval, based on an employee's annual performance and benchmarking of salaries against comparable roles in organisations operating in similar geographies and markets to Producers Direct.

Appointment of Trustees

To recruit and appoint new Trustees, the Producers Direct management team reviews and shortlists potential candidates based on the key skills sought from the new Trustees and each candidate's potential suitability for the role. Existing Producers Direct Trustees are responsible for reviewing the short-list of candidates and identifying top candidates to be interviewed by current Trustees. Trustees then recommend selected candidates to the sole member of Producers Direct, Cafédirect Producers Limited (CPL). As the sole member of Producers Direct, Cafédirect Producers Limited is responsible for the final appointment of new Trustees to the Producers Direct Board.

Trustee induction and training

When new Trustees are appointed to Producers Direct, they will be given an induction to Producers Direct and are given the information they need to fulfil their role, including information about their role as a Producers Direct Trustee and on charity law. Trustees are also encouraged and supported to attend external trainings available for new and existing Trustees on key responsibilities associated with serving as a Trustee of a UK Charity.

Related parties and relationships with other organisations

Related parties include:

Cafédirect Producers Limited (CPL): CPL is the sole Member of Producers Direct. CPL is a limited company (Company Number 4804115) owned by the smallholder producer organisations who hold shares in Cafédirect plc. CPL activities focus on enhancing the role of producer organisations as shareholders in Cafédirect plc and advancing the role of producers in the governance of Cafédirect plc.

Cafédirect Producers Trust: The Cafédirect Producers Trust was established by a Trustee Deed dated 10th December 2003 to permit producer organisations who sell products to Cafédirect plc to hold shares in Cafédirect plc. CPL is one of the Trustees.

Cafédirect plc: Producers Direct is legally independent from Cafédirect plc. Cafédirect plc and Producers Direct have been linked through a Donation Agreement, dating from 28th September 2009, which outlines the terms under which Cafédirect plc makes an annual donation to Producers Direct to support producer programmes, and to strengthen Producers Direct's operational capacity. This donation agreement was extended for an additional 3-years from January 2020.

Wefarm Ltd: Wefarm originated as a project of Producers Direct and operated as a Producers Direct project from 2010–2015. In January 2015, Wefarm was incorporated as a Private Company Limited by Shares. Until October 2020, Producers Direct was represented on the Wefarm Board and held the right to a Wefarm Board seat. As detailed above, in October 2020 Producers Direct sold 610,825 of its 800,000 shares in Wefarm at a price of £1.908 per share, enabling Producers Direct to realise £1,165,465 unrestricted funding from its investment in Wefarm. As part of this investment round, Producers Direct relinquished its rights to a Wefarm Board seat. At the end of 2020, Producers Direct's shareholding in Wefarm is less than 1%.

Statement of responsibilities of the Trustees

The Trustees (who are also directors of Producers Direct 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees 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 the income and expenditure, of the charitable company 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 judgements and estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping adequate 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. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In 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 steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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.

Producers Direct

Trustees' annual report

For the year ended 31 December 2020

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 December 2020 was 1, Cafédirect Producers Limited being the sole member of the charity (2019: 1). The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

Auditor

Sayer Vincent LLP was appointed as the charitable company's auditor during the year and has expressed its willingness to continue in that capacity.

The Trustees' annual report has been approved by the Trustees on 12 August 2021 and signed on their behalf by

Mr L G Hudson

Chair, Producers Direct

Opinion

We have audited the financial statements of Producers Direct (the 'charitable company') for the year ended 31 December 2020 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 December 2020 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
- Have been prepared in accordance with the requirements of the Companies Act 2006

Basis for 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 Auditor's 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 UK, including the FRC'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 trustees' 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 Producers Direct'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 trustees with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinions 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 trustees' annual report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The trustees' annual report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the 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 trustees' annual report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (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

Independent auditor's report

To the members of

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satisfied that they give a true and fair view, and for such internal control as the trustees 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 trustees are responsible for assessing the charitable company'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 trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 auditor's 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 are set out below.

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management and the board of trustees, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
- Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
- The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.

Independent auditor's report

To the members of

Producers Direct

- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

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.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's 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. 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 charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Noelia Serrano (Senior statutory auditor)

13 September 2021

for and on behalf of Sayer Vincent LLP, Statutory Auditor

Invicta House, 108–114 Golden Lane, LONDON, EC1Y 0TL

Producers Direct

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 December 2020

		Unrestricted £	Restricted £	2020 Total £	Unrestricted £	Restricted £	2019 Total £
Income from:	Note						
Donations and legacies	2	130,068	–	130,068	124,004	–	124,004
Charitable activities							
Africa Programmes	3	–	13,217	13,217	–	326,875	326,875
Latin America Programme	3	–	168,655	168,655	–	129,049	129,049
Investments		3,034	–	3,034	1,517	–	1,517
Total income		133,102	181,872	314,974	125,521	455,924	581,445
Expenditure on:							
Raising funds	4a	37,876	–	37,876	43,201	–	43,201
Charitable activities							
Africa Programmes	4a	271,674	17,748	289,422	102,237	403,302	505,539
Latin America Programme	4a	73,483	177,599	251,082	36,903	145,570	182,473
Total expenditure		383,034	195,347	578,381	182,341	548,872	731,213
Net income / (expenditure) before net gains / (losses) on investments		(249,932)	(13,475)	(263,407)	(56,820)	(92,948)	(149,768)
Net gains / (losses) on investments		–	–	–	1,551,200	–	1,551,200
Net income / (expenditure) for the year	5	(249,932)	(13,475)	(263,407)	1,494,380	(92,948)	1,401,432
Transfers between funds		(3,530)	3,530	–	–	–	–
Net income / (expenditure) after transfers		(253,462)	(9,945)	(263,407)	1,494,380	(92,948)	1,401,432
Net movement in funds		(253,462)	(9,945)	(263,407)	1,494,380	(92,948)	1,401,432
Reconciliation of funds:							
Total funds brought forward		1,551,387	26,754	1,578,141	57,007	119,702	176,709
Total funds carried forward		1,297,925	16,809	1,314,734	1,551,387	26,754	1,578,141

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 18a to the financial statements.

Producers Direct

Balance sheet

Company no. 06959165

As at 31 December 2020

	Note	2020 £	£	2019 £	£
Fixed assets:					
Tangible assets	10		3,129		2,660
Investments	11		367,000		1,552,000
			<u>370,129</u>		<u>1,554,660</u>
Current assets:					
Programme related investments	13	–		3,240	
Debtors	12	49,766		131,422	
Cash at bank and in hand		1,029,990		6,003	
		<u>1,079,757</u>		<u>140,665</u>	
Liabilities:					
Creditors: amounts falling due within one year	14	(50,950)		(117,184)	
Net current assets			<u>1,028,806</u>		<u>23,481</u>
Creditors: amounts falling due after one year	15	(84,200)			
Total net assets			<u><u>1,314,734</u></u>		<u><u>1,578,141</u></u>
The funds of the charity:	18a				
Restricted income funds			16,809		26,754
Unrestricted income funds:					
General funds		<u>1,297,925</u>		<u>1,551,387</u>	
Total unrestricted funds			<u>1,297,925</u>		<u>1,551,387</u>
Total charity funds			<u><u>1,314,734</u></u>		<u><u>1,578,141</u></u>

Approved by the trustees on 12 August 2021 and signed on their behalf by

Penny Newman
Trustee, Producers Direct

Producers Direct

Statement of cash flows

For the year ended 31 December 2020

	Note	2020 £	£	2019 £	£
Cash flows from operating activities					
Net income / (expenditure) for the reporting period (as per the statement of financial activities)		(263,407)		1,401,432	
Depreciation charges		2,477		2,763	
(Gains)/losses on investments		–		(1,551,200)	
Dividends, interest and rent from investments		3,034		1,517	
(Increase)/decrease in debtors		81,657		(86,221)	
(Decrease)/increase in creditors		(66,234)		75,292	
Net cash (used in) operating activities			(242,473)		(156,418)
Cash flows from investing activities:					
Dividends, interest and rents from investments		(3,034)		(1,517)	
Proceeds from sale of investments		1,185,000			
Cash received on repayment of programme related		3,240		49,988	
Purchase of fixed assets		(2,945)		(323)	
Net cash provided by/(used in) investing activities			1,182,261		48,148
Cash flows from financing activities:					
Cash inflows from new borrowing		84,200			
Net cash provided by / (used in) financing activities			84,200		
Change in cash and cash equivalents in the year			1,023,987		(108,270)
Cash and cash equivalents at the beginning of the year			6,003		114,273
Cash and cash equivalents at the end of the year			1,029,990		6,003

1 Accounting policies

a) Statutory information

Producers Direct is a charitable company limited by guarantee and is incorporated in England and Wales.

The registered office address and principal place of business is 21 Whiston Road, London, E2 8EX.

b) Basis of preparation

The financial statements have been prepared 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.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

c) Public benefit entity

The charity meets the definition of a public benefit entity under FRS 102.

d) Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern. This is based on Trustees undertaking a review of the following Going Concern Assessment Criteria: At the end of 2020, Trustees assessed Producers Direct as a Going Concern on the following basis: 1.) A review of internal management information, including a budget and cash flow forecast through until at least July 2023 – with planned scenarios in the event that fundraising income is significantly lower than plan; 2.) An analysis of external factors and risks, as outlined and managed through Producers Direct's Risk Register and Covid-19 response plan; 3.) Producers Direct currently holding sufficient unrestricted cash reserves to cover at least six months' of essential operational costs to enable operations to continued during a period of unforeseen difficulty.

Key judgements that the charity has made which have a significant effect on the accounts include: Recognition of income in accordance with the terms of the grants made to the charity, where income is granted to the charity over the period greater than one year, and is linked to performance within the project, there is some degree of judgement in assessing the stage of completion and hence the income recognised.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

f) Donations of gifts, services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

g) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

1 Accounting policies (continued)

h) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

i) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charity in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose
- Expenditure on charitable activities includes the costs of delivering services undertaken to further the purposes of the charity and their associated support costs

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

j) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

Support and governance costs are re-allocated to each of the activities on the following basis which is an estimate, based on staff time, of the amount attributable to each activity

- | | |
|---------------------------|-----|
| ▪ Africa Programme | 54% |
| ▪ Latin America Programme | 46% |

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

k) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

l) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

- | | |
|----------------------|-----------------------|
| ▪ Computer equipment | 3 years straight line |
|----------------------|-----------------------|

m) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

n) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

o) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Notes to the financial statements

For the year ended 31 December 2020

1 Accounting policies (continued)

o) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

p) Pensions

The charity operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the charity. The annual contributions payable are charged to the statement of financial activities.

2 Income from donations and legacies

	Unrestricted £	Restricted £	Total 2020 £	Unrestricted £	Restricted £	Total 2019 £
Donations	130,068	–	130,068	124,004	–	124,004
	<u>130,068</u>	<u>–</u>	<u>130,068</u>	<u>124,004</u>	<u>–</u>	<u>124,004</u>

3 Income from charitable activities

	Unrestricted £	Restricted £	Total 2020 £	Unrestricted £	Restricted £	Total 2019 £
East Africa Programme						
GHR Foundation	–	–	–	–	61,172	61,172
World Bank	–	–	–	–	48,204	48,204
Global Resilience Partnership	–	(4,682)	(4,682)	–	188,943	188,943
Producer Partners	–	–	–	–	11,811	11,811
Innovate UK	–	17,899	17,899	–	16,745	16,745
Sub-total for East Africa Programme	–	13,217	13,217	–	326,875	326,875
Latin America Programme						
Big Lottery	–	–	–	–	46,187	46,187
HenriNestle	–	–	–	–	27,786	27,786
Rikolto	–	–	–	–	4,941	4,941
Pret a Manger	–	102,500	102,500	–	47,500	47,500
World Food Programme	–	61,465	61,465	–	1,089	1,089
Peru Partners	–	4,690	4,690	–	1,546	1,546
Sub-total for Latin America Programme	–	168,655	168,655	–	129,049	129,049
Total income from charitable activities	–	181,872	181,872	–	455,924	455,924

4a Analysis of expenditure (current year)

	Charitable activities						
	Raising funds £	East Africa Programme £	Latin America Programme £	Governance costs £	Support costs £	2020 Total £	2019 Total £
Staff costs (Note 6)	21,802	119,646	–	–	112,400	253,848	268,736
Direct programme expenditure	–	75,168	171,405	–	–	246,573	373,954
Costs of generating funds: Other expenditure	16,074	–	–	–	–	16,074	–
Office costs	–	4,459	1,471	638	45,099	51,667	59,296
Audit, legal and professional fees	–	–	–	10,219	–	10,219	29,226
	37,876	199,273	172,876	10,857	157,499	578,381	731,212
Support costs	–	90,149	78,207	(10,857)	(157,499)	–	–
Support and governance costs	–	–	–	–	–	–	–
Total expenditure 2020	37,876	289,422	251,083	–	–	578,381	
Total expenditure 2019	43,201	505,539	182,472	–	–		731,212

Producers Direct

Notes to the financial statements

For the year ended 31 December 2020

4b Analysis of expenditure (prior year)

	Charitable activities					
	Raising funds £	East Africa Programme £	Latin America Programme £	Governance costs £	Support costs £	2019 Total £
Staff costs (Note 6)	43,201	169,144	15,036	–	41,355	268,736
Direct programme expenditure	–	220,993	125,224	–	27,737	373,954
Costs of generating funds: Other expenditure	–	–	–	–	–	–
Office costs	–	20,638	6,210	8,530	23,918	59,296
Audit, legal and professional fees	–	3,370	3,013	9,298	13,545	29,225
	43,201	414,145	149,483	17,828	106,555	731,212
Support and governance costs	–	91,395	32,988	(17,828)	(106,555)	–
Total expenditure 2019	43,201	505,540	182,471	–	–	731,212

Notes to the financial statements

For the year ended 31 December 2020

5 Net income / (expenditure) for the year

This is stated after charging / (crediting):

	2020 £	2019 £
Depreciation	2,477	2,763
Auditor's remuneration (excluding VAT):		
Audit	6,650	6,500
Other services: GRP Project Audit during 2019	448	–
	<u>2,477</u>	<u>2,763</u>

6 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2020 £	2019 £
Salaries and wages	224,657	235,412
Social security costs	14,635	14,139
Employer's contribution to defined contribution pension schemes	14,556	19,185
	<u>253,848</u>	<u>268,736</u>

No employee earned more than £60,000 during the year (2019: nil).

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £56,763 (2019: £60,469).

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2019: nil). No charity trustee received payment for professional or other services supplied to the charity (2019: nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £0 (2019: £1,991) incurred by 4 (2019: 4) members relating to attendance at meetings of the trustees.

7 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 8.5 (2019: 8).

Staff are split across the activities of the charity as follows (full time equivalent basis):

	2020 No.	2019 No.
Raising funds	0.7	1.3
East Africa Programmes	4.0	5.0
Latin America Programmes	0.0	–
Support	3.8	1.2
	<u>8.5</u>	<u>7.6</u>

8 Related party transactions

Aggregate donations from related parties were £100,000; (2019: £100,000).

Other transactions with related parties: Service Charge agreement paid from Producers Direct to Cafédirect: £8,592 (2019: £20,565); Producers Direct is connected to these related parties as follows:

Cafédirect plc: Cafédirect plc and Producers Direct have been linked through a Donation Agreement, dating from 28th September 2009, which outlines the terms under which Cafédirect plc makes an annual donation to Producers Direct to support producer programmes, and to strengthen Producers Direct's operational capacity.

9 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

10 Tangible fixed assets

	Computer Equipment	
	2020	2019
	£	£
Cost		
At the start of the year	17,772	17,449
Additions in year	2,945	–
Disposals in year	(9,258)	–
At the end of the year	11,459	17,449
Depreciation		
At the start of the year	15,111	12,348
Charge for the year	2,477	–
Eliminated on disposal	(9,258)	–
At the end of the year	8,330	12,348
Net book value		
At the end of the year	3,129	5,101
At the start of the year	2,661	5,101

All of the above assets are used for charitable purposes.

11 Fixed asset investments

	2020	2019
	£	£
Cost at the start of the year	1,552,000	800
Disposals in year	1,185,000	–
Net gain / (loss) on change in fair value	–	1,551,200
	367,000	1,552,000

The net gain in fixed asset investments during 2019 was due to the revaluation of Producers Direct's investment in Wefarm. From 2015 through until the end of 2018, Producers Direct has maintained the fixed asset value of its shareholding in Wefarm at £800. At the end of 2019, Producers Direct's shareholding in Wefarm was therefore revalued at 800,000 shares at £1.94 per share. This end 2019 valuation of £1,552,000 was based on the 2020 post-balance sheet event during which Producers Direct sold 610,825 of its 800,000 shares. The share price for this 2020 investment round was £1.94 per share, with a 1.65% deduction applied to this share price for transaction costs – equating to £1.908 per share.

12 Debtors

	2020 £	2019 £
Trade debtors	41,123	91,731
Prepayments and accrued income	8,643	39,692
	49,766	131,422

13 Programme related investments

	2020 £	2019 £
Fair value at the start of the year	3,240	53,228
Repayment of loans	(3,240)	(49,988)
Fair value at the end of the year	–	3,240

Investments comprise:

	2020 £	2019 £
Loans		
Misozi Coffee	–	3,240
	–	3,240

Originally funded with 2017 grant funding from Comic Relief, Producers Direct partnered with smallholder producer organisations in Uganda, Kenya and Tanzania, and micro-finance institutions associated with each organisation, to enhance farmers' access micro-loans to support them implement new practices and/or ideas for new enterprises that they have learnt about while participating in Centre of Excellence training. i.e. micro enterprise creation, tea and coffee quality improvement and climate change adaptation innovative activities. Interest on loans was charged at below market rates in Kenya, Uganda and Tanzania. Loans were made to further the charity's objectives and not solely to generate a financial return.

14 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	18,171	83,332
Taxation and social security	3,413	3,517
Loan payments due within a year	14,294	–
Accruals	15,072	30,335
	50,950	117,184

For the year ended 31 December 2020

15 Non-Current Creditors: amounts falling due beyond one year

	2020 £	2019 £
UK Bounce Back Loan	45094	–
CAF Venturesome Loan	39106	–
	84,200	–

During 2020, Producers Direct secured two loans to support cash flow management and to invest in testing branded honey sales in East Africa. These were a CAF Venturesome loan for £50,000 of unsecured debt finance, on a 5 year repayment terms at an interest rate of 6% per annum, and a UK Government Bounce Back unsecured loan of £50,000 at a 2.5% per annum interest rate after the first 12 months on 5 year repayment terms.

16 Pension scheme

The charity operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the charity. The annual contributions payable are charged to the statement of financial activities.

17a Analysis of net assets between funds (current year)

	General unrestricted £	Restricted £	Total funds £
Tangible fixed assets	–	3,129	3,129
Investments	367,000	–	367,000
Net current assets	1,015,125	13,680	1,028,805
Long term liabilities	(84,200)	–	(84,200)
Net assets at 31 Dec 2020	1,297,925	16,809	1,314,734

17b Analysis of net assets between funds (prior year)

	General unrestricted £	Restricted £	Total funds £
Tangible fixed assets	–	2,660	2,660
Investments	1,552,000	–	1,552,000
Net current assets	(613)	24,094	23,480
Net assets at 31 Dec 2019	1,551,387	26,754	1,578,141

18a Movements in funds (current year)

	At 1 January 2020 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 December 2020 £
Restricted funds:					
Africa – Global Resilience Partnership	(2,586)	(4,682)	7,268	–	–
Africa – World Bank	(163)	–	163	–	–
Africa – GHR	7,288	–	(7,288)	–	–
Africa – Innovate UK AgriTech	(29)	17,899	(17,870)	–	–
Africa – Producer Partners	21	–	(21)	–	–
Latin America – Community Fund	5	–	(5)	–	–
Latin America – Pret	21,479	102,500	(107,169)	–	16,809
Latin America – HenriNestle	5	–	(5)	–	–
Latin America – World Food Programme	679	61,465	(63,944)	1,800	–
Latin America – Peru Partners	6.8	4,690	(6,427)	1730	–
Latin America – Rikolto	48	–	(48)	–	–
Total restricted funds	26,754	181,872	(195,346)	3,530	16,809
Unrestricted funds:					
General funds	1,551,387	133,102	(383,034)	(3,530)	1,297,925
Total unrestricted funds	1,551,387	133,102	(383,034)	(3,530)	1,297,925
Total funds	1,578,141	314,974	(578,380)	–	1,314,734

The narrative to explain the purpose of each fund is given at the foot of the note below.

18b Movements in funds (prior year)

	At 1 January 2019 £	Income & gains £	Expenditure & losses £	Transfers £	At 1 January 2020 £
Restricted funds:					
Africa – Global Resilience Partnership	(23,714)	188,943	(167,815)	–	(2,586)
Africa – World Bank	14,911	48,204	(63,278)	–	(163)
Africa – GHR	76,128	61,172	(130,012)	–	7,288
Africa – Innovate UK AgriTech	–	16,745	(16,774)	–	(29)
Africa – Producer Partners	9,714	11,811	(21,504)	–	21
Latin America – Community Fund (previously Big Lottery)	42,065	46,187	(88,247)	–	5
Latin America – Pret	–	47,500	(26,021)	–	21,479
Latin America – HenriNestle	259	27,786	(28,040)	–	5
Latin America – World Food Programme	–	1,089	(410)	–	679
Latin America – Peru Partners	–	1,546	(1,539)	–	7
Latin America – Rikolto	339	4,941	(5,232)	–	48
Total restricted funds	119,702	455,924	(548,872)	–	26,754
Unrestricted funds:					
General funds	57,007	1,676,721	(182,341)	–	1,551,387
Total unrestricted funds	57,007	1,676,721	(182,341)	–	1,551,387
Total funds	176,709	2,132,645	(731,213)	–	1,578,141

Purposes of restricted funds

Africa – Global Resilience Partnership: Funding co-sponsored by USAID, the Swedish Government and UKAid) to develop and scale digital tools that support smallholder farmers in East Africa to enhance their resilience and engagement in agricultural value chains.

Africa – World Bank: Funding from the World Bank Data Innovations Fund to support the development of Producer Direct's farmer-led data system in East Africa, with the aim of supporting smallholder farmers to respond to climate risks.

Africa – GHR: 2018–2020 Bridgebuilder Challenge funding awarded from the GHR Foundation and OpenIDEO to support YouthDirect –focused on promoting youth engagement with agriculture across Kenya, Tanzania and Uganda.

Africa – Innovate UK: Funding from Innovate UK's Agritech 9 funding window over 24 months from August 2020, sub-granted from Climate Edge, to support the expansion of the initial soil kit testing work undertaken in 2019, and trial low-cost advisory services to support soil quality management, and from Innovate UK's Global Challenges Research Fund (GCRF), sub-granted from Climate Edge, to support the testing of software that enables producer organisations to more effectively provide digital advisory services to smallholders.

Africa – Producer Partners: Funding from producer partner organisations Sireet OEP (Kenya) and Kayonza Tea Growers Factory (Uganda) to support Producers Direct's market access work in East Africa, including structuring honey value chains and developing market access opportunities for product sales into local and national markets.

Purposes of restricted funds (continued)

Latin America – Community Fund (previously Big Lottery): A four-year programme in Peru (2015–2019), entitled Innovation by Smallholders to enhance Productivity, Incomes, Resources and Enterprise (INSPIRE), funded by the UK Community Fund (previously Big Lottery Fund), to support the establishment of 3 Centres of Excellence in Peru.

Latin America – HenriNestle: Funding awarded from the HenriNestle challenge on youth agri-entrepreneurship to support agri-entrepreneurship.

Latin America – Rikolto: Funding to support the further development of Chirinos' Centre of Excellence in coffee quality, and youth leadership development within coffee communities in Peru.

Latin America – Pret a Manger: Funding to support Peruvian Partners, particularly Cenfrocafe, to implement a youth leadership training programme.

Latin America – Producer Partners: Funding from Peruvian producer partners to undertake a market research study on opportunities for income generation from the sale of diversification crops.

Latin America – World Food Programme (WFP) Innovation Accelerator: 2020 funding to test Producers Direct's 'Digital Cooperative' concept and its potential to support women smallholders in Las Lomas, Peru, to aggregate and collectively sell their surplus food crops to enhance their incomes.

19 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1. There was one member at 31 December 2020, Cafédirect Producers Limited.